



# ANNUAL REPORT

2012

Financial Intelligence Unit  
SRI LANKA

CENTRAL BANK OF SRI LANKA



# Annual Report 2012

## Financial Intelligence Unit of Sri Lanka



Central Bank of Sri Lanka

**ISBN 978 - 955 - 575 - 228 - 2**

*Printed at the Central Bank of Sri Lanka Printing Press  
58, Sri Jayewardenepura Mawatha, Rajagiriya, Sri Lanka*

## **Governor's Message**

Sri Lanka is committed to prevent money laundering and combat financing of terrorism. As a country that suffered nearly three decades from terrorism, Sri Lanka has a stronger commitment not to allow the ugly head of terrorism to resurge in the country. Terrorism is supported by the availability of financing through various activities such as drug trafficking, human trafficking, smuggling, extortions etc., through such activities may not exclusively be for terrorism financing. Money laundering promotes such criminal activities as it allows their illegal proceeds to be used to acquire any legal property. The Central Bank of Sri Lanka with a mandate to safeguard the stability of its financial system is committed to ensure that proceeds of no such criminal activity are rooted through its financial system.

Sri Lanka is well equipped with a legal framework to fight against money laundering and terrorist financing. When the Asia Pacific Group on Money Laundering, in its mutual evaluation in 2006, encouraged Sri Lanka to establish a FIU, necessary legislations were already enacted in 2005 and 2006. However, we were ready to introduce necessary amendments to address deficiencies identified through experiences and in order to be compatible with international recommendations on money laundering and terrorist financing. Accordingly, two major enactments i.e. Convention on the Suppression of Terrorist Financing Act No.25 of 2005 and Prevention of Money Laundering Act No.5 of 2006 were revised in 2011 and 2013.

The prevention of money laundering and combating terrorist financing are challenging tasks which could not be successfully dealt without necessary resources at the FIU and awareness of all stakeholders on this challenging task, their commitments and cooperation. FIU – Sri Lanka is equipped with a data management system to receive data electronically from reporting institutions and process and generates reports on suspicious transactions. It is staffed with officers proficient in relevant fields such as law, accountancy, banking, finance and ICT. Their proficiency in the field of anti money laundering and terrorist financing has been enhanced continuously through regular participation in training programmes both local and international. Programmes have also been conducted regularly for staff of reporting

institutions and law enforcement officers to enhance their awareness for them to extend their full cooperation in detecting transactions likely to be for money laundering and terrorist financing.

In this background, I am pleased to note the progress made by FIU – Sri Lanka in 2012 and I am looking forward to see even better performance in the forthcoming years. I congratulate the Director and his staff on their contribution towards the progress.

**Ajith Nivard Cabraal**  
*Governor*

# Contents

	Page
1 Director's Report	7
2 The Financial Intelligence Unit of Sri Lanka	9
3 Collection, Analysis and Dissemination of Information	13
3.1 Collection of Information	13
3.2 Analysis of Information	17
3.3 Dissemination of Information	18
3.4 Suspensions, confiscations and Prosecutions relating to ML/TF	19
4 Domestic and International Cooperation	20
4.1 Domestic Cooperation	20
4.2 International Cooperation	21
5 Capacity Building and Awareness Raising	24
5.1 Reporting Institutions	24
5.2 Law Enforcement and Prosecutors	26
6 Ensuring Compliance of Reporting Institutions	27
7 Organizational Capacity Building	28
8 Revised FATF Recommendations	30
9 Appendices	32
Appendix I - Important Circular/Rules Issued During 2012	32
Appendix II - Reporting Institutions as at 31st December 2012	33
Appendix III - Press Releases and Notices	
The FIU Sri Lanka enters into Memoranda of Understanding with FIUs of Mongolia, Russia, Saudi Arabia and USA	35
Notice to Customers of the Financial Institutions	36
<b>Box Article</b>	
1 Recommendation 29 – Financial Intelligence Unit	11

## List of Acronyms

AML/CFT	-	Anti Money Laundering/ Countering the Financing of Terrorism
APG	-	Asia Pacific Group on Money Laundering
AUSTRAC	-	Australian Transaction Reports and Analysis Centre – Australian FIU
CBSL	-	Central Bank of Sri Lanka
CBS	-	Centre for Banking Studies
CDD	-	Customer Due Diligence
CID	-	Criminal Investigation Department
CSTFA	-	Convention on the Suppression of Terrorist Financing Act No. 25 of 2005
CTRs	-	Cash Transactions Reports
DNFBPs	-	Designated Non-Financial Business or Professions
EFTs	-	Electronic Fund Transfers
ESW	-	Egmont Secure Web
FATF	-	Financial Action Task Force
FIU	-	Financial Intelligence Unit
FSRBs	-	FATF-Style Regional Bodies
FTRA	-	Financial Transactions Reporting Act No. 06 of 2006
ICRG	-	International Co-operation Review Group
ICs	-	Insurance Companies
KYC	-	Know Your Customer
LCBs	-	Licensed Commercial Banks
LFCs	-	Licensed Finance Companies
LankaFIN	-	FIU's On Line Database Management System
LSBs	-	Licensed Specialized Banks
MOU	-	Memorandum of Understanding
ML	-	Money Laundering
NGO	-	Non Governmental Organization
PMLA	-	Prevention of Money Laundering Act No. 05 of 2006
PEPs	-	Politically Exposed Persons
RI	-	Reporting Institutions
SBF	-	Stock Brokering Firms
STRs	-	Suspicious Transactions Reports
TF	-	Terrorist Financing
UNSCRs	-	United Nations Security Council Resolutions

## 1. Director's Report

The FIU – Sri Lanka continued its operations amidst many challenges during the year 2012 in terms of the statutory provisions of the Financial Transactions Reporting Act No. 6 of 2006 (FTRA). The Annual Report 2012 is the second Annual Report of the FIU since 2011 highlights achievements during 2012 including developments in AML /CFT legislative and policy framework and operational aspects of the FIU, stakeholder cooperation, and international networking.

Licensed Commercial Banks (LCBs), Licensed Specialised Banks (LSBs), Licensed Finance Companies (LFCs), Stock Brokering Firms (SBs) and Insurance Companies (ICs) continued to report to the FIU on cash transactions and electronic funds transfers (both local and foreign) of Rs. 1.0 million and above or its equivalent in foreign currencies through the FIU's on-line database management system, "LankaFIN". Over 3.9 million of cash/fund transfers and 203 suspicious transactions (STRs) were reported in 2012 by the above reporting institutions. LankaFIN system also generated 356 STRs during the year 2012. Out of total 559 of STRs, 56 STRs were referred to the law enforcement and regulatory authorities for further investigation. Based on the investigations mainly conducted by Criminal Investigation Department (CID) of Sri Lanka Police, the Attorney General's Department has filed four indictments relating to money laundering predicate offences during the year.

As a mechanism to facilitate sharing of information and intelligence for the purpose of investigation and prosecution of suspicious transactions, the FIU signed four Memoranda of Understanding (MOUs) in 2012, They are with Financial Crime Enforcement Network (FinCen) of USA, Federal Financial Monitoring Service of Russian Federation, the Financial Information Units of the Bank of Mongolia and Saudi Arabian Financial Investigation Unit. Accordingly, the total number of MOUs signed as at the end of 2012 was 20 covering all parts of the globe.

In continuing efforts to enhance awareness on detecting, analyzing and reporting of transactions relating to money laundering and terrorist financing, 28 awareness/training programmes were conducted during the year, accommodating more than 1,825 participants from various sectors/stakeholders of the economy. Further, the FIU has conducted a special awareness programme for judges of the Court of Appeal on the request of the President- Court of Appeal.

The FIU has also obtained assistance from members of the Egmont Group (Association of the FIUs) to carry out investigations and collaborated with these member countries gathering intelligence on their investigations. Total number of such instances that FIU exchanged information with foreign counterpart FIUs were recorded as 23 for 2012.

During the year, FIU conducted sixteen on-site examinations on reporting institutions covering all sectors to assess their exposure to risk of ML and TF and non-compliance with the provision of FTRA, rules and directions issued by the FIU.

In line with the international requirements, Sri Lanka has promulgated regulations to implement United Nations Security Council Resolution (UNSCR) 1373 & 1267 on 15th May 2012 and 31st May 2012, respectively.



Further, the Advisory Board for the FIU has approved the appointment of Legal Review Committee which includes members from FIU, Attorney General's Department, Legal Draftsman's Department, Ministry of Finance, Ministry of External Affairs, Registrar of Companies and Securities & Exchange Commission of Sri Lanka to examine existing AML/CFT Legislations in line with revised FATF Recommendations in May 2012.

With these development and enhanced performance along with commendable commitment of the FIU staff, the FIU Sri Lanka would be reached the level of compliance expected by international monitors and institutions.

