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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

මූල්‍ය මුද්ධි ඒකකය  
நிதியியல் உளவறிதற் பிரிவு  
FINANCIAL INTELLIGENCE UNIT

අංක 30, ජනාධිපති මාවත, කොළඹ 01, ශ්‍රී ලංකාව  
இல. 30, சனாதிபதி மாவத்தை, கொழும்பு - 01, இலங்கை  
No. 30, Janadhipathi Mawatha, Colombo 01, Sri Lanka

Circular- 01/2023

Ref:037/06/008/0005/022

March 03, 2023

To: CEOs / General Managers / Managing Directors of All Licensed Banks and Licensed Finance Companies

### Calling for Due Vigilance on Compliance Lapses

The Financial Intelligence Unit (FIU) has observed the following lapses occurring among Financial Institutions leading to instances of non-compliance with the provisions of the Financial Transaction Reporting Act, No. 6 of 2006 (FTRA), and any rules, regulations and guidelines issued thereunder.

- Failure to report Suspicious Transaction Reports although repeated alerts are raised.
- Debit transactions being carried out from the accounts that are subject to judicial suspension orders under Section 15(3) of the FTRA.
- Non reporting of transactions to FIU including pawning auction transactions which are above rupees one million.
- Non-adherence to the requirements of the United Nation's Regulations on United Nation's Security Council Resolutions including;
  - maintaining business relationships with designated persons,
  - not maintaining all relevant updated lists of designated persons,
  - not screening customers at the time of onboarding with the updated designated lists,
  - not screening existing customer database when a designated list is updated.

Your attention is drawn to the Financial Institutions (Customer Due Diligence) Rules, No. 1 of 2016 (CDD Rules), and the following guidelines and circulars issued to Financial Institutions from time to time as guidance to discharge their responsibilities under the provisions of the FTRA;

### Guidelines

- Guideline No. 03 of 2021 on Suspension of Transactions under Section 15 (2) of the FTRA dated August 12, 2021.
- Guideline No. 01 of 2020 on Scenario based LankaFIN Reporting for LFCs, ICs and SBs dated February 05, 2020.
- Guideline No. 7 of 2018 on Implementing United Nations (Sanctions in relation to Iran) Regulations No. 1 of 2018 dated September 10, 2018.
- Guideline No. 5 of 2018 on Implementing United Nations (Sanctions in relation to Democratic People's Republic of Korea) Regulations of 2017 dated May 18, 2018.

### Circulars

- Circular No. 02 of 2014 on Prevention and Suppression of Terrorism and Terrorist Financing Obligations of Reporting Institutions (UNSCR 1373) - Licensed Banks and Licensed Finance Companies dated June 25, 2014.

- Circular No. 02 of 2013 on Prevention and Suppression of Terrorism and Terrorist Financing Obligation of Reporting Institutions - All Licensed Banks & Licensed Finance Companies dated October 29, 2013.

Accordingly, you are hereby advised to ensure institution's compliance with AML/CFT requirements.

Yours faithfully,

  
**Director**

**Financial Intelligence Unit**

- Cc; 1. Director, Bank Supervision Department Central Bank of Sri Lanka  
2. Director, Department of Supervision of Non-Bank Financial Institutions of Central Bank of Sri Lanka  
3. Director, Payments and Settlements Department of Central Bank of Sri Lanka  
4. Director General, Securities and Exchange Commission of Sri Lanka  
5. Director General, Insurance Regulatory Commission of Sri Lanka  
6. Compliance officers of Licensed Banks and Licensed Finance Companies