

ANNUAL REPORT 2015

Financial Intelligence Unit



FINANCIAL INTELLIGENCE UNIT OF SRI LANKA

ANNUAL REPORT 2015

Financial Intelligence Unit
of Sri Lanka



ISBN 978-955-575-334-0

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LIST OF ACRONYMS

ADB	Asian Development Bank
AGD	Attorney General's Department
AMCs	Authorized Money Changers
AML	Anti-Money Laundering
APG	Asia Pacific Group on Money Laundering
BFIU	Bangladesh FIU
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation
BIMSTEC SG-CFT	BIMSTEC Sub Group on Combating the Financing of Terrorism
BSD	Bank Supervision Department
CBS	Center for Banking Studies
CBSL	Central Bank of Sri Lanka
CDD	Customer Due Diligence
CFT	Countering the Financing of Terrorism
CID	Criminal Investigation Department
CSTFA	Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005
CTRs	Cash Transaction Reports
D/FIU	Director of Financial Intelligence Unit of Sri Lanka
DNFBPs	Designated Non-Financial Business and Professions
DSNBFI	Department of Supervision of Non-Bank Financial Institutions
ECD	Exchange Control Department
EG	Egmont Group
EFTs	Electronic Fund Transfers
FATF	Financial Action Task Force
FIs	Financial Institutions
FIU	Financial Intelligence Unit
FDAD	Financial Data Analysis Division
FSRBs	FATF-Style Regional Bodies
FT	Financing of Terrorism
FTRA	Financial Transactions Reporting Act, No. 06 of 2006
IBSL	Insurance Board of Sri Lanka
ICs	Insurance Companies



IMD	Intelligence Management Division
ISIL	Islamic State in Iraq and the Levant
ITD	Information Technology Department
KYC	Know Your Customer
LankaFIN	FIU-Sri Lanka's Online Database Management System
LBs	Licensed Banks
LCBs	Licensed Commercial Banks
LDD	Legal Draftsman's Department
LEAs	Law Enforcement Agencies
LFCs	Licensed Finance Companies
LKR	Sri Lankan Rupees
LSBs	Licensed Specialized Banks
ME	Mutual Evaluation
MER	Mutual Evaluation Report
ML/TF	Money Laundering and Terrorist Financing
MOUs	Memorandums of Understanding
MVTS	Money or Value Transfer Services
NGOs	Non-Governmental Organizations
NRA	National Risk Assessment
PMLA	Prevention of Money Laundering Act, No. 05 of 2006
PNB	Police Narcotic Bureau
RBA	Risk Based Approach
RIs	Reporting Institutions
SAARC	South Asian Association for Regional Co-operation
SAs	Supervisory Authorities
SBs	Stock Brokers
SEC	Securities and Exchange Commission of Sri Lanka
SIS	State Intelligence Service
STRs	Suspicious Transaction Reports
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TC	Technical Compliance
TF	Terrorist Financing
UNSCRs	United Nations Security Council Resolutions
WB	World Bank

YEAR 2015 AT A GLANCE

Total No. of Reporting Institutions - 2015

Licensed Commercial Banks	25
Licensed Specialized Banks	07
Licensed Finance Companies	47
Insurance Companies	29
Stock Brokers	36
Authorized Money Changers	68

Main Activities - 2015

	(In Numbers)	
Cash Transaction Reports	3,034,243	
Electronic Fund Transfers	3,056,182	
Suspicious Transaction Reports (STRs)		
STRs Reported	783	
STRs Referred	426	
STRs Referred to Law Enforcement Agencies	331	
STRs Referred to Regulatory Authorities	95	
On-site Examinations	10	
MOUs Signed with Foreign FIUs	01	
Training / Awareness Programmes	16	
Penalties Imposed	01	LKR 9.9 mn



GOVERNOR'S MESSAGE



The Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka), since its inception in 2006, has been acting as the central authority to receive, process, analyze, and disseminate financial intelligence, with the view of mitigating risks related to money laundering and financing of terrorism. In this regard, the necessary legislative framework has been established through the enactment of the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005, the Prevention of Money Laundering Act, No. 05 of 2006 and the Financial Transactions Reporting Act, No. 6 of 2006. Thus, Sri Lanka has shown its deep commitment to implement the international standards of Anti Money Laundering (AML) and

Combating the Financing of Terrorism (CFT), introduced by the Financial Action Task Force (FATF), the global policy setter on AML/CFT.

During 2015, the FIU-Sri Lanka with the approval of the Cabinet of Ministers successfully introduced the National AML/CFT Policy and an action plan to implement recommendations made in the Mutual Evaluation of 2014/15 conducted by the Asia Pacific Group on Money Laundering (APG), a regional body affiliated to the FATF. There has been an excellent contribution by the FIU-Sri Lanka in maintaining close co-operation with international agencies such as the FATF, the APG, the Egmont Group (Association of the FIUs) and its other counterparts abroad to promote international efforts in combating money laundering and terrorist financing.

The growing threats of money laundering and financing of terrorism pose significant challenges to the economic and financial stability of the world today. This menace can be eradicated only through a concerted effort of all relevant parties. In this context, I am pleased to note that the FIU-Sri Lanka has made a considerable contribution and facilitated in achieving Sri Lanka's AML/CFT compliance with international standards during the year 2015.



I am glad to say that the Annual Report 2015 of the FIU-Sri Lanka is very informative and useful for all stakeholders.

I congratulate the staff of this Unit for their contribution towards the promotion of the AML/CFT regime in the country.

Dr. Indrajit Coomaraswamy

Governor

Central Bank of Sri Lanka

DIRECTOR'S MESSAGE



During the year 2015, the FIU-Sri Lanka continued its operations to strengthen the AML/CFT regime of the country, in terms of the statutory provisions of the Financial Transactions Reporting Act, No. 6 of 2006. The current Annual Report 2015 of the FIU-Sri Lanka highlights achievements vis-a-vis challenges faced during the year, while focusing also on the APG Mutual Evaluation, developments in AML/CFT legislative and policy framework and operational aspects of the FIU-Sri Lanka, stakeholder co-operation and international arrangements.

Licensed Commercial Banks, Licensed Specialized Banks, Licensed Finance Companies, Stock Brokering Firms and Insurance Companies continued to report to the FIU-Sri Lanka on cash transactions and electronic funds transfers (both domestic and cross-border) of LKR 1.0 mn and above or its equivalent in foreign currencies, through the FIU-Sri Lanka's on-line database management system, 'LankaFIN'. Over 6.0 mn cash transactions and electronic fund transfers, and 783 suspicious transactions were reported by the above Reporting Institutions. A total of 426 Suspicious Transactions Reports (STRs) were referred to law enforcement and regulatory authorities for further investigation during the year.

The FIU-Sri Lanka has signed a Memorandum of Understanding with the State Financial Intelligence Service of Kyrgyz Republic during 2015, in order to facilitate the sharing of information and intelligence for the purpose of investigation of suspicious transactions and prosecution. Accordingly, the total number of agreements signed with foreign counterparts stood at 28 at the end of 2015, covering different parts of the globe.

In promoting efforts to enhance awareness on the detection, analysis and reporting of transactions relating to money laundering and financing of terrorism, 16 awareness/training programmes were conducted during the year, accommodating more than 1000 participants from various sectors of the economy. Further, 10 on-site examinations were conducted covering the banks and finance companies, to assess compliance with the provisions of relevant Acts, Rules and Directions issued by the FIU-Sri Lanka during the year.



The FIU-Sri Lanka has sought assistance from members of the Egmont Group to carry out investigations and collaborated with member countries to gather intelligence on their investigations.

The year 2015 was important for the FIU-Sri Lanka as the country's Second Mutual Evaluation Report was adopted by the APG, with a series of recommendations to be implemented by the country to address AML/CFT deficiencies in line with international best practices. Sri Lanka has been periodically reporting to the APG, the progress achieved through the implementation of the actions recommended.

In view of the requirement of stakeholders' support to achieve progress in addressing AML/CFT deficiencies of the country, the year 2016 and onwards would be more challenging for the FIU-Sri Lanka. I am confident that we, as a team, could strive to reach the goal of achieving AML/CFT compliance status for the country in accordance with international standards.

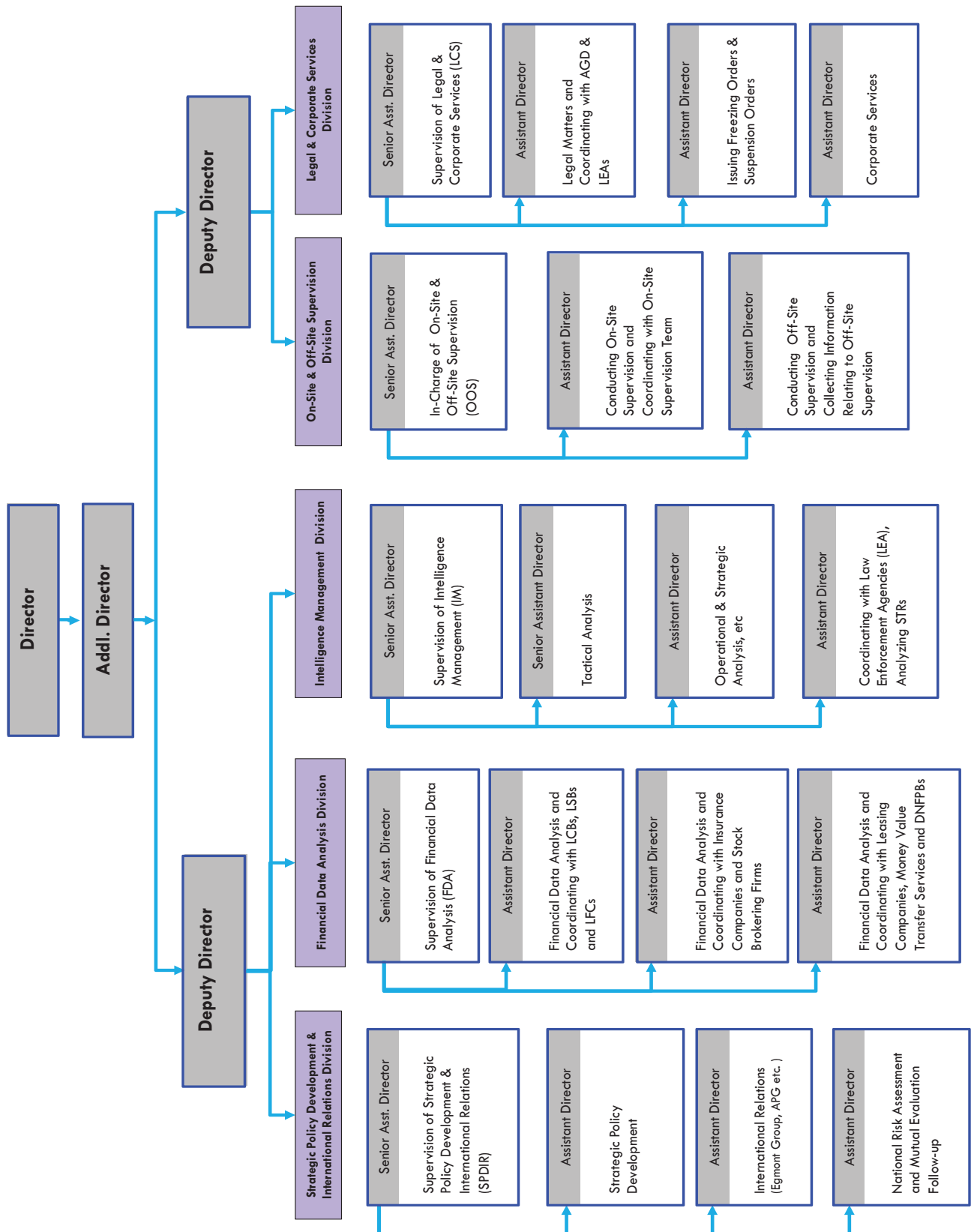
H Amarathunga

Director

Financial Intelligence Unit - Sri Lanka

FUNCTIONAL ORGANIZATIONAL CHART

FINANCIAL INTELLIGENCE UNIT



FIU-SRI LANKA STAFF





CHAPTER 1: VISION, MISSION, AND STRATEGIC GOALS

Vision

- To be a trusted and respected single agency with a commitment to excellence in establishing the framework for Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) in Sri Lanka.

Mission

- To administer, effectively, the provisions of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) by facilitating the prevention, detection, investigation and prosecution of the offences related to Money Laundering and Terrorist Financing (ML/TF).

