

To:

The Financial Intelligence Unit of Sri Lanka
Bank Supervision Department, Central Bank of Sri Lanka
Department of Supervision of Non-Bank Financial Institutions, Central Bank of Sri Lanka
Payments and Settlements Department, Central Bank of Sri Lanka
Securities and Exchange Commission of Sri Lanka
Insurance Regulatory Commission of Sri Lanka
Department of Foreign Exchange, Central Bank of Sri Lanka
Registrar General's Department
Sri Lanka Customs
Department of Immigration and Emigration
Law Enforcement Agencies
Regulatory or Supervisory Authorities for Non-profit Organizations
Regulatory or Supervisory Authority of any other Institutions as the case may be,

United Nations (Sanctions in relation to Iran) Regulations, No. 1 of 2018

Directives issued by the Competent Authority, under Regulation 20 of the United Nations (Sanctions in relation to Iran) Regulations, No. 1 of 2018.



KAPILA WAIDYARATNE

President's Counsel

Secretary

Ministry of Defence

Competent Authority

Colombo

..!@.... October 2018

Directives Issued under the United Nations (Sanctions in relation to Iran) Regulations,

No. 1 of 2018

1. These Directives are issued under Regulation 20 of the United Nations (Sanctions in relation to Iran) Regulations, No. 1 of 2018 and shall be cited as Directives Issued under the United Nations (Sanctions in relation to Iran) Regulations, No. 1 of 2018 (hereinafter referred to as Directives).

2. United Nations (Sanctions in relation to Iran) Regulations, No. 1 of 2018 (hereafter referred to as Regulations) was promulgated by the Minister of Foreign Affairs under Section 2 of the United Nations Act, No. 45 of 1968, and implemented through Gazette Extraordinary No. 2080/34, dated July 17, 2018, as amended by Gazette Extraordinary No. 2085/11, dated August 21, 2018.
 - (i) Objective of the Iran Regulations is to facilitate the implementation of obligations imposed upon the member states of the United Nations to apply sanction measures in relation to the Islamic Republic of Iran or Iran, set out in the United Nations Security Council Resolutions (UNSCR) 2231 (2015), and any subsequent resolutions, related to Iran and all resolutions that repeal, replace or amend earlier resolutions related to Iran.
 - (ii) For the purpose of implementation of the Regulations, Secretary to the Ministry of Defence has been appointed as the Competent Authority by the Minister of Foreign Affairs in consultation with Minister of Defence on September 07, 2018.
 - (iii) These Directives are issued for the implementation of practices and enforcement of obligations under the Regulations.
3. In order to expeditiously and effectively implement the provisions of the Regulations, the regulatory or supervisory authorities are directed to adhere to the following procedure:
 - (i) The updates to the list established and maintained by the United Nations Security Council (referred to as designated persons/entities list), shall be communicated to the Institutions as defined in the Regulations as follows:
 - a. The Financial Intelligence Unit of Sri Lanka (FIU) shall receive updates to designated persons/entities list, from the United Nations Secretariat by email;
 - b. The FIU would electronically forward the updates mentioned above to the Institutions and to the relevant regulatory or supervisory authorities with a copy to the Competent Authority;
 - c. The updates mentioned above shall have immediate application in Sri Lanka and have the immediate effect of imposing the prohibitions specified in the Regulations.
 - (ii) With regard to implementation of any obligation referred under the Regulations, the Institutions are directed to;
 - a. Maintain updated designated persons/entities list; verify on a regular basis as well as upon receiving notification from the FIU on updates to the designated

persons/entities list; and ascertain whether designated persons/entities are in possession or holding or having custody of any funds and other assets, financial services with the Institutions.

- (iii) In the event where a customer or client is identified by an Institution as specified within Part III and Part IV of the Regulations as,
- a. matching with the particulars of a designated person/entity, or
 - b. acting at the direction of or on behalf of or for the benefit of any designated person/entity, or
 - c. being owned or controlled by any designated person/entity,

the Institution is hereby directed to;

- i. immediately freeze the funds and other assets where appropriate, belonging to such customer, client, person or entity, and
- ii. report by way of a Suspicious Transactions Report (STR) to the FIU as prescribed under the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA); the details of the frozen funds and other assets, financial services, and any subsequent transaction or attempted transactions on such frozen funds and other assets.

- (iv) The regulatory or supervisory authorities are directed to carry out training and outreach for Institutions coming within their purview, as may be feasible, on matters coming under the Regulations and these Directives.
- (v) Without prejudice to penal sanctions implemented pursuant to Regulation 12 of the Regulations, where an Institution fails to comply with or violate any of the obligations imposed under the Regulations or these Directives, considering the nature and gravity of the circumstances of such non-compliance or violation, the regulatory or supervisory authority of such Institution is directed to issue a warning letter or a censure or a letter of severe reprimand as the circumstances may warrant, followed up by an action plan requiring the Institution to ensure compliance with the Regulations;
- (vi) The imposition of any administrative sanction as specified in Directive 3(v) shall not preclude a regulatory or supervisory authority from taking any regulatory or disciplinary measures, including but not limited to, the suspension of such Institution from the carrying on of business or profession or the cancellation of a license or authority granted for the carrying on of a business or profession, as maybe permitted in terms of any applicable written law or rules for the regulation or supervision of such Institution, and any ongoing or concluded prosecution pursuant to Regulation 12 of the Regulations shall not be deemed as preventing such imposition of administrative sanction.

- (vii) The regulatory or supervisory authority is directed to provide a feedback, in writing, to the Competent Authority within 14 days from the enforcement of any administrative, regulatory or disciplinary measures enforced on any Institution pursuant to Directives 3 (v) and 3 (vi).
4. All regulatory or supervisory authorities are directed to ensure strict compliance of these Directives, which will come in to force immediately.