**D M Rupasinghe**

*Director*

*Financial Intelligence Unit of Sri Lanka*

## 2. The Financial Intelligence Unit of Sri Lanka

The international policy setter on Anti Money Laundering and Combating the Financing of Terrorism, the Financial Action Task Force (FATF) in its Recommendation 29 (Revised in February 2012) describes in detail about the Financial Intelligence Unit (FIU), its functions and administration. It requires countries to establish an FIU that serves as a national centre for receipt and analysis of :

- (a) Suspicious transactions reports
- (b) Other information relevant to money laundering, associated predicate offences and terrorist financing / the dissemination of the results of such analysis.

The recommendation further states that, the FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that requires undertaking its functions properly. (Box 01)

Article 7.1.b of the United Nations Convention against Transnational Organized Crimes (Palermo Convention) also requires member States to consider the establishment of a financial intelligence unit to serve as a national center for collection, analysis and dissemination of information regarding potential money laundering.

The Financial Intelligence Unit (FIU) of Sri Lanka was established in March 2006 under the Financial Transactions Reporting Act No. 06 of 2006 (FTRA) and vested with Ministry of Finance and Planning. The FIU has been functioning as a Department of the Central Bank of Sri Lanka since February 2007, in terms of the order made by the H.E The President under the FTRA to be the institution designated to operate the FIU – Sri Lanka.

The scope of the FIU - Sri Lanka's Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT) regime comprises with three pieces of legislations.

- i. Conventions on the Suppression of Terrorist Financing Act No 25 of 2005 (CSTFA).
- ii. Prevention of Money Laundering Act No 05 of 2006 (PMLA).
- iii. Financial Transactions Reporting Act No. 06 of 2006 (FTRA).

Accordingly, overall objective of the FIU is to combat money laundering, terrorist financing and related crimes in Sri Lanka in line with international standards and best practices. Part IV of the FTRA prescribed powers and functions of the FIU in line with the international standards.

**Table 1 Powers of the FIU under FTRA**

Section 15 (2)	Suspension of transactions where the FIU has reasonable ground to suspect that transaction is related to any unlawful activity under the Act
Section 17	Enter into an agreement or arrangement with foreign FIUs, law enforcement or supervisory authorities
Section 18	Examine the records and inquire into the business and affairs of an Institution for the purpose of ensuring compliance with the Act or any directions, orders, rules or regulations issued under the Act
Section 19	Imposition of penalties to enforce compliance with the Act

**Table 2 Functions of the FIU under FTRA**

Section 15 (1)	
a	Receive reports made in terms of the provisions of the Act and information provided by any agency of another country, by a law enforcement agency or a government institution or agency, and other information voluntarily provided about suspicions of an act constituting an unlawful activity
b	Collect any information that the FIU considers relevant to an act constituting an unlawful activity, or an offence of ML/TF activity from publicly and commercially available databases, or in databases maintained by the Government
c	Request information from any Government agency, law enforcement agency and supervisory agency for the purposes of the Act
d	Analyze and assess all reports and information
e	Carry out examinations of all Institutions as set out in Section 18 of the Act
f	Refer any matter that FIU has reasonable grounds to suspect that the transaction would be relevant to the investigation or prosecution under the Act to the appropriate law enforcement agency or to the relevant supervisory authority.
j	Issue rules and guidelines to Institutions in relation to customer identification, record keeping, reporting obligations, identification of suspicious transactions
I	Obtain further information on parties or transactions referred or reports made under the Act
m	Conduct training programs for Institutions in relation to customer identification, record keeping, reporting obligations and the identification of suspicious transactions
p	Educate the public and create awareness on matters relating to money laundering and the financing of terrorism
q	Share information with foreign FIUs
r	Enter into any agreement or arrangement with any domestic government institution or agency regarding the exchange of information

### **BOX 1: RECOMMENDATION 29 – FINANCIAL INTELLIGENCE UNIT**

The 40 Recommendations introduced by the FATF in February 2012 on Combating Money Laundering and the Financing of Terrorism and Proliferation have provided a detailed definition for the term “Financial Intelligence Unit”.

As per the Recommendation 29, Countries should establish a financial intelligence unit (FIU) that serves as a national centre for the receipt and analysis of:

- (a) suspicious transaction reports; and
- (b) other information,

relevant to money laundering, associated predicate offences and terrorist financing, and for the dissemination of the results of that analysis. The FIU should be able to obtain additional information from reporting entities, and should have access on a timely basis to the financial, administrative and law enforcement information that it requires to undertake its functions properly.

#### **FUNCTIONS**

##### **(a) Receipt**

The FIU serves as the central agency for the receipt of disclosures filed by reporting entities. At a minimum, this information should include suspicious transaction reports, as required by Recommendations 20 and 23, and other information as required by national legislation (such as cash transaction reports, wire transfers reports and other threshold-based declarations/disclosures).

##### **(b) Analysis**

FIU analysis should add value to the information received and held by the FIU. While all information should be considered, the analysis may focus either on each single disclosure received or on appropriate selected information, depending on the type and volume of the disclosures received, and on the expected use after dissemination. FIUs should conduct the following types of analysis:

- Operational analysis - use information to identify specific targets (e.g. persons, assets, criminal networks and associations), to follow the trail of particular activities or transactions, and to determine links between those targets and possible proceeds of crime, money laundering, predicate offences or terrorist financing.

- Strategic analysis - use information, including data that may be provided by other competent authorities, to identify money laundering and terrorist financing related trends and patterns. This information is then also used by the FIU or other state entities in order to determine money laundering and terrorist financing related threats and vulnerabilities. Strategic analysis may also help to establish policies and goals for the FIU.

##### **(c) Dissemination**

The FIU should be able to disseminate, spontaneously and upon request, information and the results of its analysis to the relevant competent authorities. Dedicated, secure and protected channels should be used for the dissemination.

## **ACCESS TO INFORMATION**

### **(a) Obtaining Additional Information from Reporting Entities**

In addition to the information that entities report to the FIU (under the receipt function), the FIU should be able to obtain and use additional information from reporting entities as needed to perform its analysis properly. The information that the FIU permitted to obtain could include information that reporting entities are required to maintain pursuant to the relevant FATF Recommendations (Recommendations 10, 11 and 12).

### **(b) Access to Information from other sources**

In order to conduct proper analysis, the FIU should have accessed to the widest possible range of financial, administrative and law enforcement information. This should include information from open or public sources, as well as relevant information collected and/or maintained by, or on behalf of, other authorities and, where appropriate, commercially held data.

## **INFORMATION SECURITY AND CONFIDENTIALITY**

Information received, processed, held or disseminated by the FIU must be securely protected, exchanged and used only in accordance with agreed procedures, policies and applicable laws and regulations.

## **OPERATIONAL INDEPENDENCE**

The FIU should be operationally independent and autonomous, meaning that the FIU should have the authority and capacity to carry out its functions freely, including the autonomous decision to analyse, request and/or disseminate specific information.

## **UNDUE INFLUENCE OR INTERFERENCE**

The FIU should be able to obtain and deploy the resources needed to carry out its functions, on an individual or routine basis, free from any undue political, government or industry influence or interference, which might compromise its operational independence.

## **EGMONT GROUP**

Countries should ensure that the FIU has regarded to the Egmont Group statement of purpose and its principles for information exchange between FIU for ML/TF. The FIU should apply for membership in the Egmont Group.

## **LARGE CASH TRANSACTION REPORTING**

Countries should consider the feasibility and utility of a system where financial institutions and DNFBPs would report all domestic and international currency transactions above a fixed amount.

## 3. Collection, Analysis and Dissemination of Information

### 3.1 Collection of information

As the central agency for collecting and receiving financial information, the FIU plays a vital role in the investigations of ML/TF offences. The FIU receives/collects financial information mainly from Institutions. As per the FTRA, “Institution” means any person or body of persons engaged in or carrying out any finance business or designated non-finance business within the meaning of the Act.

By the end of 2012, four types of Institutions engaged in finance businesses come under FIU purview. Licensed Banks, Licensed Finance Companies, Stock Brokering Firms and Insurance Companies are monitored and regulated accordingly. Other than Institutions referred above, the FIU receives information from Law Enforcement Agencies, Supervisory Authorities and General Public as well. The financial information so received, collected has added considerable value to the country’s effort in combating ML/TF in Sri Lanka.

As prescribed by the FTRA, three types of mandatory reports to be filed by Institutions with the FIU.