Strategic Goals

- Implement the provisions of the FTRA, relating to the prevention, detection, investigation and prosecution of ML/TF activities.
- Strengthen the AML/CFT regime in line with the revised recommendations of the Financial Action Task Force (FATF).
- Implement recommendations of the 2nd Mutual Evaluation (ME) on Sri Lanka.
- Promote international co-operation on AML/CFT in line with international standards /conventions.



CHAPTER 2: MANAGEMENT OF INFORMATION

The Financial Intelligence Unit of Sri Lanka (FIU-Sri Lanka) is the national centre for the receipt and analysis of Suspicious Transaction Reports (STRs) and threshold based reports relevant to money laundering, associated predicate offences and terrorist financing from the Institutions engaged in finance business and Designated Non-Financial Business and Professions (DNFBPs) as defined in the FTRA. Further, the dissemination of the results of the preliminary analysis of suspicious transactions in a timely manner to relevant law enforcement and supervisory authorities for effective actions has become one of the main activities of the FIU-Sri Lanka.

2.1 Collection of Information

In terms of Section 15 (1) of the FTRA, the FIU-Sri Lanka receives three types of mandatory reports from reporting institutions as follows,

- 1) Cash Transaction Reports (CTRs)
- 2) Electronic Fund Transfers (EFTs)
- 3) Suspicious Transaction Reports (STRs)

As per the FTRA, institutions engaged in finance business and DNFBPs are mandated to submit CTRs, EFTs and STRs to the FIU. At present, Reporting Institutions (RIs) include, Licensed Banks (LBs), Licensed Finance Companies (LFCs), Stock Brokers (SBs), Insurance Companies (ICs) and Authorized Money Changers (AMCs). Other than these Institutions, Law Enforcement Agencies (LEAs), Supervisory Authorities (SAs) as well as the general public can also submit information relating to any suspicion on ML/TF to the FIU-Sri Lanka.

Cash Transactions and Electronic Fund Transfers

In terms of Section 6 of the FTRA, every Institution is required to report CTRs and EFTs exceeding the sum as prescribed by the Minister of Finance by Order published in the Gazette or its equivalent in any foreign currency. Accordingly, the present applicable reporting threshold of LKR 1 mn has been prescribed by the Minister of Finance in the Extraordinary Gazette No. 1555/9 dated June 25, 2008.

At present LBs, LFCs, SBs, ICs and AMCs submit CTRs and EFTs electronically through the LankaFIN secured network (the online reporting mechanism) introduced by the FIU.

Table 2.1: Receipt of CTRs & EFTs Through LankaFIN

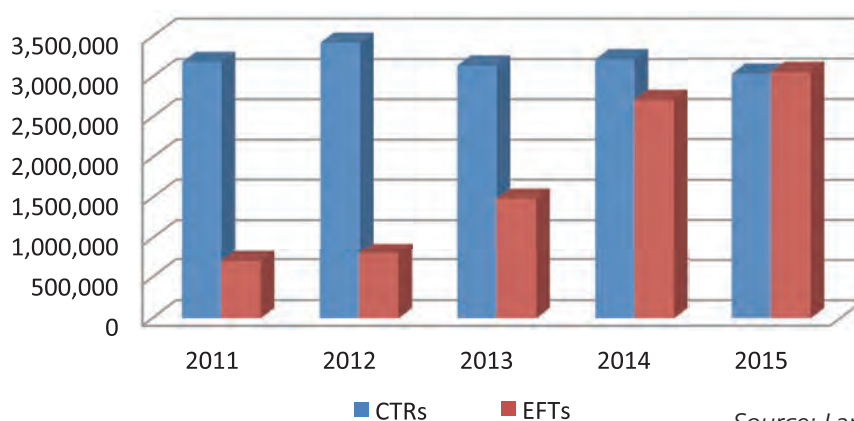
	2011	2012	2013	2014 (b)	2015 (a)
CTRs	3,182,254	3,420,819	3,139,919	3,214,613	3,034,243
EFTs	698,659	796,836	1,483,445	2,712,393	3,056,182
Total	3,880,913	4,217,655	4,623,364	5,927,006	6,090,425

(a) provisional

(b) adjusted

Source: LankaFIN, FIU-Sri Lanka

Figure 2.1
Receipt of CTRs & EFTs Through LankaFIN



Source: LankaFIN, FIU-Sri Lanka

The number of transactions reported as CTRs has declined from 3,214,613 to 3,034,243 in 2015, while EFTs have increased from 2,712,393 to 3,056,182 in 2015. Further, the number of transactions reported as EFTs exceeds the number of CTRs reported during the year, indicating that financial activities are moving towards electronic forms.

Suspicious Transaction Reports

If an Institution has reasonable ground to suspect that any transaction or attempted transaction may be related to a commission of any unlawful activity or any other criminal offence, it should file an STR with the FIU-Sri Lanka in terms of Section 7 of the FTRA. At present LBs, LFCs, SBs, ICs and AMCs submit STRs to the FIU electronically through LankaFIN.

Further, in terms of Section 5 of the Prevention of Money Laundering Act, No. 05 of 2006 (PMLA), any person who knows or has reason to believe, from information or other matter obtained by him in the course of any trade, profession, business or employment carried on by such a person, that any property has been derived or realized from any unlawful activity, the



person should disclose his knowledge or belief as soon as it is practicable to the FIU-Sri Lanka. At present, LEAs, SAs as well as the general public submit STRs under the above provision.

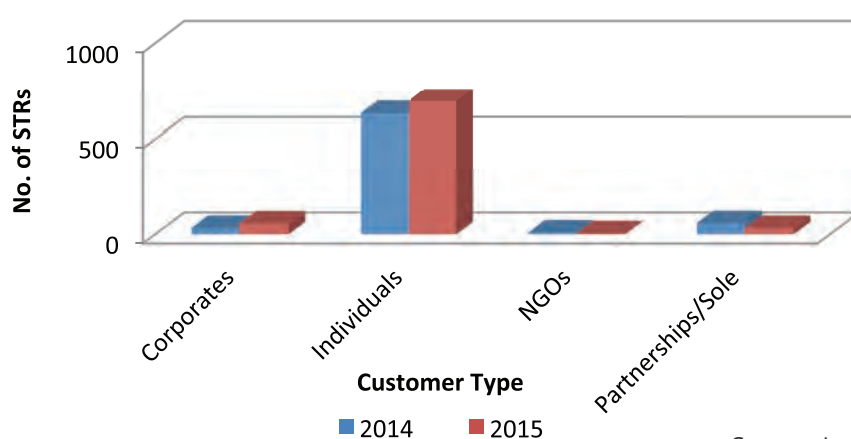
Table 2.2: STRs Reported by Stakeholders

Category	2011	2012	2013	2014	2015
Reporting Institutions	91	144	272	452	582
Law Enforcement Agencies & Regulators	91	56	88	247	183
Public Complaints	03	03	06	19	18
Total	185	203	366	718	783

Source: LankaFIN, FIU-Sri Lanka

According to Table 2.2, the total STRs reported to the FIU-Sri Lanka during 2015 has increased to 783 from 718 in 2014. The STRs filed by RIs continued to record an increasing trend with an increase of 29 per cent in 2015 compared with the previous year. The STRs reported by LEAs and regulators have decreased to 183 in 2015 from 247 in 2014. Public complaints received by the FIU-Sri Lanka remain low during 2015 as well.

Figure 2.2
No. of STRs by Customer Type

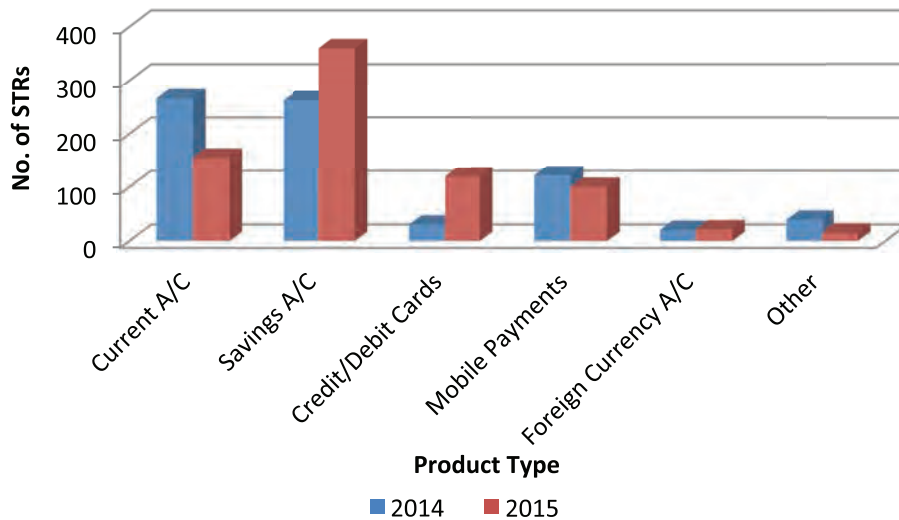


Source: LankaFIN, FIU-Sri Lanka

Figure 2.2 shows that the STRs on financial transactions carried out by individuals continued to be the major component of STRs reported during 2015 as well. The majority of STRs reported on individuals are related to Sri Lankan nationals, which is around 93 per cent. The STRs reported on Corporates, NGOs/Societies and Partnerships/Sole proprietorships remain low.



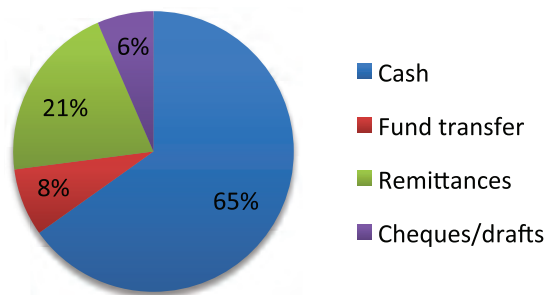
Figure 2.3
STRs by Product Type



Source: LankaFIN, FIU-Sri Lanka

As shown in Figure 2.3, the majority of STRs reported are related to transactions carried out through current and savings accounts. The use of credit/debit cards to conduct suspicious transactions has also increased in 2015 compared with the same in 2014, mainly due to the increase of cases reported on ATM withdrawals outside Sri Lanka. The other type of products include, suspicious transactions carried out involving fixed deposits, pay orders, life insurance, share transactions etc.

Figure 2.4
STRs by Mode of Transactions



Source: LankaFIN, FIU-Sri Lanka

Figure 2.4 shows that the majority of STRs have been related to transactions carried out through cash deposits and withdrawals.



Further, STRs have been reported based on various suspicions relating to offences such as drug dealing, frauds, exchange control violations, TF, tax evasion, forgery, payment device frauds, misuse of government funds and pyramid schemes. The STRs reported by the public regarding the collection of funds on the pretext of offering various types of gifts/benefits, continued. During the year, a large number of cases were reported relating to the misuse of ATM/Debit cards to withdraw funds overseas while the card holder was in Sri Lanka.

2.2 Analysis of Information

Analysis of information collected/received from the RIs has become a major activity of the FIU-Sri Lanka. The FIU-Sri Lanka performs tactical analysis on the STRs received, by identifying transaction patterns through the analysis on CTRs and EFTs reported in the LankaFIN database.

An operational analysis will be performed by obtaining further information from all financial institutions, regulatory/supervisory agencies, open web search and other relevant government agencies such as Sri Lanka Customs, Department of Immigration & Emigration, Department of Registrar of Companies, NGO Secretariat etc. Assistance from counterpart FIUs will also be sought in analyzing STRs, depending on the circumstances. STRs would be disseminated to relevant LEAs or regulatory authorities based on the results of the preliminary analysis.

According to Table 2.3, the number of STRs relating to ML increased from 665 in 2014 to 764 in 2015. Since 2009, with the ending of the internal conflict of the country, the STRs on TF have not been significant while STRs relating to ML show an increasing trend, specially including drug dealing, frauds, cheating etc.

Table 2.3: Composition of STRs

	2011	2012	2013	2014	2015
STRs on TF	72	89	07	53	19
STRs on ML	467	470	359	665	764
Total	539	559	366	718	783

Source: LankaFIN, FIU-Sri Lanka



2.3 Dissemination of Information

After the preliminary investigations, the STRs and related information will be disseminated to relevant LEAs and regulatory agencies for further investigations or regulatory actions. The decision to disseminate such information is taken based on the findings of the tactical and operational analysis by the STR Review Committee, headed by the Director, FIU-Sri Lanka (D/FIU), along with two senior officials representing the Attorney General's Department (AGD) and relevant officers of the FIU-Sri Lanka. A summary of STRs disseminated is given in Table 2.4.

