



**PARLIAMENT OF THE DEMOCRATIC  
SOCIALIST REPUBLIC OF  
SRI LANKA**

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**FINANCIAL TRANSACTIONS REPORTING  
(AMENDMENT)**

**A**

**BILL**

**to amend the Financial Transactions Reporting  
Act, No. 6 of 2006**

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*Presented by the Prime Minister and Minister of Education,  
Higher Education and Vocational Education on 09th of April, 2026*

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## STATEMENT OF LEGAL EFFECT

*Clause 2:* This clause amends the long title to the Financial Transactions Reporting Act, No. 6 of 2006 (hereinafter referred to as the “principal enactment”), and the legal effect of the long title as amended is to provide for the inclusion of the offence of proliferation of weapons of mass destruction within the scope of offences in the principal enactment.

*Clause 3:* This clause replaces the heading of PART I of the principal enactment, for the purposes of clarity.

*Clause 4:* This clause replaces section 2 of the principal enactment, and the legal effect of that section is to provide for the application of a risk-based approach and customer due diligence by Institutions in relation to transactions carried out with customers.

*Clause 5:* This clause replaces section 3 of the principal enactment, and the legal effect of that section is to provide for the procedure to be followed when an Institution cannot comply with customer due diligence obligations.

*Clause 6:* This clause amends section 4 of the principal enactment, and the legal effect of the section as amended is to specify the period for which, and the manner in which, an Institution shall maintain records relating to transactions with customers.

*Clause 7:* This clause amends section 5 of the principal enactment, and the legal effect of the section as amended is to require Institutions to keep updated records of customers.

*Clause 8:* This clause replaces section 6 of the principal enactment, and the legal effect of that section is to provide for Institutions to report transactions exceeding the specified limit to the Financial Intelligence Unit.

*Clause 9:* This clause amends section 7 of the principal enactment, and the legal effect of the section as amended is to require Institutions to report suspicious transactions or information to the Financial Intelligence Unit.

*Clause 10:* This clause amends section 8 of the principal enactment, and the legal effect of the section as amended is to require Institutions to disclose information relating to property related to terrorism to the Financial Intelligence Unit.

*Clause 11:* This clause amends section 9 of the principal enactment, and the legal effect of the section as amended is to prohibit persons from divulging information relating to action being taken in relation to suspicious transactions.

*Clause 12:* This clause amends section 10 of the principal enactment, and the legal effect of the section as amended is to permit the disclosure of information relating to action being taken in relation to suspicious transactions, in investigation and prosecution of the offence of proliferation of weapons of mass destruction.

*Clause 13:* This clause replaces section 11 of the principal enactment, and the legal effect of that section is to permit the disclosure of information in judicial proceedings.

*Clause 14:* This clause amends section 12 of the principal enactment, and the legal effect of the section as amended is to provide legal protection to persons for lawful action taken under the principal enactment.

*Clause 15:* This clause amends section 13 of the principal enactment, and the legal effect of the section as amended is to provide legal protection for privileged communication.

*Clause 16:* This clause replaces section 14 of the principal enactment, and the legal effect of that section is to require the Institutions to appoint a Compliance Officer.

*Clause 17:* This clause inserts new PART IIA in the principal enactment, and the legal effect of that new Part is to provide for the establishment of the Financial Intelligence Unit and to specify the powers, duties and functions of the Head of the Financial Intelligence Unit.

*Clause 18:* This clause amends section 15 of the principal enactment, and the legal effect of the section as amended is to provide for the powers, duties and functions of the Financial Intelligence Unit.

*Clause 19:* This clause replaces section 16 of the principal enactment, and the legal effect of that section is to make provision for the Financial Intelligence Unit to exchange information with foreign institutions and agencies.

*Clause 20:* This clause amends section 17 of the principal enactment, and the legal effect of the section as amended is to permit the Financial Intelligence Unit to share information with foreign regulatory and supervisory authorities on the basis of reciprocity.

*Clause 21:* This clause amends section 18 of the principal enactment, and the legal effect of the section as amended is to make provision for the officers of the Financial Intelligence Unit to enter any premises and examine records relevant to ensuring compliance with the provisions of the principal enactment.

*Clause 22:* This clause replaces section 19 of the principal enactment, and the legal effect of that section is to make provision for imposition of administrative sanctions to enforce compliance with the requirements under this Act.

*Clause 23:* This clause amends section 20 of the principal enactment, for greater clarity.

*Clause 24:* This section inserts new PART IIIA in the principal enactment, and the legal effect of that new Part is to provide for the establishment of a National Committee on Anti-Money Laundering, Countering the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction, and to specify its powers, duties and functions.