- (a) Cash Transaction Report (CTRs)
- (b) Electronic Fund Transfers (EFTs)
- (c) Suspicious Transaction Reports (STRs)

#### 3.1.1 Cash Transaction Report (CTRs) and Electronic Fund Transfers (EFTs)

Section 6 of the FTRA requires all Reporting Institutions (RI) to submit CTRs and EFTs subject to threshold level determined by the Minister of Finance. Accordingly, the Extraordinary Gazette No 1555/9 dated 25th June 2008 issued by the Minister prescribed the reporting threshold as Rs. 1 mn or equivalent in any other foreign currency with effect from 01st July 2008. Previously applicable threshold was Rs. 0.5 mn

**Table 3            Institutions to report financial transactions**

**Section 6 of the FTRA**

An Institution shall report to the Financial Intelligence Unit

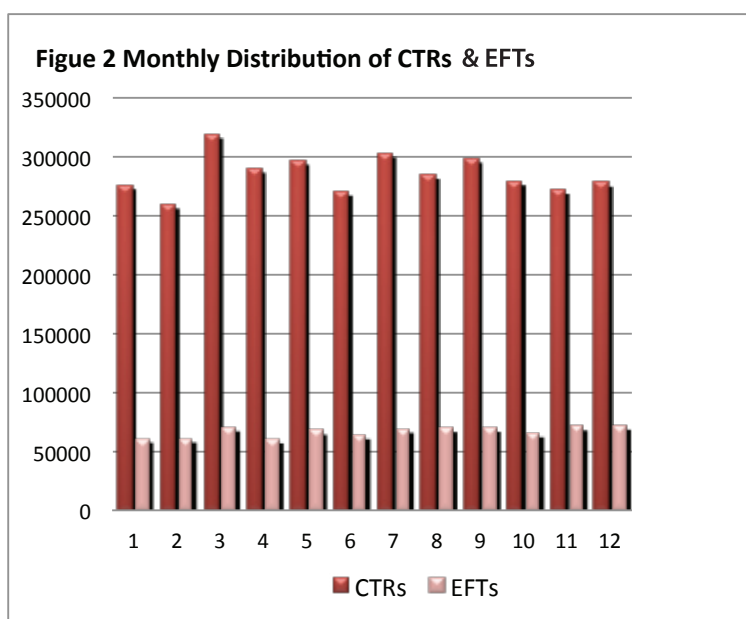
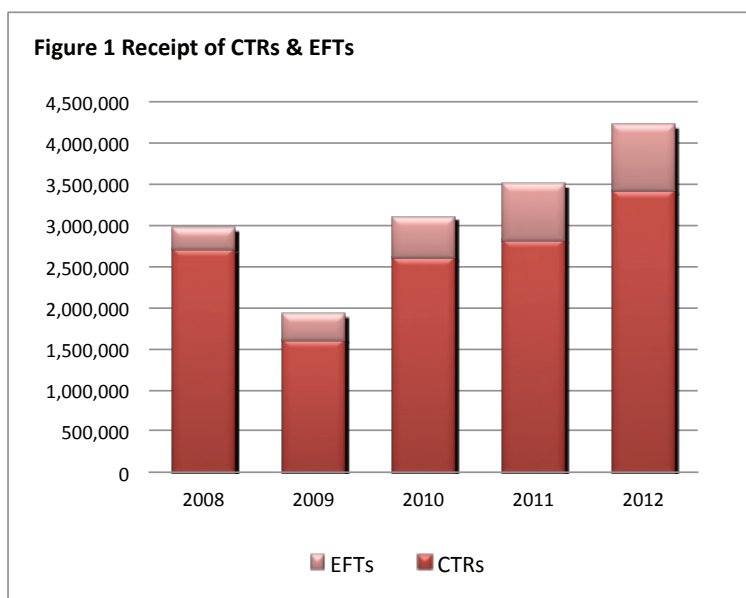
(a)	any transaction of an amount in cash exceeding such sum as shall be prescribed by the Minister by Order published in the Gazette, or its equivalent in any foreign currency (unless the recipient and the sender is a bank licensed by the Central Bank) ; and
(b)	any electronic funds transfer at the request of a customer exceeding such sum as shall be prescribed by regulation,

CTRs and EFTs reported by RIs have increased gradually over the period. A marked increase is clearly visible since 2009 due to expansion of economic activities in the country. EFTs reporting have also been increased significantly signifying increased usage of electronic means to do the financial transactions.

**Table 4 Receipt of CTRs & EFTs**

	2008	2009	2010	2011	2012
CTRs	2,707,839	1,616,018	2,606,102	2,827,034	3,418,851
EFTs	250,394	304,786	491,512	670,063	791,570
Total	2,958,233	1,920,804	3,097,614	3,497,097	4,210,421

Source : LankaFIN, Financial Intelligence Unit-Sri Lanka



Average No. of CTRs reported per month is above 2.5 mn while EFTs is around 0.5 mn. Highest number of CTRs amounting to 3.2 mn has been reported in the month of March 2012.

### 3.1.2 Suspicious Transaction Report (STRs)

One of the mandatory reporting requirements under Section 7 of the FTRA and Recommendation 29 of the FATF is reporting of Suspicious Transaction. Once the suspicion is formed or information received, it is the obligation of RI to report such transaction to the FIU.

**Table 5 Reporting of Suspicious Transactions**

#### Section 7 of the FTRA

7. (1) Where an Institution,

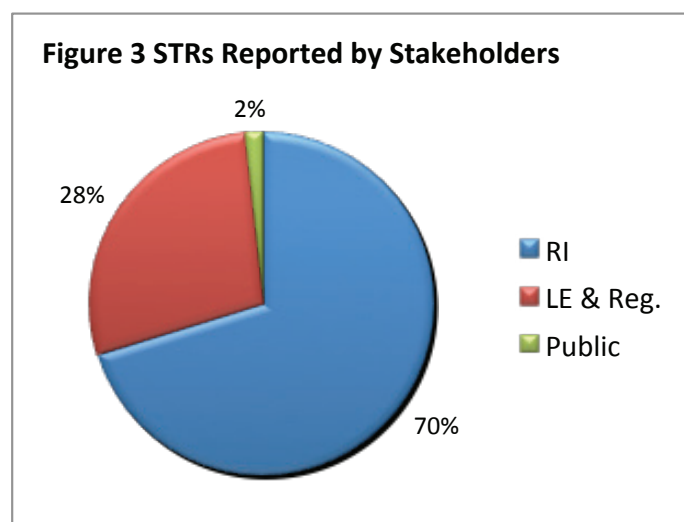
- (a) has reasonable grounds to suspect that any transaction or attempted transaction may be related to the commission of any unlawful activity or any other criminal offence ; or
- (b) has information that it suspects may be relevant,
  - i. to an act preparatory to an offence under the provisions of the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 ;
  - ii. to an investigation or prosecution of a person or persons for an act constituting an unlawful activity, may otherwise be of assistance in the enforcement of the Money Laundering Act, No. 5 of 2006 and the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005,

the Institution shall, as soon as practicable, after forming that suspicion or receiving the information, but no later than two working days there from, report the transaction or attempted transaction or the information to the Financial Intelligence Unit.

**Table 6 STRs Reported by Stakeholders**

	2008	2009	2010	2011	2012
Reporting Institutions (RI)	76	78	87	91	144
Law Enforcement & Regulators (LE & Reg.)	5	29	156	91	56
Public complains (Public)	8	4	3	3	3
<b>Total</b>	<b>89</b>	<b>111</b>	<b>246</b>	<b>185</b>	<b>203</b>

Source : LankaFIN, Financial Intelligence Unit-Sri Lanka



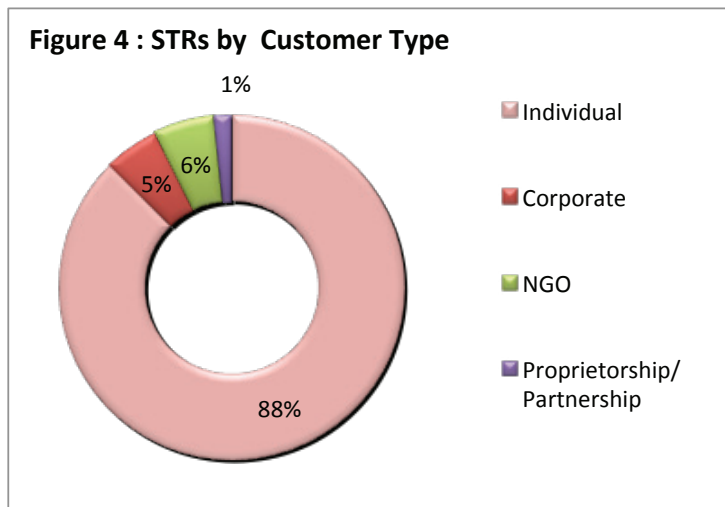


### 3.1.3 Analysis of STRs reported by the stakeholders

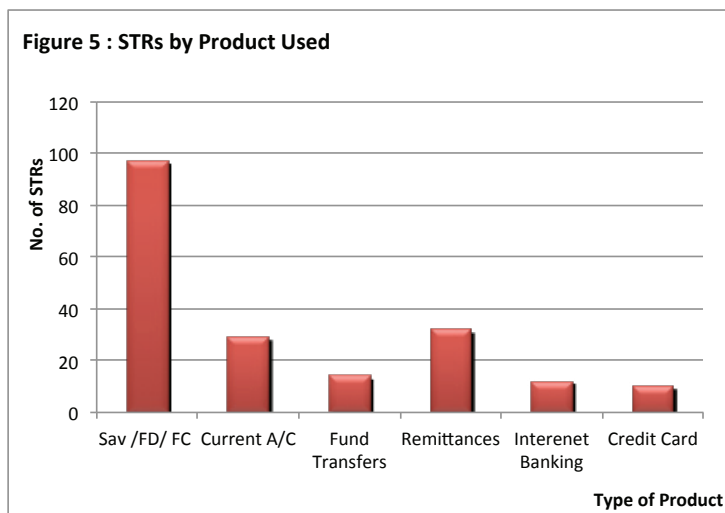
Several measures have been taken to increase the STRs reporting by the RI during the year.