Table 2.4: Summary of Dissemination of Information

	2011	2012	2013	2014	2015
Law Enforcement Agencies (LEAs)	60	48	55	183	331
Regulatory Agencies	05	08	18	06	95

Source: FIU-Sri Lanka

The majority of STRs referred to LEAs were on frauds and drug trafficking. Further, STRs relating to suspected scams have also been referred to LEAs for investigations. The majority of STRs referred to regulatory agencies are on violation of Section 83 C of the Banking Act, No. 30 of 1988 and the violation of Exchange Control Regulations.

The FIU-Sri Lanka shares information with foreign counterparts either according to Memorandums of Understanding (MOUs) entered into with them or through procedure adopted by Egmont members. The information shared in this manner would be used only for intelligence purposes.

Table 2.5: Exchange of Information with Foreign FIUs

	2011	2012	2013	2014	2015
Information Requests Received	25	11	18	10	13
Information Requests made	04	12	02	08	19

Source: FIU-Sri Lanka



During 2015, the FIU-Sri Lanka received requests from various counterparts such as FIUs of Belgium, United Kingdom, USA and Switzerland to share information. The FIU-Sri Lanka was able to respond to all such requests without delay. Most of these requests are related to transactions conducted by Sri Lankan citizens living abroad.

2.4 Suspension and Confiscation Relating to ML/TF

As prescribed in Section 15(2) of the FTRA, the FIU-Sri Lanka is authorized to suspend the funds suspected of relating to unlawful activities, in order to facilitate further investigations. Accordingly, the FIU-Sri Lanka has suspended funds amounting to LKR 263.2 mn during the year 2015.

Table 2.6: Suspension and Confiscation

	2011	2012	2013	2014	2015
Funds suspended (LKR mn)	107.5	1,800	-	63	263.2
Funds confiscated (LKR mn)	-	13.8	07	-	-

Source: FIU-Sri Lanka

CHAPTER 3: DOMESTIC AND INTERNATIONAL CO-OPERATION

Sharing of financial intelligence among competent authorities is critical in facilitating the investigation and prosecution of persons suspected of committing and participating in ML/TF activities. The FIU-Sri Lanka, government agencies and other stakeholders would be mutually benefitted through this arrangement.

3.1 Domestic Co-operation

Law Enforcement Agencies

The FIU-Sri Lanka regularly corresponded with Law Enforcement Agencies (LEAs) such as Sri Lanka Customs, Criminal Investigation Department (CID), State Intelligence Service (SIS), Police Narcotic Bureau (PNB), the Special Task Force of Police (STF), Commission to Investigate Allegations of Bribery or Corruption (CIABOC), Terrorist Investigation Division (TID), Colombo Fraud Investigation Bureau (CFIB) and Financial Crimes Investigation Division (FCID) to share the information relating to suspected activities involving ML/TF. The dissemination of financial intelligence on time, which is a legal requirement of the FIU-Sri Lanka, has helped combat ML/TF of the country in a proactive manner.

Table 3.1 shows the number of STRs on ML/TF referred to LEAs for further investigations during the period from 2008 to 2015.

Table 3.1: STRs Referred to LEAs from 2008 to 2015

Year	2008	2009	2010	2011	2012	2013	2014	2015
Suspicion								
ML	13	07	14	47	44	55	153	308
TF	12	08	17	13	04	0	30	23
Total	25	15	31	60	48	55	183	331

Source: FIU-Sri Lanka

The STRs related to ML continued to increase, while the STRs that increased in 2014 and 2015 were 178 per cent and 101 per cent, respectively, compared with corresponding years. The STRs related to TF fluctuated over the years. In 2015, the number of STRs related to TF decreased by 23 per cent compared to 2014.

Regulatory/Supervisory Authorities

During the year 2015, the FIU-Sri Lanka referred 95 STRs to Regulatory Authorities such as Bank Supervision Department (BSD), Department of Supervision of Non-Bank Financial Institutions (DSNBFI) and Exchange Control Department (ECD) of the Central Bank of Sri Lanka (CBSL), NGO Secretariat, Insurance Board of Sri Lanka (IBSL), and Securities and Exchange Commission of Sri Lanka (SEC) for further investigations.

3.2 International Co-operation

Memorandums of Understanding

In terms of Sections 16 and 17 of the FTRA, the FIU-Sri Lanka is empowered to exchange of information relating to ML/TF, among counterpart FIUs by entering into Memorandums of Understanding (MOUs) with them with the approval of the Minister of Finance. The FIU-Sri Lanka signed an MOU with the Financial Intelligence Service of Kyrgyz Republic during the year 2015. Accordingly, the total number of MOUs signed by the FIU-Sri Lanka with counterpart FIUs increased to 28 at the end of 2015.



Director, FIU-Sri Lanka Signing the MOU with the Financial Intelligence Service of Kyrgyz Republic



Table 3.2: MOUs Signed by the FIU-Sri Lanka with Counterpart FIUs from 2008 to 2015

	Name of Counterpart FIU	Date of Signing
1.	Financial Intelligence Unit of Bank Negara Malaysia	18 Jan 2008
2.	Financial Intelligence Unit of the Da Afghanistan Bank	29 Feb 2008
3.	Korean Financial Intelligence Unit	18 Dec 2008
4.	Indonesian Financial Transaction Reports and Analysis Centre	27 May 2009
5.	Financial Information Unit of Nepal Rastra Bank	09 Jul 2009
6.	The Anti-Money Laundering Council of Philippines	09 Jul 2009
7.	Cambodian Financial Intelligence Unit of National Bank of Cambodia	26 Oct 2009
8.	Financial Intelligence Unit of India	30 Mar 2010
9.	Australian Financial Transactions and Analysis Centre	07 May 2010
10.	Financial Intelligence Unit of Belgium	18 Jun 2010
11.	Financial Intelligence Unit of Solomon Islands	15 Jul 2010
12.	Financial Intelligence Unit of Bangladesh	28 Oct 2010
13.	Financial Intelligence Centre of South Africa	02 Dec 2010
14.	Fiji Financial Intelligence Unit	21 Jul 2011
15.	Transaction Reports and Reports Analysis Centre of Canada	02 Aug 2011
16.	Financial Intelligence Unit of Slovenia	09 Aug 2011
17.	Financial Crime Enforcement Network (FinCEN) – USA	10 Jul 2012
18.	The Financial Information Unit of the Bank of Mongolia	11 Jul 2012
19.	Federal Financial Monitoring Service (Russian Federation)	11 Jul 2012
20.	Saudi Arabian Financial Investigation Unit (SAFIU)	11 Jul 2012
21.	Japan Financial Intelligence Centre (JAFIC)	11 Mar 2013
22.	Lebanon Special Investigations Commission (LSIC)	03 Jul 2013
23.	Financial Intelligence Unit of Costa Rica	08 Jul 2013
24.	Financial Intelligence Unit of Denmark	30 Sept 2013
25.	General Directorate of Prevention of Money Laundering of the Republic of Albania	05 Jun 2014
26.	Financial Intelligence Unit of the Republic of Peru	05 Jun 2014
27.	Financial Intelligence Unit of the Republic of Union of Myanmar	17 Jul 2014
28.	Financial Intelligence Service of Kyrgyz Republic	10 Jun 2015

Source: FIU-Sri Lanka



Asia Pacific Group on Money Laundering

The Asia Pacific Group on Money Laundering (APG) is one of the FATF-Style Regional Bodies (FSRBs). Sri Lanka has been a member of the APG since 1997. At present the APG consists of 41 member states.

In the year 2015, officials of the FIU-Sri Lanka attended the 18th Annual Meeting of the APG held in Auckland, New Zealand in July and the 18th Annual Typologies and Technical Seminars of the APG held in Nepal in November. New Zealand holds the co-chair position of the APG at present (2014-2016). Sri Lanka will assume the APG co-chair position at the next 19th APG Annual Meeting. Moreover, Sri Lanka will host the 20th Annual APG Plenary in Colombo in 2017.



The Sri Lankan Delegation at the APG Plenary in New Zealand



APG TYPOLOGIES & CAPACITY BUILDING WORKSHOP

16 - 20 November 2015, Kathmandu, Nepal

Officers from the FIU-Sri Lanka Participated in the APG Typologies & Capacity Building Workshop Held in Nepal

Egmont Group

The Egmont Group (EG), which consists of 151 member states, facilitates the FIU-Sri Lanka’s sharing of financial intelligence with other counterparts. The FIU-Sri Lanka has become a member of the EG since May 26, 2009.

The FIU-Sri Lanka officials have actively participated in the Annual Plenary and various working group meetings of the EG since 2009. Officials of the FIU-Sri Lanka represented the 23rd EG meeting of FIUs held in Bridgetown, Barbados during June 07-12, 2015. The FIU-Sri Lanka has made 19 requests to EG member countries, while it received 13 requests from other member countries in 2015. Table 3.3 shows the information requests made and information requests received by the FIU-Sri Lanka from 2008 to 2015.



Director, FIU-Sri Lanka at the Egmont Group Meeting Held in Barbados

Table 3.3: Sharing Information with Foreign Counterpart FIUs

Year	2008	2009	2010	2011	2012	2013	2014	2015
Requests received	04	06	09	25	11	18	10	13
Requests made	05	47	13	04	12	02	08	19

Source: FIU-Sri Lanka

Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation (BIMSTEC) is a regional co-operative organization focused on fourteen sectors including counter-terrorism and transnational crime. The BIMSTEC comprises of seven member states, namely Bangladesh, Bhutan, India, Nepal, Sri Lanka, Myanmar and Thailand. Sri Lanka leads the BIMSTEC sub-group on intelligence sharing.

The officials of the FIU-Sri Lanka represented the 7th meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism (BIMSTEC SG-CFT) held in Thimphu, Bhutan during May 27-28, 2015. The 8th meeting of the BIMSTEC SG-CFT has been scheduled to be held in Sri Lanka during March 16-17, 2016.

Knowledge and Experience Sharing on ME and NRA - The Visit of the Bangladesh FIU

At the request of the Bangladesh-FIU (BFIU), the FIU-Sri Lanka arranged a four day programme on knowledge and experience sharing on ME and NRA. At the session held from March 09-12, 2015, officers of the FIU-Sri Lanka were able to provide insight on challenges and approaches for ME and NRA.

The officers of the CID, Sri Lanka Customs, SEC, IBSL and ECD of CBSL also contributed by having discussions with the officials of the BFIU. This programme was useful for the BFIU mainly due to the fact that the country was subjected to ME by the APG in 2015.



Study Visit of Delegates of the Bangladesh FIU in March, 2015



BOX 1:

IMPLEMENTATION OF A RISK-BASED APPROACH ON ANTI MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

The FATF, the international policy setter on AML/CFT, set out a comprehensive framework in the late 1980s incorporating measures to combat ML/TF, and other related threats to the integrity of the international financial system. This framework currently consists of forty recommendations as per the revision made by the FATF in February 2012. The aim of such revisions to the FATF recommendations is to further strengthen the integrity of the financial system by providing stronger tools to take action against financial crimes.

Today, the Risk-Based Approach (RBA) has become an essential foundation and core pillar of the AML/CFT framework of many countries. The RBA to AML/CFT means that countries, regulatory authorities and financial institutions are expected to identify, assess and understand the ML/TF risks to which they are exposed and take AML/CFT controlling measures in order to mitigate them effectively. The RBA is applicable to the national level, regulatory authorities' level and financial institutions' level, as appropriate.

Before introducing the RBA, all financial institutions (FIs) in Sri Lanka used to follow the Rule Based Approach, where regulatory authorities specifically prescribed the way in which FIs should conduct AML/CFT. The Rule Based Approach demanded equal attention and resources for all types of customers and products. Eventually, it was a tick box approach, where FIs focused on adhering to mandatory regulatory requirements rather than considering it as a necessary component of their day to day financial intermediation process. In contrast, under the RBA, FIs are able to ensure that controlling measures on ML/TF are commensurate with the risks identified. Hence, the RBA allows resources to be allocated efficiently as resources are directed in accordance with prioritized risk factors of the FIs.

