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Press Release

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Exchange Control Department

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New Operational Measures in certain foreign exchange transactions

In keeping with the announcement made by the Central Bank of Sri Lanka in its “Road Map for 2012 and Beyond”, the following measures will be implemented with effect from 11.07.2012, in relation to foreign exchange transactions:

1) New operational measures for transfers between Non-Resident Foreign Currency (NRFC) and Resident Foreign Currency (RFC) Accounts:

- a) The following transactions in relation to NRFC and RFC accounts held in the same bank or different banks irrespective of the holder of account or currency type in which accounts are maintained, will be permitted:
 - (i) Fund transfers between NRFC accounts.
 - (ii) Fund transfers between RFC accounts.
 - (iii) Fund transfers from NRFC accounts to RFC accounts.

However, funds/proceeds realized from the sale of properties in Sri Lanka should be credited to NRFC/RFC accounts, only in keeping with the existing regulations.

- b) Opening of NRFC/RFC accounts by minors will be permitted through the credit of inward remittances received from their guardians/parents who are non-residents, or through the transfer of funds from existing NRFC accounts of such guardians/parents.
- c) Any outward remittance out of NRFC accounts will be permitted irrespective of the underlying transaction, if the account holder is resident outside Sri Lanka.

2) New operational measures for “Foreign Exchange Earners’ Accounts” (FEEA):

A single foreign currency account, unifying several existing foreign currency accounts maintained in the banking system by foreign exchange earners will be introduced. Such new account, titled “Foreign Exchange Earners’ Account” (FEEA) will replace the following:

- a) Exporters’ Foreign Currency (EFC) Account;
- b) Indirect Exporters’ Foreign Currency Account (IEFCA);
- c) Foreign Currency Account for Suppliers of Inputs (FCASI);
- d) Foreign Currency Account for Professional Services Providers (FCAPS);
- e) Non Resident Foreign Currency Accounts for Foreign Employment Agencies;
- f) Foreign Currency Account for Gem and Jewellery dealers, and temporary/ special foreign currency accounts authorized by the Controller of Exchange.

Accordingly, exporters, indirect exporters, suppliers of inputs, professional services providers, entrepot traders, gem and jewellery dealers, insurers, insurance brokers, travel agents, hoteliers, bunker suppliers and other residents who undertake foreign projects would be permitted to execute their current international transactions through this new FEEA.

The Central Bank is of the view that the introduction of the above measures would contribute to greater efficiency and convenience, improve investors’ confidence, strengthen foreign reserves in the long term, and stabilize the foreign exchange market.