- (a) Issue of Circular (No.03/12) stressing the importance of institutional compliance with Section 7 of the FTRA
- (b) Awareness of STR detection through training programmes
- (c) On-site examinations.

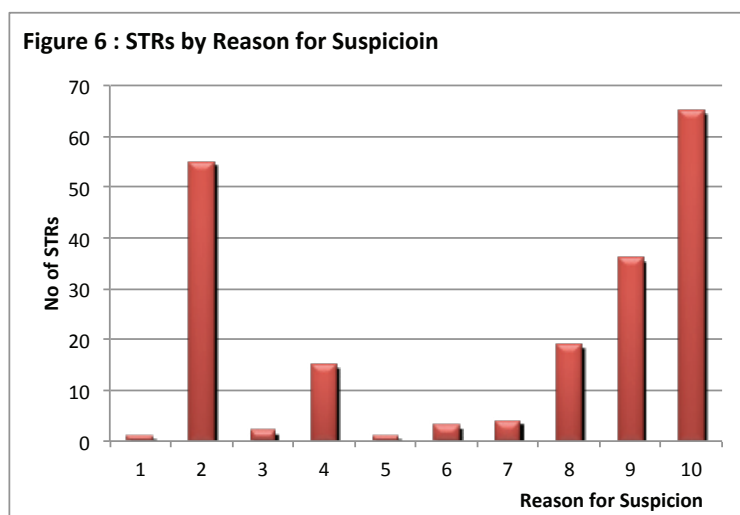
The reported STRs have been analysed according to the type of customer, banking product used and the reason under which the STRs has been reported to the FIU.



Majority of STRs (88%) reported by the stakeholders are on financial transactions undertaken by individuals. 6 per cent of STRs represents transactions carried out by Non Governmental Organizations (NGOs). Balance STRs have been reported on financial transactions carried out by proprietorships, partnerships and Corporate.



Majority of STRs reported are related to deposits made into savings, fixed or foreign currency A/cs. A significant number of STRs have also been reported on cross-border inward and outward remittances.



The STR reporting format provided by the FIU highlights ten instances where reporting institutions can report STRs. Majority of STRs reported comes under the 10th or “other” category. Suspicious transactions categorized under 10, are mostly related to suspected drug trafficking and third party deposits associated with various scams. Other three main reasons for reporting STRs are large/unusual cash deposits/withdrawals, not consistent with the known pattern of transactions, transactions without any economic rational and irregular unusual offshore activity.

## 3.2 Analysis of information

The LankaFIN Data Base system receives the information by way of CTRs, EFTs and STRs. CTRs & EFTs are analysed using various techniques to identify any possible linkages and to develop a case for further analysis. The STRs and related information received would be analysed to determine whether there is a case for further investigation by the law enforcement and/or regulatory agencies. Table 7 shows alerts generated through the LankaFIN system using the CTRs and EFTs reported and cases identified for further analysis.

**Table 7 STRs generated through LankaFIN**

	2008	2009	2010	2011	2012
Alerts generated	63,746	546,568	825,845	879,859	1,046,134
STRs generated	60	272	378	354	356

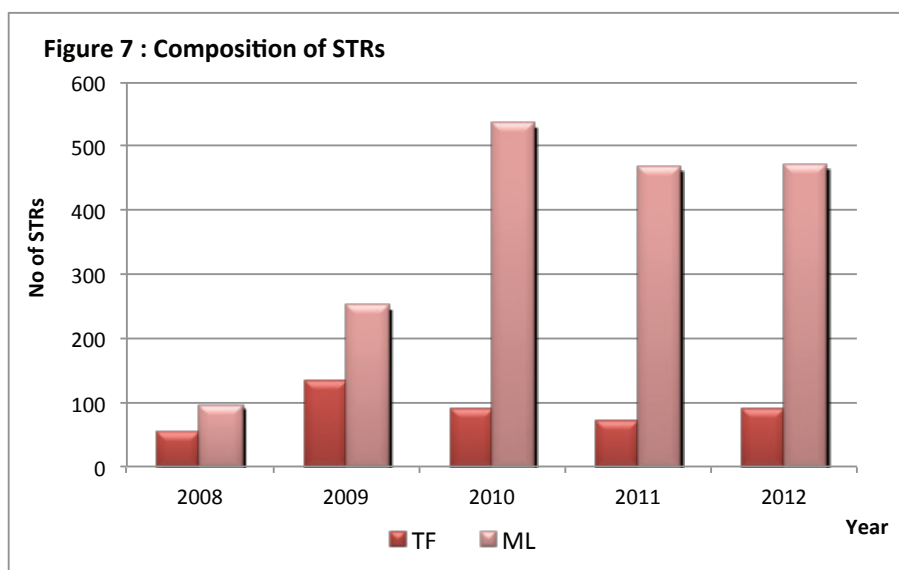
Source : LankaFIN, Financial Intelligence Unit-Sri Lanka

STRs reported and generated on suspected ML offences show an increasing trend while TF offences show a declining since 2010.

**Table 8 Composition of STRs**

	2008	2009	2010	2011	2012
STRs on Terrorist Financing	54	133	90	72	89
STRs on Money Laundering	95	250	534	467	470
Total	149	383	624	539	559

Source : LankaFIN, Financial Intelligence Unit-Sri Lanka



### 3.3 Dissemination of information

After the preliminary investigations/analysis by the FIU, financial information relating to STRs would be disseminated to law enforcement or regulatory agencies for further investigations or regulatory actions. The decision to disseminate would be taken by a Special Committee headed by the Assistant Governor of the Central Bank of Sri Lanka consist with two senior officials from Attorney General's Department and Director and Additional Director of the FIU. Details on information disseminated to domestic law enforcement agencies and regulatory authorities are given in table 9

**Table 9 Dissemination of Information**

	2008	2009	2010	2011	2012
Law Enforcement Agencies	25	15	21	60	48
Regulatory Authorities	5	3	13	5	8

Source : Financial Intelligence Unit-Sri Lanka

The FIU also disseminated information to foreign counterparts (FIUs) on their request. Dissemination was mainly done through the Egmont Secure Web (ESW).

**Table 10 Exchange of Information with Foreign Counterpart FIUs**

	2008	2009	2010	2011	2012
Information requests received	4	6	9	25	11
Information requests made	5	47	13	4	12

Source : Financial Intelligence Unit-Sri Lanka

### 3.4 Suspensions, confiscations and prosecutions relating to ML/TF

As prescribed in the Section 15(2) of the FTRA, the FIU is authorized to suspend the funds suspected of relating to unlawful activities to facilitate further investigations. Accordingly, the FIU has suspended funds amounting to LKR 33.0 mn. during the year and the value of funds and properties suspended by the Court relating to indictments filed is amounted to LKR 1,792.5 mn. On the successful completion of investigations, Hon. Attorney General has filed four indictments under money laundering offence relating to drug trafficking.

**Table 11 Suspension, Confiscation & Prosecution**

	2008	2009	2010	2011	2012
Funds suspended (LKR mn)	480.0	78.0	181.7	107.5	1,825.5
Funds confiscated (LKR mn)	72.0	18.0	-	-	13.8
Prosecutions (No of Cases)	-	1	4	1	4

Source : Financial Intelligence Unit-Sri Lanka

## 4. Domestic and International Cooperation

The existence of a comprehensive structure to facilitate information sharing among competent authorities both domestically and internationally is vital in fighting against money laundering and terrorist financing as those operate mostly beyond borders. Sharing financial intelligence therefore, facilitates investigation and prosecution of persons suspected of money laundering and terrorist financing is mutually beneficial to the FIUs, government agencies and the relevant foreign counterparts who contribute to achieve objective of combating ML/TF and related crimes. Accordingly, the FIU - Sri Lanka has built-up partnerships with various domestic and international agencies to achieve such ultimate objectives.