The FIU-Sri Lanka, as the focal point of countering ML/TF in Sri Lanka introduced the RBA, with the aim of striking a fine balance between the efficient use of resources to identify prevailing ML/TF risks and meet the global regulatory requirements for ensuring financial system stability. Under Section 2 of the FTRA, the FIU-Sri Lanka issued the Financial Institutions



(Customer Due Diligence) Rules, No. 01 of 2016, through a Government Gazette No. 1951/13, dated January 27, 2016, to provide guidance to adopt the RBA in FIs. The Rules are applicable to all FIs, i.e. all institutions which engage in finance business as defined under the FTRA.

The RBA is substantially more complex than the pure rule based AML/CFT risk management approach. The RBA demands a FI to analyze and understand how the ML/TF risks that they identify affect its operations. Accordingly, the risk assessment has to provide the basis for the risk-sensitive application of AML/CFT measures. In conducting a comprehensive risk assessment to evaluate ML/TF risks, a FI should consider all relevant inherent and residual risk factors. Every FI should have an internally developed system to assess the risk profiling of individual customers. Thereafter, the policies and procedures for customer acceptance, CDD, and ongoing monitoring of the business relationship should be in line with such risk profiling of the customer.

When conducting customer risk profiling, a FI should consider factors relevant to the situation such as customer category, occupation, source of income, geographical location of business or country of origin of the customer, products used, delivery channels of the customer, nature and purpose of accounts, linked accounts, business activities and other customer-oriented risk indicators in determining the overall level of ML/TF risks involved with the customer. Based on such results, FIs need to apply appropriate measures to manage those risks.

Such risk management measures should require basic due diligence for all customers and proportionate due diligence measures as commensurate with the level of risk associated. Simplified CDD measures can be applied for established lower risk situations. However, under any circumstance, no exemption from or absence of CDD measures can be applied. For example, FIs can apply delayed verification to identify the customer / beneficial owner in the case of an individual who expects to maintain a small account balance and uses it to conduct routine retail banking transactions. It is important that the customer acceptance policy is not so restraining, which would result in customers' denial of access to banking and other services. Rather, the RBA should encourage the financial inclusion of underserved groups without compromising the measures that exist for the purpose of combating financial crimes. Similarly, when the ML/TF risk is higher, FIs should take enhanced measures to mitigate and



manage such risks. For instance, enhanced CDD may be essential for a customer who is planning to maintain a large account balance and conduct regular cross-border wire transfers.

The primary objective of the implementation of the RBA to AML/CFT is to protect financial systems being misused by criminal elements to launder proceeds from crime. Further, the RBA also contributes to improve financial inclusion. Hence, the RBA would help to maintain the stability of a country's financial system and the economy as a whole.


References:

FATF (2010), National Money Laundering and Terrorist Financing Risk Assessment, FATF, Paris.

FATF (2012), International standards on Combating Money Laundering and the Financing of Terrorism & Proliferation – The FATF Recommendations, FATF, Paris.

FATF (2014), Guidance for a Risk-Based Approach - The Banking Sector, FATF, Paris.

FATF (2015), Guidance for a Risk-Based Approach - Effective supervision and enforcement by AML/CFT supervisors of the financial sector and law enforcement, FATF, Paris.



CHAPTER 4: INSTITUTIONAL COMPLIANCE

4.1 Ensuring Compliance of Reporting Institutions

It is mandatory for RIs such as LBs, LFCs, SBs, ICs and AMCs to comply with the Regulations, Rules and Guidelines issued by the FIU-Sri Lanka. Sections 15 and 18 of the FTRA have empowered the FIU-Sri Lanka to conduct on-site and off-site supervision to ensure that the RIs comply with such Rules, Regulations and Guidelines. The supervisory authorities of these RIs are also empowered by Section 23(a) of the FTRA, to verify through regular examination whether Institutions comply with provisions of the Act and if any instance of non-compliance is identified by any of the supervisors, to report the same to the FIU-Sri Lanka. Hence, the BSD, DSNBFIs, ECD, SEC and the IBSL have a vital role to play in order to ensure AML/CFT compliance of the RIs.

4.2 Off-site Surveillance

The FIU-Sri Lanka has continued to conduct off-site surveillance through the threshold reporting of RIs. The Financial Data Analysis Division (FDAD) of the FIU-Sri Lanka is responsible for providing necessary data to conduct off-site surveillance and then report compliance issues of the RIs to the D/FIU. Accordingly, the FDAD of the FIU-Sri Lanka continuously submitted several fortnightly and monthly reports to the D/FIU, highlighting compliance status based on mandatory threshold reports and compliance related matters to take prompt action to uplift the AML/CFT compliance of the RIs.

It is mandatory for all RIs to submit CTRs and EFTs to the FIU-Sri Lanka through the 'LankaFIN' online data submission system. The LBs and LFCs are required to submit CTR/EFT reports fortnightly, while ICs, SBs and AMCs are required to submit the threshold reports monthly to the FIU-Sri Lanka. The FIU-Sri Lanka insists on maintaining accuracy, timeliness and completeness of the data submitted by RIs. Moreover, the FDAD of the FIU-Sri Lanka compile a set of fortnightly and monthly compliance monitoring status reports, which analyse the non-compliance of RIs and recommend actions to rectify deficiencies.

4.3 One-on-one Meetings

One-on-one meetings are aimed at discussing compliance issues identified through periodic monitoring of threshold reporting with respective Institutions.



Table 4.1 shows the details of the one-on-one meetings held with reporting institutions during 2012-2015.

Table 4.1: One-on-one Meetings with Reporting Institutions During 2012-2015

Sector	2012	2013	2014	2015
Licensed Banks	11	13	04	06
Licensed Finance Companies	05	02	-	01
Licensed Insurance Companies	01	01	-	01
Licensed Stock Brokers	03	-	01	02
Total	20	16	05	10

Source: FIU-Sri Lanka

4.4 On-site Examinations

The FTRA empowers the FIU-Sri Lanka to examine books, records, computer systems or data processing systems of RIs during on-site examinations. Accordingly, the FIU-Sri Lanka conducted 10 on-site examinations during the year, despite being engaged with ME work. Moreover, the FIU-Sri Lanka imposed monetary penalties for non-compliance, by taking into consideration the nature and gravity of non-compliance, which was observed during on-site examinations.

Table 4.2: No. of On-site Examinations Conducted and Penalties Imposed by FIU-Sri Lanka

Year	2011	2012	2013	2014	2015
No. of on-site examinations	04	16	26	04	10
Imposition of penalties (LKR)	-	-	2.9 mn	-	9.9 mn

Source: FIU-Sri Lanka

CHAPTER 5: CAPACITY BUILDING AND POLICY IMPLEMENTATION

In a dynamic business environment, Financial Institutions (FIs) tend to develop new products and business practices through the adoption of new technology, due to the high competition among peers. As a result of this, FIs face certain unpredicted vulnerabilities and threats related to ML/TF. One of the successful ways of meeting challenges of this nature is to enhance the capacity of staff. In view of this, the FIU-Sri Lanka arranged to provide training/awareness for its staff in several disciplines during the year.

5.1 Training

Officers of the FIU-Sri Lanka hold qualifications in multi-disciplinary areas such as Accountancy, Law, Banking and Finance, Economics and Information & Communications Technology (ICT). Details of the international and local training programmes attended by the staff of the FIU-Sri Lanka during the year 2015 are given in Table 5.1 and Table 5.2, respectively.

Table 5.1: International Trainings/Workshops Attended by Officers of the FIU-Sri Lanka During the Year 2015

Month	Training/Workshop	Country
January	Egmont Committee and Working Group Meeting	Germany
April	APG Regional Workshop on Implementing Targeted Financial Sanctions against Terrorism	Myanmar
May	7 th Meeting of the BIMSTEC Sub-Group on Combating the Financing of Terrorism	Bhutan
	6 th Independent Commission against Corruption (ICAC) Symposium	Hong Kong
June	23 rd Egmont Plenary Meeting	Barbados
July	18 th APG Plenary	New Zealand
August	Lessons Learned from Mutual Evaluation (ME) and National Risk Assessment (NRA)	South Korea
October	Implementing the Revised International AML/CFT Standards	Singapore
November	APG Typologies and Capacity Building Workshop	Nepal

Source: FIU-Sri Lanka

Table 5.2: Local Trainings/Workshops/Conferences Attended by Officers of FIU-Sri Lanka During the Year 2015

Training/Workshop	Venue
Rules and Regulations Relating to International Trade	Center for Banking Studies
Emerging Trends in EFT Fraud Mitigation	Center for Banking Studies
Treasury and Foreign Exchange Operations	Center for Banking Studies
Exchange Control Regulations for Financial Institutions	Center for Banking Studies
Workshop on CDD Measures Organized by the World Bank	Center for Banking Studies
Forensic Auditing to Mitigate Organizational Frauds	Center for Banking Studies
Payment and Settlement Systems; Fostering an Integrated Financial Market: Payments and Securities Settlement in Europe	Center for Banking Studies
Statistical Programming and Modelling Using SPSS	Center for Banking Studies
Risk Based IT Auditing	Center for Banking Studies
Payment and Settlement Systems - Operational and Legal Aspects	Center for Banking Studies
Computer Driving Licence for Microsoft Applications	Center for Banking Studies
AML Summit 2015 Organized by FINTELEKT India	Taj Samudra Hotel, Colombo
SAARC Regional Judicial Conference 2015	Galle Face Hotel, Colombo
Forensic Accounting Workshop Organized by ADB	Cinnamon Grand Hotel, Colombo
Workshop on Simplification of CDD with Technical Assistance from the World Bank	Center for Banking Studies
AML/CFT Symposium for the Compliance Officers	People's Bank Auditorium

Source: FIU-Sri Lanka



Workshop on Simplification of CDD in Progress, December 2015



5.2 Outside Assistance

The FIU-Sri Lanka continues to obtain the services from two senior officers of the AGD to facilitate the execution of statutory functions and counter measures on ML/TF. These two consultants also participated as resource persons in certain awareness programmes conducted by the FIU-Sri Lanka.

A unit of the Criminal Investigations Department on financial investigations was established in the Central Bank premises in March 10, 2015 to expedite the investigations relating to certain important ML cases identified by the FIU.

Further, the Information Technology Department (ITD) of the CBSL continued to provide assistance to rectify the problems/issues encountered in the operation of the web based LankaFIN system and receiving of all electronic reports related to CTRs, EFTs and STRs.

5.3 The Advisory Board for the FIU-Sri Lanka

The Advisory Board for the FIU-Sri Lanka, chaired by the Governor of the CBSL, consists of 15 representatives from other key ministries and institutions of the country. The Advisory Board provides guidance on policy matters and other strategic issues relating to the FIU-Sri Lanka.

The Advisory Board, which was convened in March during the year 2015, took the following important policy decisions:

- To disseminate the National Risk Assessment (NRA) Report among the stakeholders and take necessary actions for the identified gaps in the NRA.
- To provide a brief report based on the outcomes of the ME to the Cabinet of Ministers.
- To re-constitute the committee to review the legislation relating to the FIU-Sri Lanka.
- To proceed with the World Bank (WB) proposal to assist Sri Lanka to draft simplified Customer Due Diligence (CDD) Rules that would improve financial inclusion.

The committee to review the legislation relating to the FIU-Sri Lanka, appointed by the Advisory Board, consists of representatives from the Ministry of Finance, Ministry of Policy Planning, Economic Affairs, Child, Youth & Cultural Affairs, AGD, Legal Draftsman's Department (LDD) and the Sri Lanka Police. This committee is currently in the process of amending the laws relating to ML/TF, with the approval of the Advisory Board.



BOX 2: NATIONAL AML/CFT POLICY OF SRI LANKA

Introduction

Sri Lanka's National AML/CFT strategy has been based on the statutory obligations of the FIU – Sri Lanka, as set out in the FTRA, with a focus on the following two areas:

- Prevention, detection, investigation and prosecution of ML/TF activities through the implementation of provisions of the FTRA.
- Promotion of international co-operation on AML/CFT in line with international conventions.

Further, with the revisions introduced to the FATF Recommendations in 2012, the revised Recommendation 2 on National Co-operation and Co-ordination requires every country to adopt a national AML/CFT Policy informed by the ML/TF risk identified. As a prerequisite of this process, Sri Lanka concluded its first National Risk Assessment (NRA) on ML/TF during the year 2014. The NRA showed that the overall threat and vulnerability of Sri Lanka, in respect of ML/TF, is medium. Accordingly, Sri Lanka's ML/TF risk has also been assessed as medium.