*Clause 25:* This clause amends section 22 of the principal enactment, and it is consequential to the inclusion of the offence of proliferation of weapons of mass destruction within the scope of offences in the principal enactment.

*Clause 26:* This clause replaces section 23 of the principal enactment, and the legal effect of that section is to make provision for supervisory and regulatory authorities to conduct regular examination of Institutions to ensure compliance.

*Clause 27:* This clause replaces the heading of PART V of the principal enactment, for the purposes of clarity.

*Clause 28:* This clause amends section 24 of the principal enactment to correct certain discrepancies in the English and Sinhala texts of the principal enactment.

*Clause 29:* This clause amends section 25 of the principal enactment to correct certain discrepancies in the English and Sinhala texts of the principal enactment.

*Clause 30:* This clause amends section 26 of the principal enactment to correct certain textual discrepancies in the English and Sinhala texts of the principal enactment.

*Clause 31:* This clause replaces section 27 of the principal enactment to revise the penalty imposed on a person for arriving or leaving Sri Lanka with cash or bearer negotiable instruments exceeding the specified sum.

*Clause 32:* This clause amends section 28 of the principal enactment, and the legal effect of the section as amended is to revise the penalties applicable for offences under the principal enactment.

*Clause 33:* This clause inserts new section 28A in the principal enactment, and the legal effect of that section is to provide for offences committed by body of persons.

*Clause 34:* This clause amends section 29 of the principal enactment, and the legal effect of the section as amended is to make provision for the Minister to prescribe any business as finance business or a designated non-finance business or profession.

*Clause 35:* This clause inserts new sections 29A, 29B and 29C in the principal enactment, and the legal effect of those sections is to provide for the Head of the Financial Intelligence Unit to make rules, directions etc, under the principal enactment.

*Clause 36:* This clause inserts new section 30A in the principal enactment, and the legal effect of that section is to provide for the admissibility of certified statements of foreign banks.

*Clause 37:* This clause amends section 31 of the principal enactment, and the legal effect of the section as amended is to make provision requiring the Government institutions and agencies, law enforcement agencies, supervisory authorities and Institutions to comply with the provisions of the principal enactment.

*Clause 38:* This clause inserts new section 31A in the principal enactment, and the legal effect of that section is to make provision for the application of the principal enactment to foreign branches and subsidiaries of Institutions.

*Clause 39:* This clause replaces clause 33 of the principle enactment and the legal effect of that section is to amend certain existing definitions of terms and insert new definitions of terms in the principal enactment.

*Financial Transactions Reporting (Amendment)*

L.D.-O. 40/2021

AN ACT TO AMEND THE FINANCIAL TRANSACTIONS  
REPORTING ACT, No. 6 OF 2006

BE it enacted by the Parliament of the Democratic Socialist  
Republic of Sri Lanka as follows: -

1. This Act may be cited as the Financial Transactions Reporting (Amendment) Act, No. of 2026. Short title

5      2. The long title to the Financial Transaction Reporting Act, No. 6 of 2006 (in this Act referred to as the “principal enactment”) is hereby amended by the substitution for the words “OFFENCES OF MONEY LAUNDERING AND THE FINANCING OF TERRORISM RESPECTIVELY;  
10 TO REQUIRE CERTAIN INSTITUTIONS TO UNDERTAKE DUE DILIGENCE MEASURES TO COMBAT MONEY LAUNDERING AND THE FINANCING OF TERRORISM;”, of the words  
15 FINANCING AND FINANCING OF PROLIFERATION OF WEAPONS OF MASS DESTRUCTION; TO REQUIRE CERTAIN INSTITUTIONS TO UNDERTAKE DUE DILIGENCE MEASURES TO COMBAT MONEY LAUNDERING, TERRORIST FINANCING AND  
20 FINANCING OF PROLIFERATION OF WEAPONS OF MASS DESTRUCTION;”.

Amendment  
of the long  
title to Act,  
No. 6 of 2006

3. The heading appearing in PART I immediately before section 2 of the principal enactment is hereby repealed and the following heading is substituted therefor: - Replacement  
of the heading  
in PART I of  
the principal  
enactment

“DUTIES OF INSTITUTIONS, RISK-BASED APPROACH AND CUSTOMER DUE DILIGENCE”.

4. Section 2 of the principal enactment is hereby repealed and the following section is substituted therefor: - Replacement of section 2 of the principal enactment

5 “Risk based approach, customer due diligence &c..”

2. (1) Every Institution shall, subject to any rules, directions and guidelines issued by the Head of the Financial Intelligence Unit under this Act, identify, assess and understand its money laundering, terrorist financing and financing of proliferation of weapons of mass destruction risks, and apply a risk-based approach for allocating resources and managing and mitigating such risks.