### 4.1 Domestic cooperation

<b>Law Enforcement Agencies</b>	<ul style="list-style-type: none"><li>• Criminal Investigation Department of Sri Lanka Police</li><li>• Terrorist Investigation Division of Sri Lanka Police</li><li>• State Intelligence Service of Sri Lanka</li><li>• Police Narcotic Bureau</li><li>• Commission to Investigate Allegations of Bribery or Corruption</li></ul>
<b>Supervisory Authorities</b>	<ul style="list-style-type: none"><li>• Bank Supervision Department of Central Bank of Sri Lanka</li><li>• Department of Supervision of Non-Bank Financial Institutions of Central bank of Sri Lanka</li><li>• Securities and Exchange Commission of Sri Lanka</li><li>• Colombo Stock Exchange</li><li>• Insurance Board of Sri Lanka</li></ul>
<b>Other Stakeholders</b>	<ul style="list-style-type: none"><li>• Attorney General's Department</li><li>• Ministry of External Affairs</li><li>• Ministry of Justice</li><li>• Department of Immigration and Emigration</li><li>• Sri Lanka Customs</li><li>• Department of Registration of Persons</li><li>• Department of Motor Traffic</li></ul>

### **4.1.1 Law enforcement agencies**

The FIU plays a major role in facilitating the effort of law enforcement agencies in combating ML/TF and related crimes through timely dissemination of STRs and related financial intelligence. In order to enhance the operational relationship with law enforcement agencies, a unit of the Criminal Investigation Department (CID) dedicated to investigate offences relating to ML/TF and other related crimes has already been established within the FIU. (Statistics on dissemination of information to the law enforcement agencies is given in table 9). The FIU has also arranged various training/awareness opportunities to members of law enforcement agencies to develop and strengthen their ML/TF awareness and capacity. In terms of Section 15(1) (r) of the FTRA, the FIU entered into a Memorandum of Understanding (MOU) with Sri Lanka Customs to share information to facilitate the investigations and prosecutions of persons suspected of money laundering and terrorist financing. Meantime, exchanging of information was further strengthened with both Immigration & Emigration and Department of Registration of Persons.

### **4.1.2 Supervisory authorities**

The FIU has built-up close relationship with supervisors of the financial sector. Existence of two major supervisory authorities within the Central Bank of Sri Lanka (CBSL) has contributed effective implementation of AML/CFT measures in the banking sector as well as non-bank financial sector.

The guidelines have also been issued to supervisors covering AML/CFT aspect of their regular examinations. In line with the above guidelines, the FIU is receiving regular reports from supervisors on non-compliance and transactions with suspicious nature. During the year, the FIU supported supervisory authorities in training of staff to improve their understanding on AML/CFT supervision and new developments on international standard by arranging local as well as international training and awareness programmes.

### **4.1.3 Other stakeholders**

The Attorney General's Department acts as legal consultant to the FIU and the FIU has therefore, arranged various local and international programmes for the officials of the Attorney General's Department to enhance their AML/CFT understanding. The FIU also consulted Ministry of External Affairs and Ministry of Justice on various matters relating to implementation of AML/CFT measures in Sri Lanka i.e. promulgation of United Nations Security Council Resolutions (UNSCR) 1373 & 1267, mutual legal assistance on criminal matters, signing of MOUs with foreign counterparts.

Further, discussions were held with officials of the Department of Immigration and Emigration, Department of Motor Traffic and Department of Registration of Persons for signing of MOUs to share information for investigations.

## **4.2 International cooperation**

In terms of Section 17 of the FTRA, the FIU is empowered to have agreements and arrangements for international cooperation on AML/CFT related matters. Accordingly, the FIU entered into agreement with counterpart FIUs for sharing intelligence/information and other international institutions to fulfil FIU related obligations. Structure of the cooperation could be tabulated as follows, based on international requirement to initiate actions.



### 4.2.1 Counterpart FIUs

The FIU is empowered to enter into agreements (Memoranda of Understandings – MOUs) with counterpart FIUs with the approval of Minister of Finance to exchange information relating to ML/TF and related offences. Table 12 shows MOUs entered into by the FIU - Sri Lanka during 2006 – 2012 periods to exchange information with counterpart FIUs.

**Table 12: MOUs with Counterpart FIUs**

Name of counterpart FIU	Date of signing
Financial Intelligence Unit of Bank Negara Malaysia	18.01.2008
Financial Intelligence Unit of the Da Afghanistan Bank	29.02.2008
Korean Financial Intelligence Unit	18.12.2008
Indonesian Financial Transaction Reports and Analysis Centre	27.05.2009
Financial Information Unit of Nepal Rastra Bank	09.07.2009
The Anti Money Laundering Council of Philippines	09.07.2009
Cambodian Financial Intelligence Unit of National Bank of Cambodia	26.10.2009
Financial Intelligence Unit of India	30.03.2010
Australian Financial Transactions and Analysis Centre	07.05.2010
Financial Intelligence Unit of Belgium	18.06.2010
Financial Intelligence Unit of Solomon Islands	15.07.2010
Financial Intelligence Unit of Bangladesh	28.10.2010
Financial Intelligence Centre of South Africa	02.12.2010
Fiji Financial Intelligence Unit	21.07.2011
Financial Intelligence Unit of Slovenia	09.08.2011
Transaction Reports and Reports Analysis Centre of Canada	02.08.2011
Financial Crime Enforcement Network (FinCEN) USA	10.07.2012
Federal Financial Monitoring Service of Russian Federation	11.07.2012
The Financial Information Unit of Bank of Mongolia	11.07.2012
Saudi Arabian Financial Investigation Unit (SAFIU)	11.07.2012

## 4.2.2 Asia Pacific Group on Money Laundering

Sri Lanka as a founder member of Asia Pacific Group on Money Laundering (APG) attended the 15th Annual Plenary and Annual Typologies Workshops held in Brisbane Australia and Hanoi Vietnam during July and November 2012, respectively. The FIU is in continuous dialog with the APG in relation to International Co-operation Review Group (ICRG) of the FATF review process and capacity building requirements of the FIU. As a part of ICRG process, APG Executive Secretary, Dr. Gordon Hook visited Sri Lanka in May 2012 and had meetings with Senior Minister for International Monetary Co-operation and Deputy Minister of Finance and the following senior officials of the country :

- Governor of the Central Bank of Sri Lanka
- Hon. Attorney General
- Secretary of the Ministry of External Affairs.

Meetings were also held with the Deputy Governor of the Central Bank of Sri Lanka, and senior officials of the FIU and Legal Draftsman's Department.

## APG Executive Secretary met Senior Minister and officials in Colombo, Sri Lanka May, 2012



On 23 and 24 May 2012 an APG delegation met with senior officials in Colombo, Sri Lanka to discuss Sri Lanka's AML/CFT implementation plan.

Photo L to R: Mr. D M Rupasinghe, Director of the FIU, Mr. Ajith Nivard Cabraal, Governor of the Central Bank of Sri Lanka; Dr. Gordon Hook, APG Executive Secretary.

## 4.2.3 Egmont Group

The FIU joined the Egmont Group, an Association of FIUs on 26 May 2009, to facilitate exchange of financial intelligence with counterpart FIUs thereby fostering global partnerships in combating money laundering and terrorist financing. The FIU also attended Working Group and Committee Meetings held in Manila, Philippines and the 20th Annual Plenary held in Saint Petersburg, Russian Federation during January and July 2012, respectively.



## 5. Capacity Building and Awareness Raising

The success of implementation of the AML/CFT measures primarily depends on the level of awareness among key stakeholders. The FIU as a responsible authority for the implementation of AML/CFT measures in Sri Lanka has taken a series of measures to enhance awareness among the stakeholders.

### 5.1 Reporting institutions

A large number of seminars and workshops were conducted for the officials of all RIs covering various aspects of AML/CFT measures implemented in Sri Lanka. These seminars were conducted under FIU's annual awareness campaign as well as on the request of RIs. Role of RI in prevention and detection of ML/TF offences, detection of suspicious transactions, statutory obligations of RI under FTRA and global developments relating to AML/CFT were some areas covered during these programmes.



Awareness Programme for RIs  
in the Batticaloa District on 25  
Sept. 2012



Awareness Programme for RIs in the  
Trincomalee District on  
26 September 2012

Australian Transaction Reports and Analysis Center (AUSTRAC/ FIU - Australia) continued their technical assistance in 2012 too by conducting specialized awareness programme for securities and insurance sectors.

The programme had been mainly designed for securities and insurance sector institutions and their supervisory authorities to deepen their understanding of what money laundering and terrorist financing is, risk of the industry, role of the supervisor, impact of new FATF recommendations and how to encourage compliance culture within the industry.



