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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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நிதியியல் உளவறிதற் பிரிவு

Financial Intelligence Unit

Circular No. 02/14

25th June 2014

To: Chief Executive Officers of
All Licensed Banks and Licensed Finance Companies

Dear Sir/Madam,

**Prevention and Suppression of Terrorism and Terrorist Financing
Obligations of Reporting Institutions**

The attention of all Licensed Banks/Licensed Finance Companies is drawn to the revised Financial Action Task Force (FATF) Recommendation No.6, Extraordinary Gazette Notification No.1758/19 dated 15 May 2012 issued by the Minister of External Affairs and Extraordinary Gazette Notifications No. 1854/41 dated 21 March 2014 and No. 1863/25 dated 22 May 2014 issued by the Secretary to the Ministry of Defence and Urban Development (the Competent Authority for UNSCR 1373).

- 1) Accordingly, Sri Lanka is required to implement targeted financial sanctions prescribed in the Gazette Notification No. 1758/19 to comply with the United Nations Security Council Resolution (UNSCR) 1373 (2001) and its subsequent resolutions which require countries to freeze funds, financial assets or economic resources of designated individuals and entities, and to ensure that no such funds, financial assets or economic resources are made available to or for the benefit of such designated persons or entities or their beneficiaries. Accordingly, every Licensed Bank/Licensed Finance Company is obliged to have measures in place to immediately freeze funds, financial assets or economic resources of such designated persons and entities who have been initially listed in the Extraordinary Gazette Notification No. 1854/41 and may be amended by any future Gazette notifications by the Competent Authority.

Contd.

14 වන මහල, අංක 30, ජනාධිපති මාවත,
කෑ. පෙ. 590, කොළඹ 01, ශ්‍රී ලංකාව

14 .ஆம் மாடி, இல. 30 சனாதிபதி மாவத்தை
த. பெ. இல. 590, கொழும்பு 01, இலங்கை

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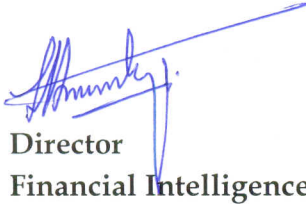
☎ 94 11 2477692

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🌐 www.cbsl.gov.lk

- 2) By way of an Order published in the Extraordinary Gazette Notification No. 1863/25 dated 22 May 2014, the Competent Authority has frozen all funds, other financial assets and economic resources belonging to or owned or held by any natural or legal person, group or entity designated and published in the Gazette Extraordinary No. 1854/41 of March 21, 2014. The funds, other financial assets and economic resources shall remain frozen as long as such person, group or entity remains designated.
- 3) Please refer to FIU/UNSCR-1373/Directives No.01 attached for the details on obligations of Licensed Bank or Licensed Finance Company in complying with targeted financial sanctions relating to terrorism and terrorist financing. These Directives shall be construed as a part of the existing Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) compliance framework of the Licensed Banks and Licensed Finance Companies.

Yours faithfully,



Director
Financial Intelligence Unit

cc. Compliance Officers of all Licensed Banks and Licensed Finance Companies
Director, Bank Supervision
Director, Supervision of Non-Bank Financial Institutions

**Prevention and Suppression of Terrorism and Terrorist Financing
Obligation of Reporting Institutions**

Further to United Nations (UN) Regulation No 1 of 2012 which was published in Extraordinary Gazette Notification No. 1758/19 dated 15 May 2012 in order to facilitate the implementation of obligations more specifically of paragraphs (c) and (d) of Article I of United Nations Security Council Resolution (UNSCR) 1373 (2001) within Sri Lanka and to comply with the aforesaid obligations.

1. Licensed Banks / Licensed Finance Companies shall strictly follow the procedure laid down in the UN Regulation No 1 of 2012 (copy enclosed) and ensure strict compliance.
2. The list of designated individuals and entities (referred to as List in section 4(2) of the said Regulation) has been published in Extraordinary Gazette Notification No. 1854/41 dated 21 March 2014. The Licensed Banks / Licensed Finance Companies shall maintain a database of names and particulars of individuals/entities in the List to ensure efficient detection of suspected financing of terrorism.
3. Licensed Banks/ Licensed Finance Companies shall ensure that the information contained in the database is updated and relevant, and made easily accessible to its employees at the head office, branch or subsidiary for the purpose of identifying all funds, other financial assets and economic resources which belongs to designated individuals and entities.
4. As and when amendments to the List are published in gazette by the Competent Authority, the FIU will notify all compliance officers of Licensed Banks/Licensed Finance Companies via E-mails.
5. Licensed Banks/ Licensed Finance Companies shall update the database of designated individuals/entities which is maintained by them in terms of the above paragraph 2, on receipt of the notifications from the FIU.
6. Licensed Banks/ Licensed Finance Companies shall ensure that the name(s) of the prospective customers do(es) not appear in the List before entering into any new business relationships. Further, Banks/Finance Companies shall scan all existing business relationship to ensure that no business relationship is held by or linked to any of the entities or individuals included in the List.

7. In case, the match of any of the customers with the particulars of designated individuals/entities, the Licensed Banks/ Licensed Finance Companies shall prevent designated persons from conducting any transactions and freeze all funds, other financial assets and economic resources without delay as per paragraphs 5 of United Nations Regulation No 1 of 2012 and the Order published in the Extraordinary Gazette Notification No. 1863/25 dated 22 May 2014 by the Competent Authority
8. Once a name of person or an entity is removed from the List, the Licensed Banks/ Licensed Finance Companies shall lift the freeze which was enforced in terms of paragraph 7 and allow the delisted person to carry out usual transactions.
9. Upon freezing or lifting of such freezing of funds, other financial assets and economic resources of designated individuals and entities, or upon the occurrence of an attempted transaction by or for designated individuals or entities, Licensed Banks/Licensed Finance Companies shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, other financial assets and economic resources, held by such customer on their books to the FIU at Fax No. 011- 2477692 or 011- 2477722 and also convey over telephone on 011- 2477125. The particulars apart from being sent by post/fax shall be conveyed on e-mail to fiu@cbsl.lk .
10. Licensed Banks / Licensed Finance Companies shall also send by post a copy of the communication mentioned in above paragraph to the Competent Authority (Office of the Competent Authority, Ministry of Defence & Urban Development, No. 15/5 Baladaksha Mawatha, Colombo-03). The particulars apart from being sent by post shall be conveyed on e-mail to camod@defence.lk.
11. Licensed Banks/ Licensed Finance Companies shall bring the provisions of the United Nations Regulation No 1 of 2012 to the notice of the staff concerned and ensure strict compliance. The Compliance Officers are responsible for the establishment and maintenance of written internal procedures and systems to implement UNSCR 1373 (2001) and all current and future subsequent resolutions to UNSCR 1373 (2001).