



Central Bank
of Sri Lanka

ANTI MONEY LAUNDERING & COMBATING THE FINANCING OF TERRORISM

There are certain legal obligations that have to be fulfilled by mandated persons & institutions in terms of the provisions of the Financial Transactions Reporting Act (FTRA) No 6 of 2006.

Who are the mandated persons and institutions?

Any person or institution engaged in any one of the following finance or non-finance businesses are required to report to the FIU.

Finance Business

- Normal banking business;
- Finance business permitted for Finance Companies under the law;
- Lending activities;
- Finance leasing;
- Money transfers;
- Money and currency changing services;
- Credit cards, travellers' cheques, money orders and bankers' drafts, electronic money transactions;
- Issuing financial guarantees and commitments;
- Trading in money market instruments, foreign exchange, interest rate and index instruments, commodity futures trading and transferable securities;
- Participating in securities issues and the provision of financial services relating to such issues;
- Any other business as may be prescribed by the Minister from time to time.

Non-Finance Business

- Portfolio management activities;
- Managing funds or money on behalf of other persons;
- Safekeeping and administration of cash or securities on behalf of other persons;
- Safe custody services;
- Insurance related business;
- Trustee administration on investment management or a superannuation scheme;
- Casinos, gambling houses or conducting of a lottery, including a person who carries on such a business through the internet;
- Buying and selling of real estate by real estate agents for their clients;
- Dealing in precious metals and stones and semi-precious stones;
- Transactions of Accountants, Lawyers, notaries and other independent legal professionals for their clients;
- Trustee or Company services
- Offshore transactions.

What is the Legal Obligation of such persons and institutions?

To report any transactions or attempted transactions which are suspicious of being related to unlawful activities.

What are transactions or attempted transactions that should be treated as being suspected of being related to unlawful activities?

Any Financial transactions that are linked or connected to the following:

- a) Manufacture, trafficking, import/export and possession of dangerous drugs under the Dangerous Drugs Ordinance;
- b) Involvement with any person connected to, or acts linked to, terrorism and terrorist financing;
- c) Solicitation and/or acceptance and/or giving bribes or inducements and/or involvement in acts of corruption;
- d) Activities relating to unauthorized possession or use of guns, fire arms, offensive weapons and explosives including bombs;
- e) Exchange Control violations as indicated in the Exchange Control Act;
- f) Conduct of prohibited schemes such as Pyramid Schemes;
- g) Transnational organized crime such as credit card frauds, trafficking of arms, computer and internet related crime, offences committed against children and offences connected with the trafficking of persons;
- h) An offence under any other law, punishable by death or with imprisonment for a term of seven years or more.

How could suspicious transactions be reported?

In terms of section 7(1) - where a person or institution has reasonable grounds to suspect that any transaction or attempted transaction may be related to the commission of any unlawful activity or any other criminal offence as above or is connected to the financing of terrorism, such person or institution shall, as soon as is practicable report the transaction or attempted transaction to the :-

Director
Financial Intelligence Unit
Central Bank of Sri Lanka
No.30, Janadhipathi Mawatha, Colombo 1.
Tel.No.011 2346301. Fax No.011 2477692.
E-mail: fiu@cbsl.lk

What would happen if a suspicious transaction is not reported ?

Liable to a fine up to Rupees One Million
(Section 19 of the FTRA)