AUSTRAC Technical Assistance Strengthening AML/CFT Regulations in Securities and Insurance Sector during 5- 12 September 2012

Arrangements were also made for a study visit to AUSTRAC and related supervisory authorities under the sponsorship of AUSTRAC for senior officials of the FIU, Insurance Board of Sri Lanka and Securities and Exchange Commission of Sri Lanka under the AUSTRAC SARiSA (Strengthening AML/CFT Regulation in South Asia) programme.

**Table 13: Awareness Programmes for Reporting Institutions**

18 February	Financial Intelligence for Banks - Pan Asia Banking Corporation
24 March	Financial Intelligence for Banking and Financial Institutions Standard Chartered Bank
03 April	Financial Intelligence for Banking and Financial Institutions - CBS
20 April	AML/CFT Framework for Non Bank Financial Sector - The Finance Company
18 May	Know Your Customer and Anti-Money Laundering – Seylan Bank PLC
31 May	Development in AML/CFT Regime in Sri Lanka and Statutory Obligations under FTRA – Amana Bank PLC
27 June	AML/CFT Awareness Programme for Reporting Institutions in the Ampara District
08 June	Legislations relating to Financial Institutions - CBS
03 August	The Concept of KYC, its importance and requirements for FIs under FTRA – DFCC & DFCC Vardhana Bank
05 August	Anti Money Laundering and Financial Intelligence Unit Requirements - Alliance Finance Company PLC
23 August	Financial Intelligence & Financial Crimes and Case Studies on Money Laundering related frauds – CBS
26 August	Anti-Money Laundering and Financial Intelligence Unit Requirements - Alliance Finance Company PLC
5 -7 September	AUSTRAC Technical Assistance - Strengthening AML/CFT Regulations in South Asia Securities Sector
10 -12 September	AUSTRAC Technical Assistance - Strengthening AML/CFT Regulations in South Asia Insurance Sector
22 September	Concept of KYC and Importance, Requirements for FIs under FTRA – HDFC Bank

25 September	AML/CFT Awareness for Reporting Institutions in the Batticaloa District
26 September	AML/CFT Awareness for Reporting Institutions in the Trincomalee District
12 October	KYC and AML procedures for Senior Management of the Seylan Bank PLC
19 October	Laws & Regulations pertaining to AML/CFT - Senkadagala Finance PLC
02 November	Laws & Regulations pertaining to AML/CFT - Senkadagala Finance PLC
23 November	KYC/CDD for the Senior Staff Members - ICICI Bank PLC

## 5.2 Law enforcement and prosecutors

Awareness raising among investigators and prosecutors is also vital in effective investigation and successful prosecution of ML/TF offences. To this effect, the FIU has taken various measures to ensure that the investigators and prosecutors equipped with updated knowledge on the AML/CFT measures in Sri Lanka as well as rest of the world.

**Table 14: Awareness Programmes for Law Enforcement**

23 February	AML/CFT Awareness for Police Officers in the Kalutara District
29 March	AML/CFT Awareness for investigation officials of Sri Lanka Police
23 May	AML/CFT Legislations for Officers of Criminal Investigation Department
6 June	Role and Functions of the Financial Intelligence Unit for the officials of the Commission to Investigate Allegations of Bribery or Corruption
27 June	AML/CFT Awareness for Police Officers in the Ampara District
25 September	AML/CFT Awareness for Police Officers in the Batticaloa District
26 September	AML/CFT Awareness for Police Officers in the Trincomalee District



Awareness Programme for Law Enforcement Officials in the Ampara and Trincomalee Districts

A special awareness programme for Judges of the Court of Appeal on Financial and Economic Crimes focusing more on ML/TF was conducted during 26 -27 July 2012. Arrangements were also made for several senior officials from the Attorney General's Department to attend the APG Annual Plenary Meeting and APG Typologies Workshop to enhance their awareness on AML/CFT developments.

## 6. Ensuring Compliance of Reporting Institution

As key stakeholders, reporting institutions play a major role in effective implementation of AML/CFT measures in the country. The FTRA requires certain statutory obligations to be fulfilled by the reporting institutions to ensure that the preventive and detective measures are in place to protect the system from the money launderers and terrorist financiers. At the same time, FTRA empowered the FIU to ensure compliance of reporting institutions through various measures such as on-site and off-site surveillance and imposition of penalties.

Under off-site surveillance strategies, one-on-one meeting and data base surveillance is being conducted to ensure compliance. One-on-one meeting has been conducted periodically with compliance officers of the reporting institutions to review and discuss their progress and problems encountered in ensuring institution's compliance with AML/CFT measures. Senior officials of the FIU also participate at monthly CEOs' forum organized by the supervisory agencies to discuss any matters related to AML/CFT. Reporting institution's compliance with regard to data submission is being continuously monitored by the Financial Data Analysis Division. With the introduction of online data submission, all reporting institutions are complying with the submission of fortnightly/monthly reporting requirement on time.

**Table 15 : One on one meetings with RIs**

	No of Meetings
Licensed Banks	11
Licensed Finance Companies	5
Stock Brokering Firms	3
Insurance Companies	1

Section 18 of the FTRA empowered the FIU or any person authorized by the FIU to carry out on-site examinations of reporting institutions to ensure compliance with the requirements imposed under FTRA or any directions, rules or regulations issued by the FIU. In certain occasions, the FIU was assisted by supervisory authorities in conducting such examinations.

In addition, the supervisory authorities also monitor the AML/CFT compliance of the reporting institutions as a part of their regular examinations and report the FIU of their findings.

**Table 16 Supervisory Measures**

	2008	2009	2010	2011	2012
On-site examinations	8	5	5	4	16
Fines imposed (LKR mn)	1.80	4.10	1.00	-	-

Source : Financial Intelligence Unit-Sri Lanka

## 7. Organizational Capacity Building

Techniques used by money launderers, terrorist financiers or other criminals are increasingly becoming sophisticated posing serious challenges to the policy makers, investigators and prosecutors. At the same time advancement in the technology has given the opportunity to both financial institutions and criminals to develop new products as well as to develop new techniques to evade detection. The situation has demanded employment of high skilled staff in the FIUs as well as in law enforcement agencies for prevention and detection of crimes related to ML/TF.

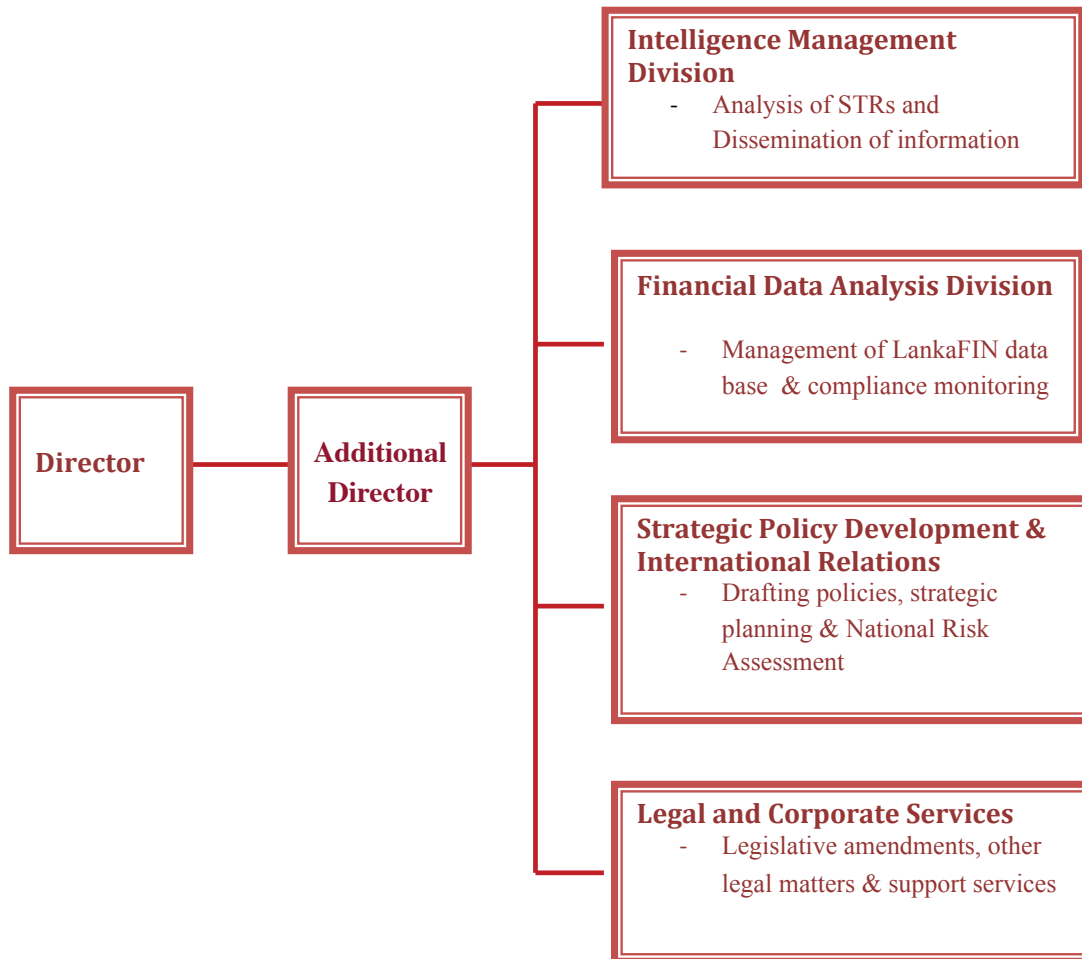


Figure 8: FIU Organizational Structure

The FIU - Sri Lanka is staffed with officers who are proficient in various disciplines such as law, accountancy, banking, finance, economics and ICT. Various steps are being taken to enhance the staff proficiency in the field of AML/CFT by providing opportunities to participate local as well as international training programmes.