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(2) For the purpose of the application of a risk-based approach, an Institution shall -

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(a) undertake an assessment of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction risks associated with its customers, the countries and regions in which those customers are engaged in business, their products, services and delivery channels;

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(b) with the approval of its Board of Directors or senior management, design, develop and maintain internal policies and procedures and systems for the management and mitigation of money laundering, terrorist financing and financing

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5 of proliferation of weapons of mass destruction risks identified pursuant to paragraph (a), in accordance with the requirements of this Act and the regulations, rules, directions and guidelines issued under this Act or any other law applicable to that Institution; and

10 (c) periodically review the assessment of risks referred to in paragraph (a) to ensure that it is up-to-date and adequate measures are put in place to manage and mitigate such risks.

15 (3) An Institution shall not open, operate or maintain an account, where the holder of such account cannot be identified, including any anonymous account or any account identified by number only, or any account which to the  
20 knowledge of the Institution is being operated in a fictitious or false name.

(4) Where an Institution –

(a) establishes a business relationship with a customer;

25 (b) carries out an occasional transaction above the threshold as specified by rules, including a transaction consisting of a single operation or multiple operations  
30 that appear to be linked;

(c) carries out an occasional transaction, being a wire transfer above the threshold as specified by rules;

5 (d) in relation to any transaction, entertains reasonable suspicion of an act constituting the offence of money laundering, terrorist financing, financing of proliferation  
10 of weapons of mass destruction or any unlawful activity, regardless of any exemption granted or threshold as specified by rules; or

15 (e) entertains doubts about the veracity or adequacy of customer identification documents or information already obtained,

such Institution shall conduct customer due diligence.

20 (5) For the purpose of conducting customer due diligence, subject to any rules issued by the Head of the Financial Intelligence Unit under this Act, such Institution shall -

25 (a) identify each customer, whether permanent or occasional, or whether a natural person or legal person or legal arrangement, and verify such customer's identity on the basis of any official document  
30 or other reliable source document, information or data;

- 5 (b) in the case of a person purporting to act on behalf of a customer, verify that such person is authorized by such customer, and identify such person and verify such person's identity on the basis of any official document or other reliable source document, information or data;
- 10 (c) identify the beneficial owner of the customer, if any, and in order to satisfy itself of the beneficial owner of the customer, take reasonable measures to verify such beneficial owner's identity on the basis of any official document or other reliable source document, information or data; and
- 15 (d) understand and, as appropriate, obtain information using any other relevant document, material or data on, the nature and the purpose of the intended business relationship with a customer.
- 20
- 25 (6) Subject to any rules issued by the Head of the Financial Intelligence Unit under this Act, an Institution –
- 30 (a) shall conduct enhanced customer due diligence where money laundering, terrorist financing or financing of proliferation of weapons of mass destruction risks are assessed as high;

6 *Financial Transactions Reporting (Amendment)*

(b) may conduct simplified customer due diligence where money laundering or terrorist financing risks are assessed as low; and

5 (c) shall ensure that measures adopted to manage and mitigate financing of proliferation of weapons of mass destruction risks are proportionate with the level of risks assessed.

10 (7) An Institution may, subject to any rules issued by the Head of the Financial Intelligence Unit under this Act, share any information obtained under paragraphs (a) to (d) of subsection (5) with another Institution in any  
15 of the circumstances specified in paragraphs (a) to (e) of subsection (4).

(8) For the purpose of subsection (4), “occasional transaction” in relation to cash or  
20 electronic fund transfer, means any transaction that is conducted by any person one-off or from time to time, but not on a regular basis.”.

**5.** Section 3 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement of section 3 of the principal enactment

25 “Procedure if customer due diligence obligations cannot be complied with.  
**3.** (1) If an Institution is unable to comply with customer due diligence obligations as set out in section 2 or 5, such Institution –

(a) shall not open the account, or commence business relationship or perform the transaction with the customer; or  
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(b) shall terminate the business relationship with the customer.

5 (2) Such Institution shall consider making a suspicious transaction report in relation to such customer under section 7:

10 Provided however, where such Institution suspects or has reasonable grounds to suspect the commission of the offence of money laundering, terrorist financing or financing of proliferation of weapons of mass destruction or any unlawful activity and if there are reasons to believe that conducting customer due diligence will tip-off the customer, such Institution shall not conduct customer due diligence and shall  
15 make a suspicious transaction report under section 7. ”.

