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Press Release

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Amendments to Prevention of Money Laundering Act No. 5 of 2006 and Convention on the Suppression of Terrorist Financing Act No. 25 of 2005

The Parliament unanimously approved amendment bills on Prevention of Money Laundering Act (PMLA) No. 5 of 2006 and Convention on the Suppression of Terrorist Financing Act (CSTFA) No. 25 of 2005 presented by the Ministry of Finance and Planning on 21st September 2011. The main objective of these amendment bills was to improve the anti-money laundering and Countering Financing of Terrorism (AML/CFT) laws in line with the international standards. The legislations relating to AML/CFT in Sri Lanka have been formulated based on 40 Recommendations on AML and 9 Special Recommendations on CFT by the Financial Action Task Force (FATF), an inter-governmental body incorporated by the G7 to work as global policy setter on AML/CFT. With the amendments, Sri Lanka's AML/CFT regime is now fully compliant with the international standards.

The newly amended laws will strengthen AML/CFT regime, and will facilitate the implementation initiatives undertaken by the Financial Intelligence Unit of the Central Bank of Sri Lanka, law enforcement agencies and prosecutors.

Salient Features

The following are the salient features of the amendments:

Convention on the Suppression of Terrorist Financing Act (CSTFA) No. 25 of 2005:

- Applicability of terrorist financing law to include citizen of Sri Lanka and non-citizens while present in Sri Lanka.
- The “funds” is defined to include “assets of every kind be it tangible or intangible, movable or immovable” which are kept in Sri Lanka or outside Sri Lanka.
- Terrorist financing offences which before the amendment was confined to terrorist group is widened to include financing by a terrorist (single terrorist) and/or for any terrorist act.
- Authority for Police to freeze/suspend terrorist funds and properties relating to the terrorist financing or activities before indictment.

Prevention of Money Laundering Act (PMLA) No. 5 of 2006:

- Applicability of the law has been expanded to cover any person who has committed a Money Laundering offence while in Sri Lanka.
- Recovery of corresponding value of the properties related to a Money Laundering offence in the absence of properties derived/realized through Money Laundering.
- At present offences punishable exceeding 7 years imprisonment under any other law has been considered as an offence for money laundering. The threshold of 7 years has now been reduced to 5 years covering more offences punishable under money laundering offence.
- Foreign predicate offences are included as unlawful activities.