**Table 17 Domestic Training**

4 April	Changes to the Global Landscape on AML – Challenges for compliance officers organized by Standard Chartered Bank
10 - 11 May	Workshop on Information Security - CBS
29 – 30 May	Legal aspect of Bank Lending - CBS
23 August	Latest Technologies in fraud prevention for financial institutions - CBS
25 -26 September	Forensic Auditing to mitigate organizational frauds - CBS

**Table 18 International Training**

5 – 9 March	AML/CFT Risk Based Supervisory Framework - IMF Singapore
19 – 20 March	Fourth Sub Group Meeting on Combating Financing of Terrorism in BIMSTEC Group – Thailand
25 – 27 April	APG Workshop on New FATF Recommendations/Standards - Malaysia
30 April – 3 May	Study Visit to AUSTRAC under SARiSA Programme (Strengthening AML/CFT Regulations in South Asia)
7 – 9 May	World Bank/Egmont Group Tactical Analysis Course - Thailand
4 – 8 June	Joint India/IMF Workshop on Revised AML/CFT Standards - India
24 -28 June	Regional Conference on Combating Financial Crimes - Bangladesh
1 -5 October	World Bank/Egmont Group Strategic Analysis Course - Thailand
19 – 23 November	APG Typologies & Capacity Building Workshop - Vietnam

The FIU is also receiving the service of two senior officials of the Attorney General’s Department as legal consultants. They provide legal consultation for various legal issues in relation to AML/CFT measures in addition to being resource persons for awareness programmes for law enforcement agencies and prosecutors. The Information Technology Department of the Central Bank of Sri Lanka provides necessary infrastructure for the developments and maintenance of the LankaFIN, FIU data base. Further, the FIU - Sri Lanka is assisted by the Advisory Board chaired by the Governor of Central Bank of Sri Lanka to advise on its strategic directions and policy matters which consist of 15 Heads of key ministries and institutions. The Advisory Board held two meetings during the year 2012 and approved the appointment of Legal Review Committee to review and draft legislations in line with new FATF Recommendations. The Legal Review Committee comprises of representatives from Attorney General’s Department, Legal Draftsman’s Department, Ministry of Finance, Ministry of External Affairs, Registrar General of Companies, Securities and Exchange Commission of Sri Lanka and the FIU.

## 8. Revised FATF Recommendations

In response to mounting concern over money laundering, the Financial Action Task Force (FATF) global policy setter on AML/CFT was established by the G-7 Summit held in Paris in 1989. The FATF is given the responsibility of examining money laundering techniques and trends, reviewing the action which had already been taken at a national or international level, and setting out the measures that still needed to be taken to combat money laundering. Accordingly, FATF reviews and publishes recommendations at regular intervals providing comprehensive plan of action needed to fight against money laundering and terrorist financing. The Recommendations of the FATF are currently used by more than 180 governments to combat financial crimes related to ML/TF.

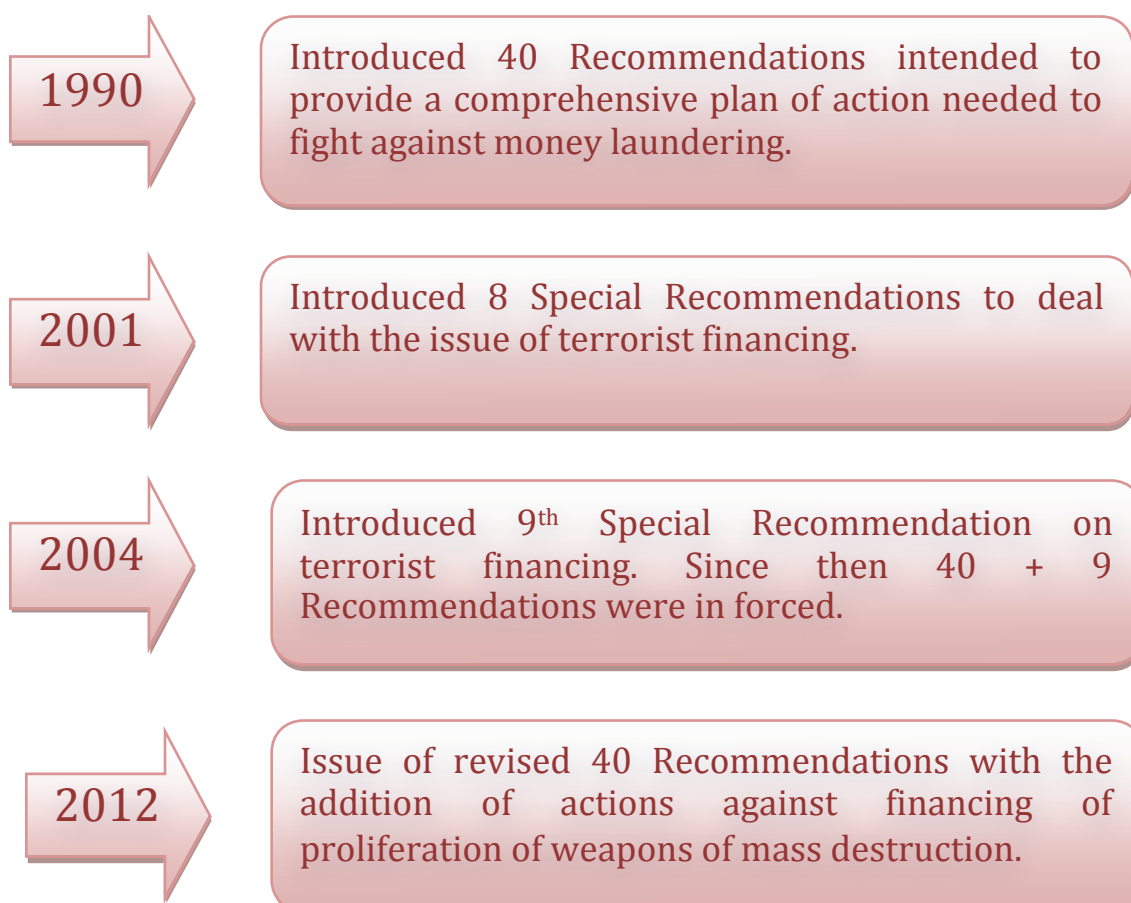


Figure 9: Evolution of FATF Recommendations

The FATF issued revised 40 Recommendations on 16 February, 2012. This revision intends to strengthen global safeguards and further protection of the integrity of the financial system by providing government with stronger tools to take action against financial crimes. The scope of the Financial Intelligence Unit is therefore, further expanded to deal with new threats such as the financing of proliferation of weapons of mass destruction. The revisions have strengthened the standard in the following key areas and are effective from February 2012:

- New Recommendation on combating the financing of the proliferation of weapons of mass destruction through the consistent implementation of targeted financial sanctions by the UN Security Council.
- Enhanced risk-based approach enabling countries and the private sector to apply their resources more efficiently focusing higher risk areas.
- Requirements to ensure timely access to adequate and accurate information on the beneficial ownership of legal persons.
- Expanding the scope of money laundering predicate offences by including tax crimes.
- Better operational tools and a wider range of techniques and powers, both for the financial intelligence units, and law enforcement agencies to investigate and prosecute money laundering and terrorist financing offences.
- Stronger requirements when dealing with Politically Exposed Persons (PEPs) by inclusion of local PEPs and PEPs from international organizations.