6. Section 4 of the principal enactment is hereby amended as follows: -

Amendment of section 4 of the principal enactment

20 (1) by the repeal of subsection (1) of that section and the substitution therefor, of the following subsection: -

“(1) Every Institution shall maintain –

25 (a) records of all transactions, both domestic and international, and records of correspondence relating to all transactions and records of all reports furnished to the Financial Intelligence Unit, for a period of six years from the date of completion

of the transaction, correspondence or furnishing of the report, as the case may be; and

5 (b) records obtained or created as part of the customer due diligence process in terms of section 2, including the results of an analysis undertaken, risk assessments and customer account files and business  
10 correspondence, for a period of six years from the date of the closure of the account or cessation of the business relationship or in the absence of such a relationship,  
15 from the date of the occasional transaction, as the case may be,

unless the Head of the Financial Intelligence Unit has issued directions to the effect that such records should be retained for such longer  
20 period as specified by him, in which case such records shall be retained for such longer period.”;

(2) in paragraph (f) of subsection (2) of that section, by the substitution for the words “specified in  
25 rules issued by the Financial Intelligence Unit.”, of the words “specified by rules issued by the Head of the Financial Intelligence Unit.”; and

(3) by the repeal of subsection (3) of that section and the substitution therefor, of the following  
30 subsection: -

“(3) Where any record is required to be maintained under this Act -

- 5
- (a) it shall be maintained in a manner and form that will enable an Institution to comply promptly with requests for information from the Financial Intelligence Unit or a law enforcement agency;
- (b) a copy of it may be kept-
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- (i) in a machine-readable form, if a paper copy can be readily produced from it;
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- (ii) in an electronic form, if a paper copy can be readily produced from it and an electronic signature of the person who keeps the record is retained for the purposes of verification; or
- 20
- (iii) in the form of an audio or video recording; and
- 25
- (c) it shall be maintained in a manner and form that will enable reconstruction of individual transactions for the purpose of furnishing evidence in criminal proceedings where necessary.”.

7. Section 5 of the principal enactment is hereby amended as follows: -

Amendment of section 5 of the principal enactment

10 *Financial Transactions Reporting (Amendment)*

(1) in paragraph (b) of that section, by the substitution for the words “the source of funds,”, of the words “the source of funds; and”;

5 (2) by the addition immediately after paragraph (b) of that section, of the following new paragraph: -

“(c) ensure that documents, information or data collected through customer due diligence process are kept up-to-date and relevant by reviewing existing records,”; and

10 (3) by the repeal of the marginal note to that section, and the substitution therefor, of the following marginal note: -

“Ongoing due diligence of customers and scrutiny of transactions.”.

15 **8.** Section 6 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement of section 6 of the principal enactment

“Institutions to report financial transactions.

**6.** (1) An Institution shall report to the Financial Intelligence Unit in such form and manner, and within such period as may be directed by the Head of the Financial Intelligence Unit –

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(a) any transaction in cash unless the recipient and the sender are both banks licensed by the Central Bank; and

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(b) any electronic fund transfer of a customer,

of an amount exceeding such sum or its equivalent in any foreign currency, as shall be specified by the Minister by Order published in the *Gazette*.

5 (2) For the purpose of subsection (1), the Minister may specify different thresholds in respect of different categories of Institutions.”.

9. Section 7 of the principal enactment is hereby amended as follows: - Amendment of section 7 of the principal enactment

10 (1) by the repeal of subsection (1) of that section and the substitution therefor, of the following subsection: -

“(1) Where an Institution—

15 (a) suspects or has reasonable grounds to suspect that any transaction or attempted transaction may be related to the commission of any unlawful activity or any other criminal offence; or

20 (b) has information that it suspects, or it has reasonable grounds to believe, may be relevant—

25 (i) to an act preparatory to an offence under the provisions of the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005;

5 (ii) to an investigation or prosecution of a person or persons for an act constituting an unlawful activity, or may otherwise be of assistance in the enforcement of the Prevention of Money Laundering Act, No. 5 of 10 2006 and the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005; or

15 (iii) to the commission of any act constituting the offence of financing of proliferation of weapons of mass destruction,

20 the Institution shall, as soon as practicable, after forming that suspicion or receiving the information, but not later than two working days therefrom, report the transaction or attempted transaction or the information to the Head of the Financial Intelligence Unit.”;

25 (2) in subsection (2) of that section –

(a) by the repeal of paragraph (a) of that subsection, and the substitution therefor, of the following paragraph: -

30 “(a) be in writing or by electronic means or by telephone in which case to be followed up in writing within twenty-four hours, or such

other manner as may be specified by way of directions issued by the Head of the Financial Intelligence Unit in that behalf;”;

5 (b) by the repeal of paragraph (b) of that subsection, and the substitution therefor, of the following paragraph: -

10 “(b) be in such form and contain such details as may be specified by way of directions issued by the Head of the Financial Intelligence Unit;” and

(3) by the repeal of the marginal note to that section and the substitution therefor, of the following marginal note: -

15 “Duty of Institutions to disclose information to the Financial Intelligence Unit.”.

20 **10.** Section 8 of the principal enactment is hereby amended as follows: -

Amendment of section 8 of the principal enactment

(1) by the re-numbering of that section as subsection (1) of that section;

(2) in the re-numbered subsection (1) of that section –

25 (a) in paragraph (a) of that subsection, by the substitution for all the words from “property derived from” to the end of that paragraph and the substitution therefor, of the words “property related to terrorism;”;

(b) by the repeal of paragraph (b) of that subsection and the substitution therefor, of the following paragraph: -

5                   “(b) the existence of any property  
related to terrorism in such person’s  
ownership, possession or control, if  
such property is owned, possessed  
or controlled by or on behalf of a  
10                   specified individual or entity or for  
which there are reasonable grounds  
for suspicion that it is owned,  
possessed or controlled by or on  
behalf of a specified individual or  
entity;”;

15                   (c) in paragraph (c) of that subsection, by the  
substitution for all the words from “property  
derived from” to the end of that paragraph  
and the substitution therefor, of the words  
“property related to terrorism; or”;

20                   (d) in paragraph (a) of that subsection, by the  
substitution for all the words from “property  
derived from” to the end of that paragraph  
and the substitution therefor, of the words  
“property related to terrorism.”;

25                   (3) by the addition immediately after the re-numbered  
subsection (1) of that section, of the following  
new subsection: -

                                  “(2) For the purposes of this section,  
“property related to terrorism” means –

30                   (a) proceeds from the commission of a  
terrorist act;

- 5
- (b) property which has been, or is being, or is likely to be used to commit, or which is incidental to the commission of, a terrorist act;
- (c) property which has been, or is being, or is likely to be used by a terrorist group;
- (d) property owned or controlled by or on behalf of a terrorist group; or
- 10 (e) property which has been collected for the purpose of providing support to a terrorist group for funding a terrorist act.”; and

15 (4) by the repeal of the marginal note to that section and the substitution therefor, of the following marginal note: -

“Duty to disclose information relating to property related to terrorism.”.

20 **11.** Section 9 of the principal enactment is hereby amended as follows: -

Amendment of section 9 of the principal enactment

(1) in subsection (1) of that section-

- 25 (a) by the substitution for the words “A person shall not disclose”, of the words “A person shall not, directly or indirectly, disclose”; and
- (b) by the repeal of paragraph (c) of that subsection and the substitution therefor, of the following paragraph: -

5 “(c) any other information from which the person to whom the information is disclosed could reasonably be expected to infer that a suspicion has been formed or that a report has been or may be made.”; and

(2) in subsection (2) of that section, by the repeal of paragraph (a) and the substitution therefor, of the following paragraph: -

10 “(a) an officer or employee or agent of the person making the report under this Act for any purpose connected with the performance of that person’s duties;”.

15 **12.** Section 10 of the principal enactment is hereby amended in subsection (1) of that section as follows: -

Amendment  
of section  
10 of the  
principal  
enactment

(1) by the substitution for the words “A person shall not disclose”, of the words “A person shall not, directly or indirectly, disclose”;

20 (2) in sub-paragraph (i) of that subsection, by the substitution for the words “respectively; or”, of the words “respectively;”

25 (3) in sub-paragraph (ii) of that subsection, by the substitution for the words and figures “No. 25 of 2005.”, of the words and figures “No. 25 of 2005; or”; and

(4) by the addition immediately after sub-paragraph (ii) of that subsection, of the following new sub-paragraph: -

“(iii) the investigation or prosecution of a person for any act constituting the offence of financing of proliferation of weapons of mass destruction.”.

5       **13.** Section 11 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement  
of section  
11 of the  
principal  
enactment

“Disclosure not to be prevented in judicial proceedings.”

10       **11.** Subject to the provisions of this Act and any other written law for the time being in force prohibiting disclosure of information, anything contained in section 9 or 10 shall not prevent the disclosure of any information in connection with, or in the course of, proceedings before a court:

15               Provided however, a person shall not disclose any information to which this section applies in any judicial proceedings unless the judge or the presiding officer is satisfied that the disclosure of the information is necessary in the interests of justice.”.

20       **14.** Section 12 of the principal enactment is hereby amended as follows: -

Amendment  
of section  
12 of the  
principal  
enactment

(1) by the repeal of subsection (1) of that section and the substitution therefor, of the following subsection: -

25               “(1) No civil, criminal or disciplinary proceedings shall lie against-

(a) an Institution, or a qualified auditor or a supervisory authority of such Institution; or

5 (b) a director, partner, an officer,  
employee or agent acting in  
the course of such person's  
employment in, or agency of such  
Institution, or acting on behalf of  
such Institution, qualified auditor  
or supervisory authority,

10 in relation to any action carried out by such  
Institution, qualified auditor or supervisory  
authority, or a director, partner, an officer,  
employee or agent of such Institution, qualified  
auditor or supervisory authority, in terms of  
this Act in good faith or in compliance with  
15 regulations made under this Act or rules or  
directions issued by the Head of the Financial  
Intelligence Unit, in terms of this Act.';

20 (2) in subsection (2) of that section, by the substitution  
for the words and the figure "section 8 of this  
Act.", of the words and figures "section 28 of this  
Act."; and

(3) by the repeal of subsection (3) of that section  
and the substitution therefor, of the following  
subsection: -

25 "(3) If an Institution, a qualified auditor  
or supervisory authority or any director,  
partner, officer, employee or agent of such  
Institution, qualified auditor or supervisory  
authority makes a report under the provisions  
of this Act, such Institution, qualified  
30 auditor, supervisory authority, director,  
partner, officer, employee or agent shall, for  
the purposes of a prosecution for the offence

of money laundering, terrorist financing or financing of proliferation of weapons of mass destruction, be deemed not to have been in possession of such information at any time.”.

5       **15.** Section 13 of the principal enactment is hereby amended as follows: -

Amendment  
of section  
13 of the  
principal  
enactment

10           (1) in subsection (1) of that section, by the substitution for the words “a lawyer to disclose any privileged communication only if -”, of the words “a lawyer to disclose any privileged communication.”;

(2) in subsection (2) of that section-

(a) by the repeal of paragraph (a) of that subsection and the substitution therefor, of the following: -

15           “For the purpose of this section, a communication shall be a privileged communication, only if –

20           (a) it is a confidential communication, whether oral or in writing, passing between —

25                   (i) a lawyer or legal advisor in the professional capacity and another barrister, solicitor, lawyer, attorney or legal advisor in such capacity; or

5 (ii) a lawyer or legal advisor in the professional capacity and the client, whether made directly or indirectly through an agent of either;”;

(b) by the repeal of paragraph (c) of that subsection, and the substitution therefor, of the following paragraph: -

10 “(c) it is not made or brought into existence for the purpose of committing or furthering the commission of any illegal or unlawful activity.”; and

15 (3) in subsection (3) of that section, by the substitution for the words “(whether a lawyer his or her client, or any other person),”, of the words “(whether a lawyer, client or any other person),”, and for the words “a trust account of the lawyer.”, of the  
20 words “a trust account of the lawyer.”.

**16.** Section 14 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement of section 14 of the principal enactment

“Appointment of a Compliance Officer and duties and functions of the Institution relating to compliance.

**“14.** Every Institution shall-

25 (a) appoint an officer at the senior management level as the Compliance Officer who shall be responsible for ensuring the Institution’s compliance with the requirements of this Act;

- 5
- (b) appoint such other officers as may be necessary to assist the Compliance Officer and provide sufficient other resources to ensure that the duties, functions and obligations of the Institution under this Act are properly performed and discharged;
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- (c) establish and maintain procedures and systems to –
- 15
- (i) identify, understand and assess money laundering, terrorist financing and financing of proliferation of weapons of mass destruction risks and develop policies and procedures for the management and mitigation of those risks applying a risk-based approach;
- 20
- (ii) implement targeted financial sanctions against terrorist financing and financing of proliferation of weapons of mass destruction;
- 25
- (iii) implement the customer due diligence requirements under section 2;
- 30

- 5

(iv) implement procedures for record keeping and retention requirements under section 4;
- 10

(v) implement the process of ongoing due diligence of customers and scrutiny of transactions under section 5;
- 15

(vi) implement the process of reporting requirements under sections 6, 7, 8, and 22;
- 20

(vii) ensure compliance with section 15 where applicable and any regulation, rule or direction made or issued under this Act;
- 25

(viii) make its officers, employees and agents aware of the measures, policies and procedures adopted by the Institution as required by this Act and regulations, rules, directions, circulars and guidelines made or issued thereunder and any other law in force for the time being in relation to the combatting of money
- 30

laundering, terrorist financing and financing of proliferation of weapons of mass destruction;

5 (ix) screen all persons before hiring them as employees or agents; and

10 (x) ensure compliance with other measures imposed on Institutions by this Act and regulations, rules, directions and guidelines made or issued thereunder;

15 (d) establish an audit function to test its procedures and systems for the compliance with the provisions of this Act; and

20 (e) train its officers, employees and agents to identify suspicious transactions.”.

17. The following new Part is hereby inserted immediately after section 14 of the principal enactment and shall have effect as PART II<sub>A</sub> of that enactment: -

Insertion of new PART II<sub>A</sub> in the principal enactment

“PART II<sub>A</sub>

25 FINANCIAL INTELLIGENCE UNIT

Establishment of the Financial Intelligence Unit.

14A. (1) There shall be established a Financial Intelligence Unit within the Central Bank of Sri Lanka for the purposes of this Act which shall be called the Financial Intelligence

Unit of Sri Lanka (in this Act referred to as the “Financial Intelligence Unit”).

5 (2) The Financial Intelligence Unit designated by the Minister by Order published in *Gazette* Extraordinary No. 1437/24 of March 23, 2006 and functioning on the day immediately preceding the date of commencement of this section shall, for all purposes, be deemed to have been established under subsection (1).

10 (3) The Financial Intelligence Unit shall be an operationally independent and autonomous unit in the exercise, performance and discharge of its powers, duties and functions under this Act or any other written law.

15 (4) For the purpose of subsection (3), “operationally independent and autonomous” means –

20 (a) having the authority and capacity to exercise, perform and discharge its powers, duties and functions freely, and take autonomous decisions to analyse, request, forward or disseminate specific information with regard to financial intelligence under this Act;

25 (b) being able to make arrangements or engage independently with other domestic competent authorities or foreign counterparts on the exchange of information;

30

(c) having distinct core functions from those of the Central Bank of Sri Lanka; and

5

(d) being able to obtain and deploy the resources needed to carry out its functions, on an individual or routine basis, free from any undue influence or interference, which might compromise its operational independence as specified in paragraphs (a) to (c) of this subsection.

10

15 Head and  
the staff of  
the Financial  
Intelligence  
Unit.

**14B.** (1) Notwithstanding anything to the contrary in any other written law, the Governing Board of the Central Bank shall appoint an officer who shall be a Staff Officer of Grade IV or above of the Central Bank as the Head of the Financial Intelligence Unit.

20

(2) For the purpose of subsection (1), the term “Head of the Financial Intelligence Unit” shall include an officer acting in the capacity of the Head of the Financial Intelligence Unit.

25

(3) The officers and other employees of the Central Bank appointed by the Governing Board to serve in the Financial Intelligence Unit for the purposes of this Act, shall be considered as the staff of the Financial Intelligence Unit.

30

Powers, duties  
and functions  
of the Head of  
the Financial  
Intelligence  
Unit.

**14C.** (1) The powers, duties and functions conferred or imposed on, or assigned to the Financial Intelligence Unit by or under this Act shall be exercised, performed and discharged by the Head of the Financial Intelligence Unit.

(2) The Head of the Financial Intelligence Unit may, subject to such terms and conditions as may be specified in writing, delegate to any officer of the staff of the Financial Intelligence Unit any of the powers, duties or functions conferred or imposed on, or assigned to him by or under this Act, other than the following powers which shall be exercised only by the Head of the Financial Intelligence Unit: -

(a) to make rules applicable to Institutions or in respect of any other matter specified by this Act;

(b) to suspend a transaction or an account, based on a suspicious transaction report; and

(c) to impose administrative sanctions under section 19.

(3) An officer to whom any power, duty or function has been delegated under subsection (2), shall, in the exercise, performance or discharge of such power, duty or function, comply with such directions or conditions as the Head of the Financial Intelligence Unit may issue from time to time in writing to such officer.

(4) An officer to whom any power, duty or function has been delegated under subsection (2), shall have the power to do all acts and things that are incidental to the power, duty or function that has been so delegated until such

time such delegation is revoked by the Head of the Financial Intelligence Unit.

5 (5) The Head of the Financial Intelligence Unit may, notwithstanding such delegation under subsection (2), exercise, perform or discharge any power, duty or function so delegated.

10 The Head and the staff of the Financial Intelligence Unit deemed to be public servants. **14d.** The Head and the staff of the Financial Intelligence Unit shall be deemed to be public servants within the meaning and for the purposes of section 136 of the Code of Criminal Procedure Act, No. 15 of 1979, for the purpose of instituting proceedings in respect of offences under this Act.”.