National AML/CFT Policy

In line with FATF requirements and based on NRA findings, Sri Lanka developed the country's first National AML/CFT Policy for the 2015-2020 period, in consultation with all key stakeholders and it was adopted with the approval of the Cabinet of Ministers.

The national AML/CFT policy for 2015-2020 expects to mitigate ML/TF risks by achieving 6 objectives, as stated below.

Objective 1: Developing a sound legal and institutional framework to prevent and combat ML/TF and other financial crimes. This objective is expected to be achieved by amending existing legislations and introducing new legislations in line with international standards on AML/CFT.

Objective 2: Improving the effectiveness of ML/TF investigations and prosecutions in Sri Lanka. It is expected to enhance technical expertise of stakeholders and the quality of the FIU-Sri Lanka analysis for sharing such analytical information among LEAs.



Objective 3: Strengthening international and domestic co-operation. This objective is expected to be achieved by signing MOUs with foreign counterparts and domestic agencies. Further, developing a case management system for mutual legal assistance and improving relationships with relevant international agencies are other major components of this objective.

Objective 4: Strengthening capacity building and awareness raising amongst the stakeholders such as FIU-Sri Lanka, regulators, LEAs, RIs, prosecutors, judiciary etc. This objective is expected to be achieved by enhancing technical expertise and improving staff strength.

Objective 5: Developing and maintaining a national AML/CFT database. It is expected to develop a criminal database accessible by the FIU-Sri Lanka and other regulatory authorities and upgrade the FIU-Sri Lanka database management system. Further, it has been advised to connect existing/new databases of the FIU-Sri Lanka, Sri Lanka Customs, Department of Immigration and Emigration, Department of Registration of Persons and Department of Inland Revenue.

Objective 6: Facilitating the formation of a national financial inclusion policy based on the AML/CFT framework. This is expected to be achieved by introducing a simplified CDD framework, while identifying low risk financial inclusion products and target groups.

Conclusion

The National AML/CFT Policy satisfies the ME recommendations of the APG, requiring Sri Lanka to develop such a policy informed by the results of the NRA to address major deficiencies in Sri Lanka's AML/CFT Framework. The implementation of the National AML/CFT Policy will be the responsibility of all stakeholders and as a first step they would have to develop their own policies in line with the National Policy. International monitors such as the FATF and the APG will continuously monitor Sri Lanka's progress in the AML/CFT regime and hence achieving the stated objectives in a satisfactory manner would ensure Sri Lanka's compliance with international recommendations.

(The published National AML/CFT Policy for 2015 – 2020 can be downloaded from the FIU-Sri Lanka web - http://fiusrilanka.gov.lk/docs/Other/National_AML_CFT_Policy-2015-2020.pdf)

CHAPTER 6: AWARENESS PROGRAMMES

Enhancing the awareness of stakeholders on current developments on AML/CFT is essential for the effective implementation of the same in the country. Thus, the FIU-Sri Lanka, as a focal point for the implementation of the AML/CFT framework in the country, continued to conduct awareness programmes for key stakeholders as well as the general public during the year 2015. Accordingly, 16 awareness programmes have been conducted for more than 1000 participants from RIs, SAs and LEAs during the year.

6.1 Reporting Institutions

Several training programmes were conducted, aimed at building capacities of the relevant officials of RIs, such as LBs and LFCs. These programmes provided opportunities for participants to enhance their knowledge on areas such as customer identification, record keeping, reporting requirements, identification of suspicious transactions and obtaining clarifications, on issues/problems they have encountered in attending AML/CFT. Details of awareness programmes conducted in 2015 are given in Table 6.1.

Table 6.1: Awareness Programmes Conducted by the FIU-Sri Lanka for Officers from Reporting Institutions During the Year 2015

Date Conducted	Participating Institution(s)	Venue	Programme	No. of Participants
23 January	NDB Bank	Colombo	KYC/CDD Awareness	40
14 February	DFCC Bank	Colombo	KYC/CDD Awareness	40
13 March	LCBs, LSBs, LFCs	Kandy	Financial Intelligence for Banking & Financial Institutions	75
20 March	ICICI Bank	Colombo	KYC/CDD Awareness	20
21 March	LCBs, LSBs, LFCs	Trincomalee	Financial Intelligence for Banking & Financial Institutions	60

Date Conducted	Participating Institution(s)	Venue	Programme	No. of Participants
01 April	LCBs, LSBs, LFCs	Colombo	KYC/CDD Awareness	80
07 May	Stock Brokers	Colombo	KYC/CDD Awareness	50
08 May	Insurance Companies	Colombo	KYC/CDD Awareness	50
25 June	Capital Alliance Stock Brokers	Colombo	AML/CFT Awareness	25
	Dialog Axiata PLC	Colombo	AML/CFT & KYC/CDD Awareness	30
16 July	LFCs	Colombo	AML/CFT Awareness	60
12 October	NTB Bank	Colombo	AML/CFT Awareness, Compliance & Reporting	200
21 October	NTB Bank	Colombo	AML/CFT Awareness, Compliance & Reporting	35
13 November	LCBs, LSBs, LFCs, ICs, SBs	Trincomalee	AML/CFT Awareness, Compliance & Reporting	70
27 November	LCBs, LSBs, LFCs, ICs, SBs	Hambantota	AML/CFT Awareness, Compliance & Reporting	140
11 December	LCBs, LSBs, LFCs	Colombo	Symposium on AML/CFT	190

Source: FIU-Sri Lanka



AML/CFT Awareness Programme Conducted for Officers from the Reporting Institutions, in the Trincomalee District on November 13, 2015



AMLICFT Awareness Programme Conducted for Officers from the Reporting Institutions, in the Hambantota District on November 27, 2015



Inaugural Session of the AMLICFT Symposium for LBs and LFCs Held in Colombo on December 11, 2015

6.2 Law Enforcement Agencies


The FIU-Sri Lanka organized four awareness programmes for officers from the Police and LEAs who are involved in prevention, detection and investigation on ML/TF. Details of the programmes are given in Table 6.2.

Table 6.2: Awareness Programmes Conducted by the FIU-Sri Lanka for Officers from Law Enforcement Agencies During the Year 2015

Date Conducted	Participating Institution(s)	Venue	Programme	No. of Participants
05 March	Sri Lanka Police	Colombo	AML/CFT Awareness	50
12 March	Sri Lanka Police	Colombo	AML/CFT Awareness	50
19 March	Sri Lanka Police	Colombo	AML/CFT Awareness	50
19 May	Sri Lanka Police	Colombo	AML/CFT Awareness	50
27 November	Sri Lanka Police	Hambantota	AML/CFT Awareness	130



AML/CFT Awareness Programme Conducted for the Police Officers in the Hambantota District on November 27, 2015.



CHAPTER 7: TYPOLOGY ANALYSIS AND CASE STUDIES

7.1 Laundering Money via Undisclosed Sources of Funds

Case Study 1

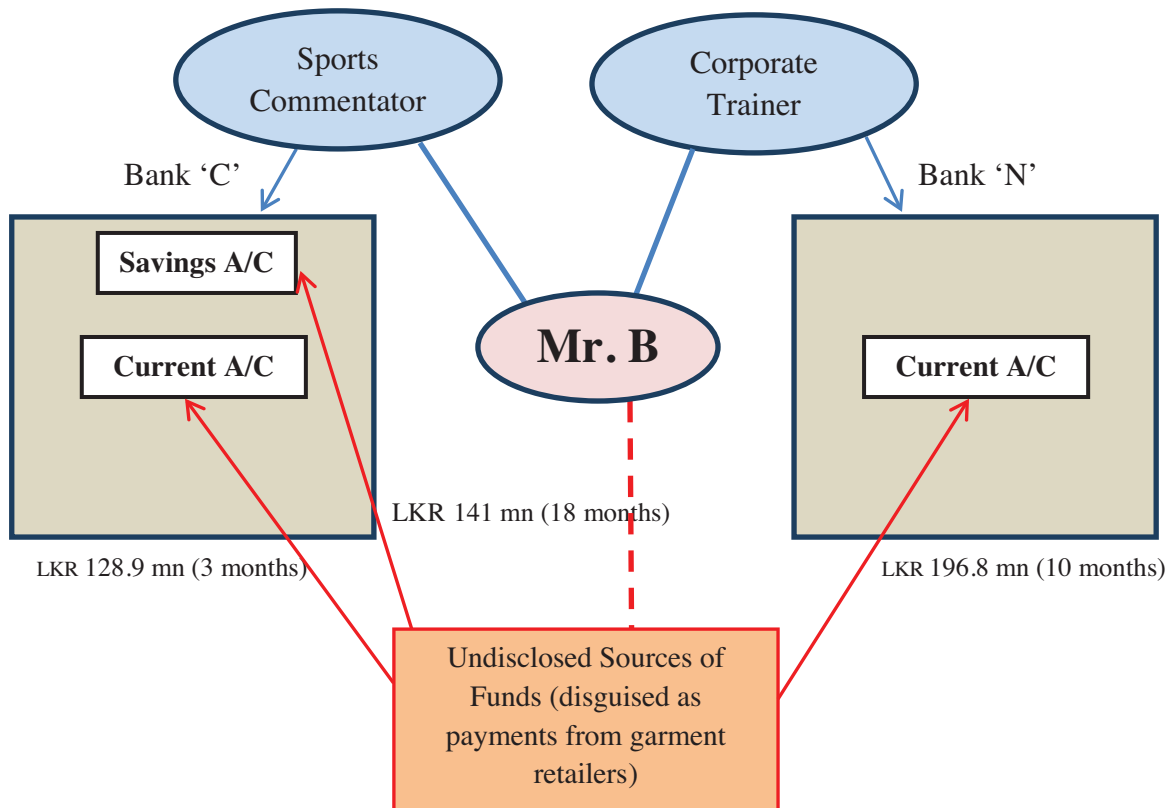
Two leading commercial banks sent the FIU-Sri Lanka STRs on the suspicion of large sums of money being deposited to the account of Mr. 'B', which was not consistent with his profile. Mr. 'B' maintained current accounts in two banks 'N' and 'C'. According to the KYC details of Mr. 'B's account of bank 'N', Mr. 'B' is a sports commentator. In contrast, in bank 'C' he introduced himself as a corporate trainer who was self-employed.

The deposits to the current account of bank 'C' were made by cash and the turnover for the three months since opening the account was LKR 3.4 mn, LKR 48.8 mn and LKR 76.7 mn, respectively. As per Mr. 'B's explanation, the source of the money was from a business in ready-made garments and the money was deposited by traders who sell the items in small outlets in various parts of the country. However, bank 'C' did not observe any dealings with garment retailers for customer Mr. 'B'. He has also maintained a savings account at bank 'C', which he has closed after one and a half years of opening. The deposit turnover in this account during a period of 18 months was LKR 141 mn.

Mr. 'B' requested a branch manager of bank 'C' to open a trust account to deposit USD 4.5 mn received from a foreigner for charitable work. Thereafter, Mr. 'B' met another branch manager of the same bank and informed the manager that he will be receiving USD 4.5 mn from a foreigner for the purchase of a luxury apartment in Colombo, and a villa outside Colombo for the purpose of setting up an elders' home. Mr. 'B' has further introduced himself as a broker and said he would be receiving a commission of 3 per cent for this deal. The branch managers had turned down these requests and informed Mr. 'B' that the bank would not accept the investment if it is not received via a proper legal channel. At the same time, the deposit turnover for the current account of bank 'N' was LKR 196.8 mn for a period of 10 months from the opening of the account.

Since the deposit turnover was not consistent with the financial profile of Mr. 'B', the two banks have referred this case to the FIU-Sri Lanka. After preliminary investigations, it was referred to the CID for further investigation.

Figure 7.1
Illustration of Case Study 1



7.2 Laundering Money via Informal Money Transfer Systems

Case Study 2

The FIU-Sri Lanka received an STR from a leading commercial bank on the suspicion of using informal money transfer systems to make payments through bank accounts. Mrs. 'K', a retired government employee (Management Assistant), had maintained a savings account in one of the branches of the bank, and the bank had observed that the turnover in the accounts were very high. Deposits to the accounts were from different locations and withdrawals were done from the account holding branch. Deposits and withdrawals were predominantly in cash.

On inquiries made by the bank, Mrs. 'K' stated that her son is a vehicle exporter to Sri Lanka from Japan. Further, she mentioned that her son is currently living in Japan and all the transactions reflected in the accounts were related to her son's business activities. As instructed by him, the monies were collected from his customers.



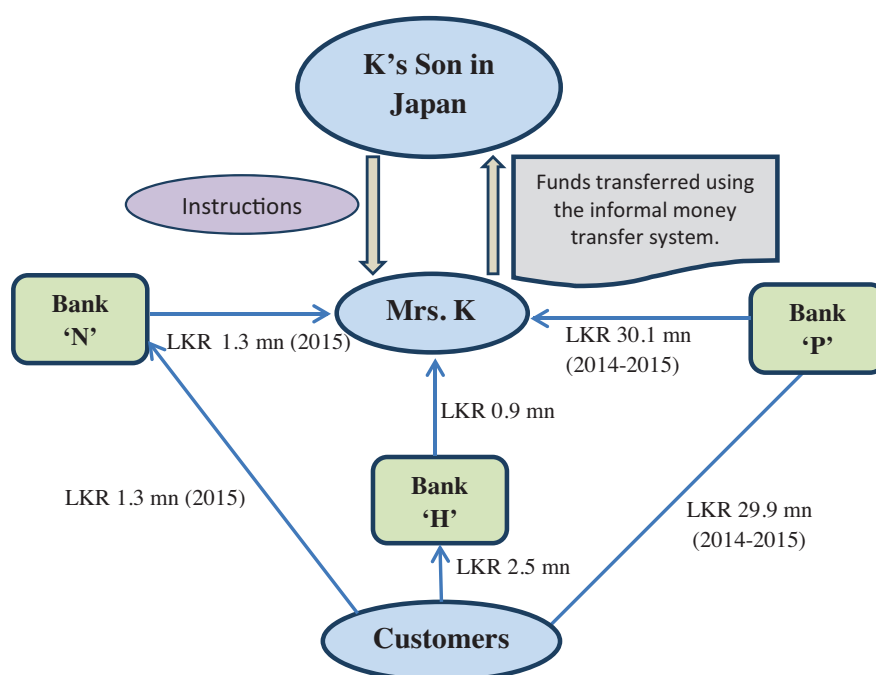
The bank did not find any evidence relating to the opening of Letters of Credit and believed that the account was used to carry out an informal money transfer system. The deposit turnover for the period December 2014 to May 2015 was LKR 416.3 mn. Information obtained from other commercial banks regarding Mrs. 'K's accounts were as follows;

Bank	Period	Amount (LKR)
P	2014-2015	29.9 mn (Dr.) / 30.1 mn (Cr.)
H	2014	2.5 mn (Dr.) / 0.9 mn (Cr.)
N	2015	1.3 mn (Dr.) / 1.3 mn (Cr.)

Third parties who deposited money in Mrs. 'K's accounts had given reason for it as 'car advance'. No foreign inward/outward remittances were identified in connection with the accounts of Mrs. 'K' with other commercial banks.

Under the preliminary investigations, it was found that Mrs. 'K's son was using her accounts to undertake business transactions relating to his trading of vehicles. The unavailability of foreign inward /outward remittances also ensures the use of the informal money transfer system for his business. Based on the information related to these transactions, the case was referred to the LEAs for further investigation.

Figure 7.2
Illustration of Case Study 2





7.3 Laundering Money via Fraudulent Activities

Case Study 3

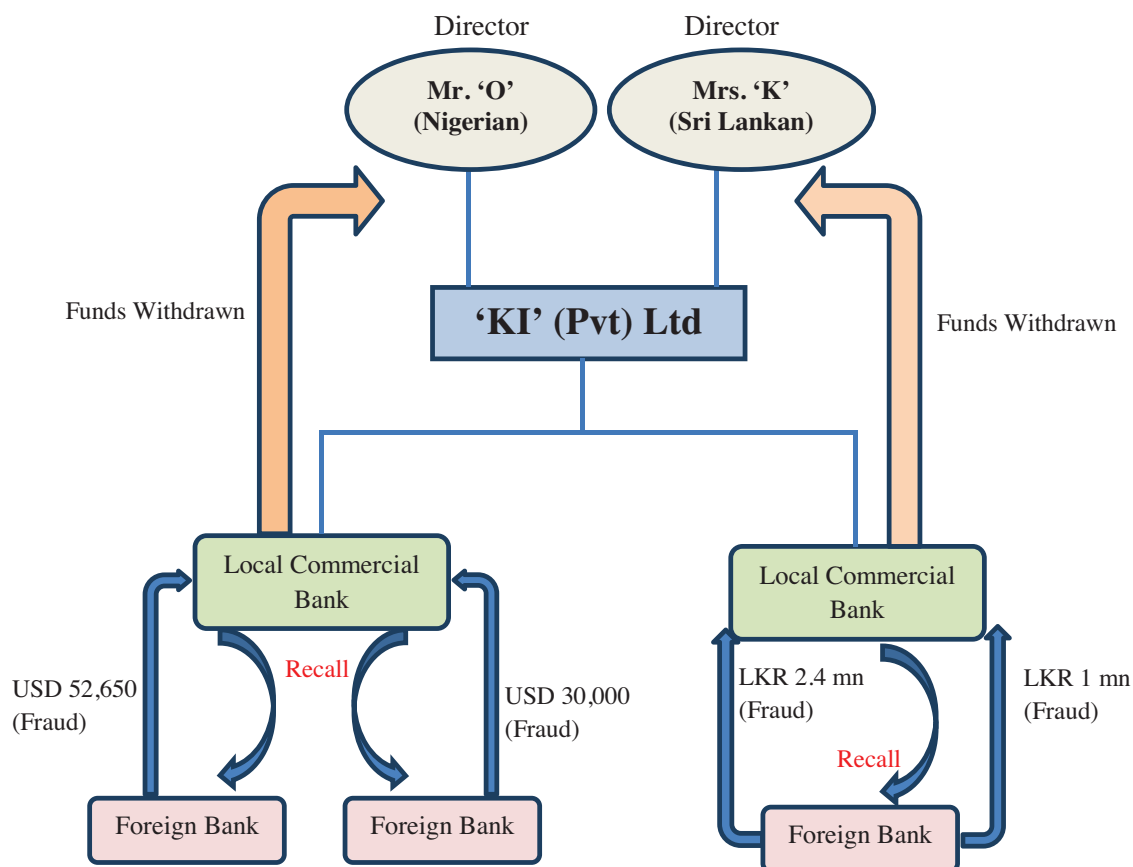
The FIU-Sri Lanka received an STR from a leading commercial bank on the suspicion of receiving inward remittances earned through a fraudulent activity. The 'KI' (Pvt) Ltd was a registered limited liability company engaged in the selling of garments, hand bags etc. Ms. 'K', a Sri Lankan and Mr. 'O', a Nigerian national were the directors of the 'KI' company. An account had been opened in the bank under the company name and it received inward remittances for LKR 4 mn (USD 30,000) and LKR 7 mn (USD 52,650) via SWIFT messages. Subsequently, funds had been withdrawn from the account by drawing cash cheques.

Soon after the withdrawals, the foreign banks had recalled the two inward remittances to the bank citing that the payments were fraudulent. Further investigations revealed that the company 'KI' had maintained a current account in another commercial bank and that account also received two inward remittances of LKR 1 mn and LKR 2.4 mn and money had been withdrawn subsequently.

The analysis of information showed that the 'KI' company's accounts were used to collect funds from other countries. The involvement of a Nigerian individual as a director of the company further increased the suspicion that the company was involved in an unlawful activity. The case was referred to the relevant LEAs for further investigation.



Figure 7.3
Illustration of Case Study 3



Case Study 4

In recent times, scams using emails and SMS messages have become more common. Fraudsters make requests to make payments of processing fees in order to obtain the entirety of the lottery win that the fraudsters claim the victims have won. Eventually, the victim proceeds to pay the amounts requested and get nothing in return.

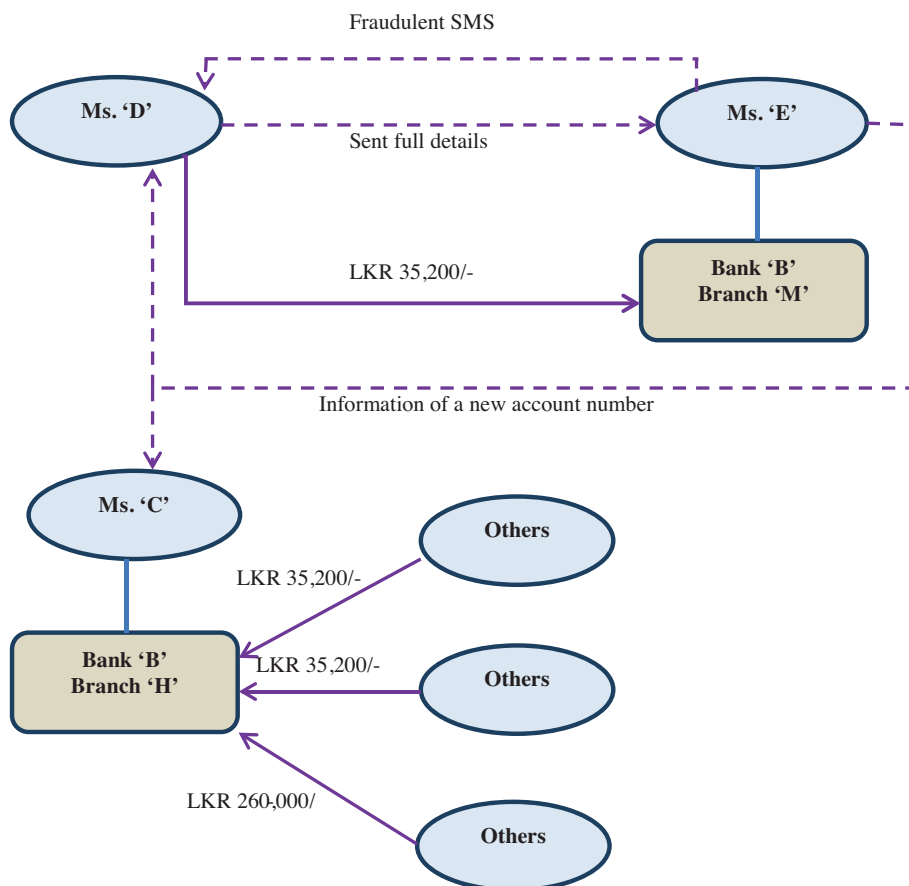
The FIU-Sri Lanka received a complaint from a mobile phone user Ms. 'D' regarding a phishing scam that took place using SMS messages to her phone. Ms. 'D' is a mobile phone user who mainly communicates through SMS. One day she received a SMS with the following message:

"This is to notify you that we have received a demand draft of £300,000.00 GBP in our Foreign Exchange Remittance Department, Central Bank of Sri Lanka Colombo, from your diplomat Official Agent in respect of your winning prize from the UK COMPANY. We will carry out the transfer into your personal bank account immediately, according to the currency exchange rate today. Hence we will convert the total sum of {300,000.00 Great British pounds} into Sri Lankan

Rupees, which will be equivalent to 62,785,957.88 Sri Lankan Rupees. Before the conversion, you are required to pay the amount of 129,900 rupees for the conversion charge to enable us exchange the pounds into Sri Lankan rupees. Please fill up your bank account information below for the transferring of your winning proceeds into your bank account.”

After receiving the above message, Ms. ‘D’ contacted the sender Ms. ‘E’ and believing that she had actually won this price, deposited Rs 32,500 to the account of Ms. ‘E’ in branch ‘M’ of bank ‘B’. on the second day, Ms. ‘D’ received a call from Ms. ‘E’ and she requested to deposit the balance amount to another account in branch ‘H’ of bank ‘B’. At this point Ms. ‘D’ got suspicious about this and reported this case to the FIU-Sri Lanka. The FIU-Sri Lanka identified that suspicious account and informed the bank to freeze it. The account belonged to Ms. ‘C’, a retired school teacher who operated this scam. It was later revealed that Ms. ‘C’ has collected money to her account from several persons using the same scam. The case was referred to the relevant LEAs for further investigation.

Figure 7.4
Illustration of Case Study 4



CHAPTER 8: STRENGTHENING IT INFRASTRUCTURE

8.1 LankaFIN System

The FIU-Sri Lanka uses LankaFIN, an in-house built web based system, to receive STRs, CTRs and EFTs. Accordingly, during 2015, 144 RIs submitted mandatory reports to the FIU-Sri Lanka. LankaFIN facilitated in generating 1,822,475 alerts during 2015, which were used in the operational analysis of the STRs by the Intelligence Management Division (IMD) of the FIU-Sri Lanka.


Compliance Officers and Compliance Assistants of RIs have access to the LankaFIN web based system for data uploading purposes. Accordingly, there were 257 users of LankaFIN as at end 2015, as shown below.

Table 8.1: LankaFIN Users for the Year 2015 (As at 31.12.2015)

Sector	Compliance Officers	Compliance Assistants	Total No. of LankaFIN Users
Licensed Commercial Banks	25	39	64
Licensed Specialized Banks	07	07	14
Licensed Finance Companies	47	38	85
Insurance Companies	29	18	47
Stock Brokers	36	12	48
Total	144	114	258

Source: LankaFIN, FIU-Sri Lanka

The FDAD of the FIU-Sri Lanka continuously monitored the quality of the data submitted by the RIs to ensure the integrity of the data in the LankaFIN system. In cases where any irregularities were found, the RIs were provided with feedback to rectify issues and some of the RIs were directed to submit action plans to rectify the identified issues within a given time period.



An information systems audit was conducted with the assistance of the Internal Audit Department of the CBSL during 2015. According to the audit observations, the FIU-Sri Lanka and the ITD of CBSL took measures to strengthen controls over the security and confidentiality of LankaFIN.

Further, the MER conducted by the APG has highlighted the need to upgrade the analytical capacity of the FIU-Sri Lanka. In this regard, the FIU-Sri Lanka has taken initiatives to upgrade the data analytical capacity to support effective operational, tactical and strategic analysis.

8.2 FIU Website

The FIU-Sri Lanka's website is the initial level of interaction with RIs, the international community and the general public. An increase in the viewing of the website was observed during the year 2015 compared with the same in 2014.

The website has provided a platform for all stakeholders as well as the general public to learn about the AML/CFT development taking place in Sri Lanka and the rest of the world.

A list of documents made available on the website during 2015 is given below.

- (a) NRA on ML/ TF conducted in 2014
- (b) MER on Sri Lanka conducted by the APG in 2014/2015
- (c) Annual Report of FIU-Sri Lanka - 2014
- (d) The FATF public statement on high risk and non-co-operative jurisdictions
- (e) Amendment to the list of designated persons under Regulation 4 (7) of the United Nations Regulation No. 1 of 2012



CHAPTER 9: APG MUTUAL EVALUATION ON SRI LANKA

9.1 APG Mutual Evaluation

In accordance with APG membership rules, on joining the APG, members commit to a mutual peer review system to determine the levels of compliance with international AML/CFT standards.

A ME process consists of two stages; a desk-based review of the member's AML/CFT system and an on-site visit to the APG member by a team of experts from other APG members and the APG Secretariat. The evaluation team includes,

- legal experts;
- financial and regulatory experts; and
- law enforcement experts.

The APG has conducted two rounds of evaluations since 1997. The second round commenced in 2005 and concluded in July 2012 under the FATF's 2004 methodology. A new round of evaluations commenced in 2014 under the FATF's revised 2012 standards and 2013 methodology. Unlike the previous methodology, the 2013 rules combine an assessment of;

- Technical Compliance (TC) of a member's AML/CFT system with the FATF Recommendations; and
- Effectiveness of that AML/CFT regime.

Technical Compliance (TC) - Assess the status of the relevance of legal and institutional frameworks of the country and the powers and procedures of competent authorities to comply with the FATF 40 recommendations.

Effectiveness - Assess the extent to which the legal and institutional framework is capable of producing the expected results. The effectiveness assessment is based on 11 outcomes stated in the FATF Methodology.



9.2 Mutual Evaluation on Sri Lanka

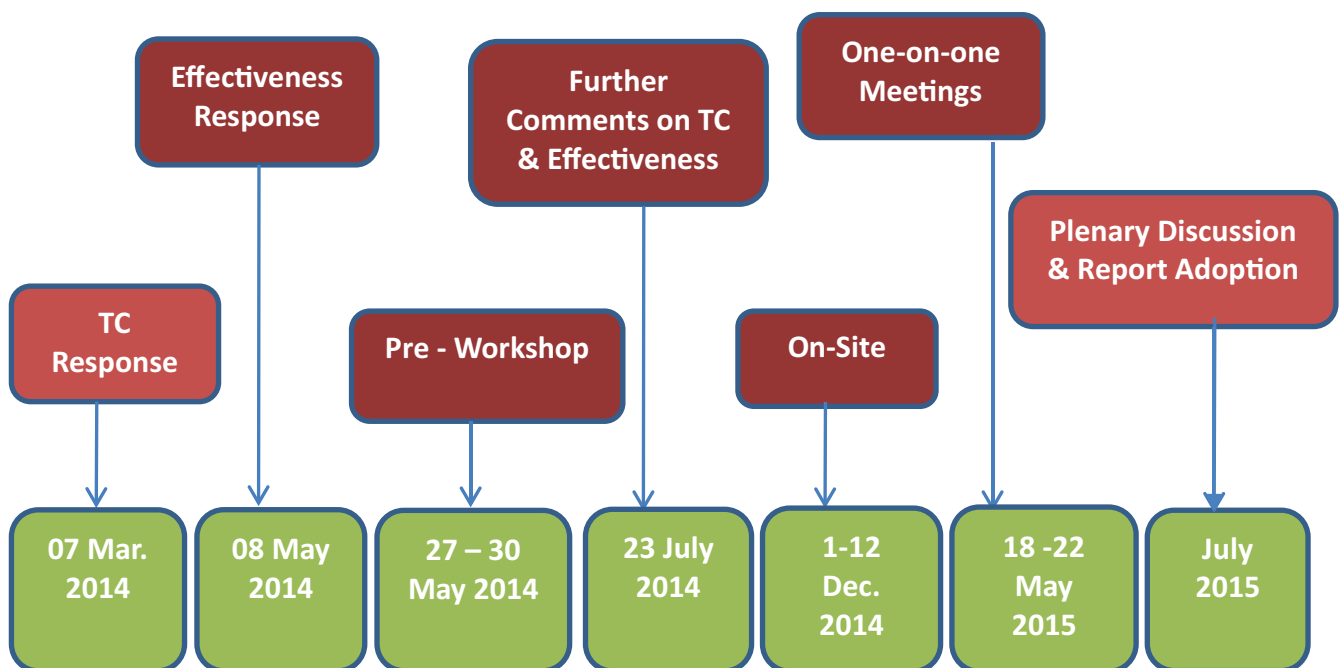
The First ME - 2006

Sri Lanka had its first ME by the APG in 2006 soon after the establishment of the FIU-Sri Lanka. A series of recommendations were made in the first MER, in order to rectify the gaps identified therein, including amendments to the PMLA and CSTFA and on the promulgation of Regulations on the implementation of the United Nations Security Council Resolutions (UNSCRs). Sri Lanka was able to fully implement the recommendations in the first MER by 2013.

The Second ME - 2014/2015

The second ME on Sri Lanka was conducted by a panel of evaluators representing the FIUs of Australia, Bhutan, Hong Kong, Malaysia, Singapore and the APG Secretariat during 2014/15.

Figure 9.1
ME Timeline



The evaluators conducted discussions with various stakeholders as listed in the Figure 9.1 in order to assess Sri Lanka's level of AML/CFT implementation during on-site visits as well as one-on-one meetings. All stakeholders extended their fullest co-operation for a successful completion of the ME process, particularly by an array of discussions and providing required information to the evaluators.



Table 9.1: Meeting with the Stakeholders by Evaluators

1. Attorney General's Department	13. Department of Registrar of Companies
2. Ministry of Finance	14. NGO Secretariat
3. Ministry of Justice	15. National Gem and Jewellery Authority
4. Ministry of Foreign Affairs	16. Registrar General's Department
5. Sri Lanka Police (CID, TID, PNB)	17. Sri Lanka Accounting & Auditing Standard Monitoring Board
6. Office of the Chief of National Intelligence	18. Insurance Board of Sri Lanka
7. Sri Lanka Customs	19. Colombo Stock Exchange
8. Department of Inland Revenue	20. Securities and Exchange Commission of Sri Lanka
9. Supreme Court of Sri Lanka	21. Department of Immigration and Emigration
10. Bar Association of Sri Lanka	22. Institute of Chartered Accountants
11. Commission to Investigate Allegations of Bribery or Corruption	23. Transparency International/International Organization for Migration / A Private Casino / KPMG
12. Supervisory Departments of the CBSL	24. Financial Institutions selected by the ME team
<ul style="list-style-type: none"> • Bank Supervision Department • Department of Supervision of Non-Bank Financial Institutions • Exchange Control Department 	<ul style="list-style-type: none"> • Four Licensed Banks • Two Licensed Finance Companies • Two Insurance Companies • Two Stock Brokers • Two Authorized Money Changers • Two MVTs Providers

The MER was adopted at the 18th Annual Plenary and Technical Assistance Forum of the APG held in Auckland, New Zealand during July 11-17, 2015. The Sri Lankan delegation which



represented the APG Plenary consisted of fourteen members from the FIU-Sri Lanka, AGD, Ministry of Finance, Ministry of Foreign Affairs, Sri Lanka Police, NGO Secretariat, Sri Lanka Customs and SEC.

Key issues raised by APG member jurisdictions on Sri Lanka's MER were discussed in detail.

All members agreed to upgrade the rating given for 'Immediate Outcome 9 on Terrorist Financing Investigations and Prosecutions' from 'Moderate Level of Effectiveness' to 'Substantial Level of Effectiveness'. Member jurisdictions such as India, Pakistan, Bangladesh, Nepal, South Korea, Fiji, Papua New Guinea, Cook Islands, Thailand and Australia supported Sri Lanka in this upgrading. Accordingly, the ratings for 40 FATF Recommendations and 11 Immediate Outcomes were finalized as given in Table 9.2.

Table 9.2: Final Rating for 40 Recommendations & 11 Immediate Outcomes

Technical Compliance	
Level of Compliance	No. of FATF Recommendations
Compliant (C)	5
Largely Compliant (LC)	7
Partially Compliant (PC)	16
Non-Compliant (NC)	12
Effectiveness	
Level of Effectiveness	No. of Immediate Outcomes
High Level of Effectiveness	None
Substantial Level Effectiveness	1
Moderate Level of Effectiveness	1
Low Level of Effectiveness	9

Source: FIU-Sri Lanka

Sri Lanka was placed under the Expedite Enhanced Follow-up Process based on the AML/CFT final compliance status. Accordingly, Sri Lanka was required to provide the progress achieved in implementing the actions recommended in the MER to the APG by January 31, 2016 and biannually, thereafter.



9.3 Implementation of the Recommendations Made in the Mutual Evaluation

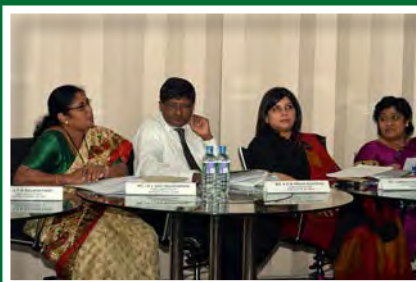
The FIU-Sri Lanka developed an action plan to implement the recommendations of the MER to address the gaps identified. This includes;

- Development of an institution-wise action plan based on the actions recommended in the MER.
- Conduct of one-on-one meetings with stakeholders to discuss the implementation of the actions on time.
- Development of the AML/CFT National Policy for 2015-2020 in consultation with all relevant stakeholders.
- Obtaining the approval of the Cabinet of Ministers to,
 - a. adopt the National AML/CFT Policy,
 - b. implement the actions identified to rectify the AML/CFT gaps according to recommendations in the MER by relevant institutions, and
 - c. authorize the FIU-Sri Lanka to follow up on the progress on the implementation of the actions by relevant institutions.
- Obtaining technical assistance from the WB on the simplification of CDD Rules. The WB technical experts conducted the workshop on the simplification of CDD Rules during December 8-10, 2015. Officers from the AGD, Legal Draftsman's Department, FIU-Sri Lanka and Financial Sector Regulators participated in the workshop.
- Finalising a CDD Rule to rectify the deficiencies in the FATF Recommendations 10 -19. The Rule is applicable to every institution engaged in finance business as defined in the FTRA. The Rule also incorporates recommendations arrived at in discussions that were held with stakeholders.

Sri Lanka is committed to implement the MER Recommendations and an effective strategy is in place towards this endeavour.