## 9. Appendices

### Appendix I

#### List of Important Circulars Issued - 2012

No.	Date	Sector	Description
01/12	28.12.2012	LBs, LFCs Insurance Stock Brokers	Revision to 40 + 9 Recommendations of the Financial Action Task Force
02/12	01.03.2012	LBs	Notification from the FIU of the St. Vincent and the Grenadines
03/12	22.03.2012	LBs, LFCs Insurance Stock Brokers	Compliance with the reporting requirements under the Sec 7 of the Financial Transactions Reporting Act No 6 of 2006
Extraordinary Gazette No 1756/12	04.05.2012	LBs and LFCs	Amendments to Know Your Customer and Customer Due Diligence (KYC/CDD) Rules No 01 of 2011

## Appendix II

### Reporting Institutions as at 31st December 2012

#### LICENSED COMMERCIAL BANKS

- 1 Amana Bank Ltd.
- 2 Axis Bank Ltd.
- 3 Bank of Ceylon
- 4 Citibank, N.A.
- 5 Commercial Bank of Ceylon PLC
- 6 Deutsche Bank AG
- 7 DFCC Vardhana Bank PLC
- 8 Habib Bank Ltd.
- 9 Hatton National Bank PLC
- 10 ICICI Bank Ltd.
- 11 Indian Bank
- 12 Indian Overseas Bank
- 13 MCB Bank Limited
- 14 National Development Bank PLC
- 15 Nations Trust Bank PLC
- 16 PABC Banking Corporation PLC
- 17 People's Bank
- 18 Public Bank Berhad
- 19 Sampath Bank PLC
- 20 Seylan Bank PLC
- 21 Standard Chartered Bank
- 22 State Bank of India
- 23 The Honkong & Shanghai Banking Corporation Ltd.
- 24 Union Bank of Colombo PLC

#### LICENSED STOCK BROKERS

- 1 Acuity Stockbrokers (Pvt) Ltd
- 2 Assetline Securities (Pvt) Ltd.
- 3 Asha Phillip Securities Ltd
- 4 Asia Securities (Pvt) Ltd
- 5 Bartleet Religare Securities Pvt Ltd.
- 6 Capital Alliance Securities (Pvt) Ltd
- 7 Capital Trust Securities (Pvt) Ltd
- 8 Claridge Stockbrokers (Pvt) Ltd.
- 9 CT Smith Stockbrokers (Pvt) Ltd
- 10 DNH Financial (Pvt.) Limited.
- 11 First Guadian Equities (Pvt) Ltd.
- 12 First Capital Markets (Pvt) Ltd.
- 13 Heraymila Securities Ltd
- 14 IIFL Securities Ceylon (Pvt) Ltd.
- 15 J B Securities (Pvt) Ltd
- 16 John Keells Stockbrokers (Pvt) Ltd
- 17 Lanka Securities (Pvt) Ltd
- 18 LOLC Securities Ltd.
- 19 Nation Lanka Equities (Pvt) Ltd.
- 20 NDB Stockbrokers (Pvt) Ltd
- 21 New World Securities (Pvt) Ltd.
- 22 Richard Peiris Securities (pvt) Ltd
- 23 SKM Lanka Holdings (Pvt) Ltd

#### LICENSED SPECIALIZED BANKS

- 1 DFCC Bank
- 2 HDFC Bank of Sri Lanka
- 3 Lankaputhra Development Bank
- 4 MBSL Savings Bank Ltd
- 5 National Savings Bank
- 6 Pradeshiya Sanwardhana Bank
- 7 Sanasa Development Bank Ltd.
- 8 State Mortgage and Investment Bank
- 9 Sri Lanka Savings Bank

## LICENSED FINANCE COMPANIES

1	Abans Finance PLC	25	MCSL Financial Services Ltd.
2	Alliance Finance Co. PLC	26	Melsta Regal Finance Ltd.
3	AMW Capital Leasing and Finance PLC	27	Mercantile Investments and Finance PLC
4	Arpico Finance Company PLC	28	Multi Finance PLC
5	Asia Asset Finance PLC	29	Nanda Investments and Finance PLC
6	Asian Finance Ltd.	30	Nation Lanka Finance PLC
7	Associated Motor Finance Co. PLC	31	Orient Finance PLC
8	Bartleet Finance PLC	32	People's Finance PLC
9	Bimpuh Finance PLC	33	People's Leasing & Finance PLC
10	Capital Alliance Finance PLC	34	People's Merchant Finance PLC
11	Central Finance Co. PLC	35	Prime Grameen Micro Finance Ltd.
12	Central Investments & Finance PLC	36	Richard Pieris Arpico Finance Ltd.
13	Chilaw Finance PLC	37	Senkadagala Finance PLC
14	Citizens Development Business Finance PLC	38	Singer Finance (Lanka) PLC
15	City Finance Corporation Ltd.	39	Sinhapura Finance PLC
16	Commercial Credit and Finance PLC	40	Softlogic Finance PLC
17	Commercial Leasing and Finance Ltd.	41	Swarnamahar Financial Services PLC
18	Deshodaya Development Finance Company Ltd.	42	The Finance Co. PLC
19	ETI Finance Ltd.	43	The Standard Credit Finance Ltd
20	George Steuart Finance Ltd.	44	T K S Finance Ltd
21	Ideal Finance Ltd.	45	Trade Finance & Investments PLC
22	Kanrich Finance Ltd.	46	U B Finance Co. Ltd.
23	Lanka ORIX Finance PLC	47	Vallibel Finance PLC
24	LB Finance PLC		

## LICENSED INSURANCE COMPANIES

1	AIG Insurance Ltd.	11	HNB Assurance PLC
2	Allianz Insurance Lanka Ltd	12	Janashakthi Insurance PLC
3	Allianz Life Insurance Lanka Ltd	13	Life Insurance Corporation (Lanka) Ltd
4	Amana Takaful PLC	14	LOLC Insurance Company Ltd
5	Arpico Insurance Ltd.	15	MBSL Insurance Company Ltd.
6	Asian Alliance Insurance PLC	16	National Insurance Trust Fund
7	Aviva NDB Insurance PLC	17	Orient Insurance Ltd.
8	Ceylinco Insurance PLC	18	People's Insurance Ltd.
9	Co-operative Insurance Company Ltd.	19	Sanasa Insurance Co. Ltd
10	Continental Insurance Lanka Ltd	20	Sri Lanka Insurance Corporation Limited
		21	Union Assurance PLC

## Appendix III - Press Releases and Notice



ශ්‍රී ලංකා මහ බැංකුව  
இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

### Communications Department

30, Janadhipathi Mawatha, Colombo 01, Sri Lanka.

Tel : 2477424, 2477423, 2477311

Fax: 2346257, 2477739

E-mail: [dcommunications@cbsl.lk](mailto:dcommunications@cbsl.lk), [communications@cbsl.lk](mailto:communications@cbsl.lk)

Web: [www.cbsl.gov.lk](http://www.cbsl.gov.lk)

---

# Press Release

**Issued By** Financial Intelligence Unit

**Date** 02 August 2012

## **The FIU Sri Lanka enters into Memoranda of Understanding with FIUs of Mongolia, Russia, Saudi Arabia and USA**

The Financial Intelligence Unit of the Central Bank of Sri Lanka (FIU - Sri Lanka) recently entered into Memoranda of Understanding (MOUs) with Financial Information Unit of the Bank of Mongolia, Federal Financial Monitoring Service of Russian Federation (FIU - Russia), Saudi Arabia Financial Investigation Unit and Financial Crimes Enforcement Network of USA (FIU - USA) to share financial information to facilitate investigation and prosecution of persons suspected of Money Laundering and Terrorist Financing (ML/TF). These MOUs have been entered into, in terms of the provisions of the Financial Transactions Reporting Act No. 6 of 2006. Money Laundering and Terrorist Financing are generally considered to be internationally connected criminal activities. Therefore, a greater coordination among Financial Intelligence Authorities is needed to deal with these activities on a global basis. Accordingly, FIUs across the world, adopt MOUs to co-operate with each other with the exchange of information.

With the above MOUs, the total number of MOUs entered into by the FIU- Sri Lanka, has increased to 20. The other MOUs are with Australia, Belgium, Bangladesh, Canada, India, Malaysia, South Korea, Indonesia, Philippines, Afghanistan, Nepal, Cambodia, Fiji, Slovenia, South Africa and Solomon Islands.

# Notice to the Customers of the Following Financial Institutions

- Licensed banks
- Licensed finance companies
- Insurance companies
- Stock brokers of Colombo Stock Exchange

**The Financial Intelligence Unit of Sri Lanka has instructed the above institutions to obtain certain basic information in order to identify their customers, as per the provisions of the Financial Transactions Reporting Act, No.06 of 2006. The information is as follows:**

- Copies of identification documents (National Identity Card, Passport or Driving Licence)
- Permanent residential / business address
- Occupation and employer/Name and nature of the business and expected income
- Reason for opening of the account

**The collection of identification and other basic details about customers of financial institutions is a globally accepted practice. Hence, the support and co-operation of all customers is solicited.**

Financial Intelligence Unit of Sri Lanka  
Central Bank of Sri Lanka  
No 30, Janadhipathi Mawatha,  
Colombo 01.



ශ්‍රී ලංකා මහ බැංකුව  
இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA