

PRESS RELEASE

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CENTRAL BANK OF SRI LANKA

Issued By Department of Foreign Exchange

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Revised Regulations issued under the Foreign Exchange Act, No.12 of 2017

Regulations issued under the Foreign Exchange Act, No. 12 of 2017 (FEA) have been revised for further simplification and clarity improvement, with the objectives of achieving greater efficiency in the conduct of cross-border foreign exchange transactions alongside further facilitating economic activities of the stakeholders through greater convenience of doing business.

These revised foreign exchange policy framework as highlighted above, has been implemented with effect from **22 March 2021**. *Inter-alia*, key highlights of policy measures so introduced, are as follows.

- i. Excluding the mandatory requirement of opening Inward Investment Accounts (IIAs) by the foreign investors/lenders when granting loans to persons resident in Sri Lanka including to Government of Sri Lanka and State-Owned Enterprises.
- ii. Introducing a new account titled 'External Commercial Borrowing Account', to facilitate foreign exchange borrowings from overseas by persons resident in Sri Lanka.
- iii. General permission for Companies registered in Sri Lanka (Branch office, Liaison office, Project office etc.) to borrow from their parent companies outside Sri Lanka.
- iv. General permission for non-resident investors to invest in shares or debt securities of companies not incorporated in Sri Lanka and listed in Colombo Stock Exchange by routing funds through accounts maintained in the Offshore Banking Units of Licensed Commercial Banks in Sri Lanka instead of routing funds via IIA.
- v. Introducing a supplementary account titled 'Emigrant's Remittable Income Account' for the purpose of repatriating emigrant's current income.
- vi. Permitting emigrants to invest in Sri Lanka out of the funds held in Non-Resident Rupee Accounts and Capital Transaction Rupee Accounts.

- vii. General permission for persons resident in Sri Lanka who has been a resident outside Sri Lanka and earned/ obtained foreign exchange outside Sri Lanka and companies incorporated in Sri Lanka which are eligible to borrow from overseas to open, maintain and operate an account with a regulated financial institution outside Sri Lanka.
- viii. General permission for Sri Lankans employed outside Sri Lanka (other than emigrants) to open and maintain Sri Lanka Rupee accounts for crediting funds generated in Sri Lanka Rupees and for local disbursements.
- ix. Introducing three new eligible resident investor categories as to, listed entities or non-listed entities, which have been established under any other written laws in Sri Lanka and Sole Proprietorships.
- x. Permitting deposit of unutilized foreign currency obtained as travel allowance into new or existing Personal Foreign Currency Accounts.

For further information, please be referred to the **Gazette Extraordinary Nos. 2213/34 - 39 dated 03 February 2021** and visit **www.dfe.lk** or contact the Department of Foreign Exchange on **011-2477255/433/207/375**.