PHOTO GALLERY











APPENDIX A: LIST OF DIRECTIONS/GUIDELINES/RULES ISSUED FROM 2006 TO 2015

Year 2015

1. Reporting of Foreign Inward Remittances

Year 2014

1. Prevention and Suppression of Terrorism and Terrorist Financing Obligations of Reporting Institutions - Authorized Money Changers
2. Prevention and Suppression of Terrorism and Terrorist Financing Obligations of Reporting Institutions (UNSCR 1373) - Licensed Banks and Licensed Finance Companies
3. Prevention and Suppression of Terrorism and Terrorist Financing (UNSCR 1373) - Obligations of Insurance Companies
4. Prevention and Suppression of Terrorism and Terrorist Financing (UNSCR 1373) - Obligations of Stock Brokers
5. Reporting of Foreign Inward Remittances

YEAR 2013

1. Circular to Directors of All Authorized Money Changing Companies, January 31 of 2013
2. Public Statement by the Financial Action Task Force (FATF)
3. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - All Licensed Banks & Licensed Finance Companies
4. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - Insurance Companies
5. Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - Stock Brokering Companies



YEAR 2012

1. Revisions to 40+9 Recommendations of the FATF
2. Notification from the FIU of the St. Vincent and the Grenadines
3. Amendments to the KYC/ CDD Rules, No.1 of 2011 for Licensed Banks and Licensed Finance Companies - Extraordinary Gazette No 1756/27, May 04 of 2012

YEAR 2011

1. KYC/ CDD Rules for Licensed Banks and Licensed Finance Companies - Extraordinary Gazette No 1699/10, March 28 of 2011
2. Auditor's declaration on the establishment of Audit Functions
3. Compliance with the reporting requirement under Section 7 of the FTRA
4. Revisions to the Extraordinary Gazette Notification No. 1699/10 - KYC/CDD Rules No. 01 of 2011

YEAR 2010

1. Web based information reporting system to the Insurance Companies
2. Web based information reporting system to the Stock Brokers

YEAR 2009

1. Compliance with Section 2 of the FTRA - (for LBs)
2. Compliance with Section 2 of the FTRA - (for RFCs)
3. Inclusion of the Tamil Foundation among the list of Terrorist Organizations in the US
4. AML/CFT Compliance Functions of the Insurance Industry
5. Web Based Reporting System for LCBs & LSBs
6. Web Based Reporting System for RFCs



YEAR 2008

1. KYC/ CDD Rules for the Insurance Industry
2. Compliance with Rules on CDD for Financial Institutions
3. Compliance with Reporting Requirement (Amended)
4. Inclusion of the World Tamil Movement among the list of Terrorist Organizations in Canada
5. Use of the Banking System by Institutions and Persons not authorised to accept deposits
6. Compliance with reporting requirement of FTRA - Securities Industry
7. Compliance with the reporting requirement of the FTRA - Insurance Industry

YEAR 2007

1. KYC/CDD Rules for the Securities Industry
2. Compliance with KYC/CDD Rules for New Customers and existing Customers
3. Compliance with the reporting requirements under the FTRA
4. Light a million candles campaign - Offences against Children
5. Mandatory reporting requirements - Electronic Fund Transfers

YEAR 2006

1. Compliance with the reporting requirement under the FTRA No. 6 of 2006
2. Section 312 & Section 319 of the Patriot Act
3. FTRA No. 06 of 2006 Submission of Data
4. Financial Transactions Reporting Act (FTRA) No. 06 of 2006
5. CDD for Inward Remittance



APPENDIX B: REPORTING INSTITUTIONS AS AT 31ST DECEMBER 2015

Licensed Commercial Banks

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



Licensed Specialized Banks

1. HDFC Bank of Sri Lanka
2. Lankaputhra Development Bank Ltd
3. National Savings Bank
4. Regional Development Bank
5. Sanasa Development Bank Ltd
6. Sri Lanka Savings Bank
7. State Mortgage and Investment Bank

Licensed Finance Companies

1. Abans Finance PLC
2. Alliance Finance Co. PLC
3. AMW Capital Leasing and Finance PLC
4. Arpico Finance Company PLC
5. Asia Asset Finance PLC
6. Asian Finance Ltd
7. Associated Motor Finance Co. PLC
8. Bimpuh Finance PLC
9. BRAC Lanka Finance PLC
10. Central Finance Co. PLC
11. Central Investments & Finance PLC
12. Chilaw Finance PLC
13. Citizens Development Business Finance PLC
14. City Finance Corporation Ltd
15. Colombo Trust Finance PLC
16. Commercial Credit and Finance PLC
17. Commercial Leasing and Finance Ltd
18. ETI Finance Ltd
19. George Steuart Finance PLC
20. HNB Grameen Micro Finance Ltd



21. Ideal Finance Ltd
22. Kanrich Finance Ltd
23. Lanka ORIX Finance PLC
24. LB Finance PLC
25. MBSL & Finance PLC
26. Melsta Regal Finance Ltd
27. Mercantile Investments and Finance PLC
28. Multi Finance PLC
29. Nation Lanka Finance PLC
30. Orient Finance PLC
31. People's Leasing & Finance PLC
32. People's Merchant Finance PLC
33. Richard Pieris Finance Ltd
34. Sarvodaya Development Finance Co. Ltd
35. Senkadagala Finance PLC
36. Serendib Finance Ltd
37. Singer Finance (Lanka) PLC
38. Sinhapura Finance PLC
39. Siyapatha Finance Ltd
40. Softlogic Finance PLC
41. Swarnamahal Financial Services PLC
42. T K S Finance Ltd
43. The Finance Co. PLC
44. The Standard Credit Finance Ltd
45. Trade Finance & Investments PLC
46. UB Finance Co. Ltd
47. Vallibel Finance PLC



Licensed Insurance Companies

1. AIA General Insurance Lanka Ltd
2. AIA Insurance Lanka PLC
3. Allianz Insurance Lanka Ltd
4. Allianz Life Insurance Lanka Ltd
5. Amana Takaful Life Ltd
6. Amana Takaful PLC
7. Arpico Insurance Ltd
8. Asian Alliance General Insurance Ltd
9. Asian Alliance Insurance PLC
10. Ceylinco Insurance PLC
11. Ceylinco Life Insurance Ltd
12. Continental Insurance Lanka Ltd
13. Co-operative Insurance Company Ltd
14. Cooplife Insurance Ltd
15. HNB Assurance PLC
16. HNB General Insurance Ltd
17. Janashakthi General Insurance Ltd
18. Janashakthi Insurance PLC
19. Life Insurance Corporation (Lanka) Ltd
20. LOLC General Insurance Ltd
21. LOLC Life Insurance Co. Ltd
22. MBSL Insurance Co. Ltd
23. National Insurance Trust Fund
24. Orient Insurance Ltd
25. People's Insurance Ltd
26. Sanasa Insurance Co. Ltd
27. Sri Lanka Insurance Corporation Ltd
28. Union Assurance General Ltd
29. Union Assurance PLC



Licensed Stockbrokers

1. Acuity Securities (Pvt) Ltd
2. Acuity Stockbrokers (Pvt) Ltd
3. Asha Phillip Securities Ltd
4. Asia Securities (Pvt) Ltd
5. Assetline Securities (Pvt) Ltd
6. Bartleet Religare Securities (Pvt) Ltd
7. Candor Equities Ltd
8. Capital Alliance Ltd
9. Capital Alliance Securities (Pvt) Ltd
10. Capital Trust Securities (Pvt) Ltd
11. Claridge Stockbrokers (Pvt) Ltd
12. CT CLSA Securities (Pvt) Ltd
13. Enterprise Ceylon Capital (Pvt) Ltd
14. Entrust Capital Markets (Pvt) Ltd
15. Entrust Securities PLC
16. First Capital Equities (Pvt) Ltd
17. First Capital Markets (Pvt) Ltd
18. First Guardian Equities (Pvt) Ltd
19. J B Securities (Pvt) Ltd
20. John Keells Stockbrokers (Pvt) Ltd
21. Lanka Securities (Pvt) Ltd
22. LOLC Securities Ltd
23. Nation Lanka Equities (Pvt) Ltd
24. Natwealth Securities Ltd
25. Navara Securities (Pvt) Ltd
26. NDB Securities (Pvt) Ltd
27. NSB Fund Management Ltd
28. Perpetual Treasuries Ltd
29. Richard Peiris Securities (Pvt) Ltd



30. S C Securities (Pvt) Ltd
31. SMB Securities (Pvt) Ltd
32. Softlogic Stockbrokers (Pvt) Ltd
33. Somerville Stockbrokers (Pvt) Ltd
34. Taprobane Securities (Pvt) Ltd
35. TKS Securities Ltd
36. Wealth Trust Securities Ltd

Authorized Money Changing Companies

1. A O Lakshmi Jewels (Pvt) Ltd
2. Abdeen Money Changers (Pvt) Ltd
3. Ariyawansa Enterprises (Pvt) Ltd
4. Arrujina Jewellery (Pvt) Ltd
5. Aruna Forexc (Pvt) Ltd
6. Aswin Exchange (Pvt) Ltd
7. Bullion Money Exchange (Pvt) Ltd
8. Capital Exchange (Pvt) Ltd
9. Cash to Cash Money Exchange (Pvt) Ltd
10. City Exchange (Pvt) Ltd
11. City Exchange (Pvt) Ltd – Branch
12. City Money Exchange (Pvt) Ltd
13. Colombo Money Exchange (Pvt) Ltd
14. Crown Money Exchange (Pvt) Ltd – Branch
15. Dadigama Group (Pvt) Ltd
16. Data Exchange International (Pvt) Ltd
17. Daya Authorized Money Changer (Pvt) Ltd
18. Delta Sarath Holdings (Pvt) Ltd
19. Devi Forex (Pvt) Ltd
20. George Michael Holdings (Pvt) Ltd
21. Global Village Exchange (Pvt) Ltd



22. Golden Money Changers (Pvt) Ltd
23. GTV Enterprises (Pvt) Ltd
24. International Exchange (Pvt) Ltd
25. Jewel Lanka Money Exchange (Pvt) Ltd
26. Jewels City (Pvt) Ltd
27. Kamal Enterprises (Pvt) Ltd
28. Keyser Exchange (Pvt) Ltd
29. Kudamadu Money Exchange (Pvt) Ltd
30. M P Money Changer (Pvt) Ltd
31. Majestic Jewellery (Pvt) Ltd
32. Maruthi Money Exchange (Pvt) Ltd
33. Mayurie Money Changers (Pvt) Ltd
34. Metro Forex (Pvt) Ltd
35. Midna Mini Market (Pvt) Ltd
36. Milano Money Exchange (Pvt) Ltd
37. Monte Carlo Exchange (Pvt) Ltd
38. Narmatha Gold Centre (Pvt) Ltd
39. New Natasha (Pvt) Ltd
40. New Regal's Money Changer (Pvt) Ltd
41. Niketh Money Exchange R K (Pvt) Ltd
42. Nilmi Money Exchanging (Pvt) Ltd
43. Pearl Exci (Pvt) Ltd
44. Prasanna Money Exchange (Pvt) Ltd - Branch
45. Prasanna Money Exchange (Pvt) Ltd
46. Pushpa Money Changers (Pvt) Ltd
47. Rafeek's Gems (Pvt) Ltd
48. Ravi Forexae (Pvt) Ltd
49. Red Ruby Jewellers (Pvt) Ltd
50. Rimha Jewellery (Pvt) Ltd
51. Rivindu Enterprises (Pvt) Ltd



52. Royal Money Exchange (Pvt) Ltd
53. Royal Money Exchange (Pvt) Ltd – Branch
54. Royal Money Mart (Pvt) Ltd
55. Salaka Trust Investment (Pvt) Ltd
56. Salaka Trust Investment (Pvt) Ltd – Branch
57. Sharanga Money Exchange (Pvt) Ltd
58. Shifaz Money Exchange (Pvt) Ltd
59. Swiss Money Exchange (Pvt) Ltd
60. Swiss Money Exchange (Pvt) Ltd – Branch
61. Thomas Cook Lanka (Pvt) Ltd
62. Thomas Cook Lanka (Pvt) Ltd - Branch II
63. Thomas Cook Lanka (Pvt) Ltd - Branch III
64. Unic Forex (Pvt) Ltd
65. Vasanthas Int. Money Exchange (Pvt) Ltd
66. Western Money Exchange (Pvt) Ltd
67. Wimal Exchange (Pvt) Ltd
68. Windsor Money Exchange (Pvt) Ltd





CENTRAL BANK OF SRI LANKA