15 **18.** Section 15 of the principal enactment is hereby amended as follows: - Amendment of section 15 of the principal enactment

(1) in subsection (1) of that section -

20 (a) in paragraph (b) of that subsection, by the substitution for the words “shall collect or require the supervisory authority of a financial institution to collect any information”, of the words “shall obtain or require the supervisory authority of an Institution to obtain any information”;

25 (b) in paragraph (c) of that subsection, by the substitution for the words “law enforcement agency and supervisory agency for the purposes of this Act;”, of the words “law enforcement agency, supervisory authority or  
30 any person whom the Head of the Financial

Intelligence Unit may deem relevant, for the purposes of this Act;”;

(c) by the insertion immediately after paragraph (d) of that subsection, of the following new paragraph: -

5

“(da) shall conduct operational and strategic analysis;”;

(d) in paragraph (e) of that subsection, by the substitution for the words and figures “in section 18;”, of the words and figures “in section 18 and may share findings of such examinations with the supervisory, regulatory, licensing or registration authority of such Institution;”;

10

(e) by the insertion immediately after paragraph (e) of that subsection, of following new paragraph: -

15

“(ea) may carry out risk-based supervision of Institutions referred to in subsection (2) of section 23;”;

20

(f) by the insertion immediately after paragraph (f) of that subsection, of following new paragraphs: -

25

“(fa) may refer any matter or information derived from any report or information it receives to the appropriate supervisory authority or self-regulatory authority;

5                   (f**b**) may upon request, disseminate  
information or financial intelligence  
or both, derived from any report  
or information it receives or that  
10                   are in its possession, to any law  
enforcement agency conducting  
investigations relating to money  
laundering, terrorist financing,  
financing of proliferation of  
15                   weapons of mass destruction or  
any associated unlawful activity;”;

                  (g) in paragraph (g) of that subsection, by the  
substitution for the words “shall destroy”  
and “further activity”, of the words “may  
15                   destroy” and “further suspicious activity”,  
respectively;

                  (h) in paragraph (h) of that subsection, by the  
substitution for the words “shall instruct or”,  
of the words “may instruct an Institution or”;

20                   (i) by the repeal of paragraph (j) of that  
subsection, and the substitution therefor, of  
the following paragraph: -

                  “(j) may, subject to the rules issued under  
25                   section 29A and directions, circulars or  
guidelines issued under section 29B,  
facilitate the issuance of, or have the  
supervisory authority of an Institution  
to issue, directions, circulars or  
30                   guidelines to Institutions in relation to  
customer identification, record keeping,  
reporting obligations, identification of

suspicious transactions, suspension of transactions, risk-based approach and such other matters for the effective implementation of the provisions of this Act;”;

5

- (j) by the insertion immediately after paragraph (m) of that subsection, of the following new paragraph: -

“(ma) may conduct, provide or facilitate training programmes for the staff of the Financial Intelligence Unit as may be necessary to enhance their knowledge and skills in detecting and preventing money laundering, terrorist financing, and financing of proliferation of weapons of mass destruction and in other areas recommended by the Financial Action Task Force;”;

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15

20

- (k) by the repeal of paragraph (o) of that subsection, and the substitution therefor, of the following paragraph: -

“(o) may conduct research, reviews or assessments into risks, trends, methods, developments and typologies in the areas of money laundering, terrorist financing and financing of proliferation of weapons of mass destruction or any other area in line with the recommendations of the Financial action Task Force and improved ways of detecting, preventing

25

30

and deterring money laundering, terrorist financing and financing of proliferation of weapons of mass destruction;”;

- 5 (l) by the insertion immediately after paragraph (o) of that subsection, of the following new paragraph: -

10 “(oa) may obtain any information from any Institution which the Financial Intelligence Unit considers relevant for any research, review or assessment;”;

- 15 (m) in paragraph (p) of that subsection, by the substitution for the words “money laundering and the financing of terrorism;”, of the words “money laundering, terrorist financing and financing of proliferation of weapons of mass destruction;”;

- 20 (n) by the insertion immediately after paragraph (p) of that subsection, of the following new paragraph: -

25 “(pa) may provide training for law enforcement agencies, competent authorities or prosecutors on matters relating to money laundering, terrorist financing and financing of proliferation of weapons of mass destruction;”;

- 30 (o) by the repeal of paragraph (q) of that subsection, and the substitution therefor, of the following paragraph: -

“(q) may disclose or exchange as set out in sections 16 and 17, any report, any information derived from such report or any other information it receives, if on the basis of its analysis or assessment, the Financial Intelligence Unit has reasonable grounds to suspect that such report or information would be relevant to the investigation or prosecution of any act constituting an unlawful activity, or the offence of money laundering, terrorist financing or financing of proliferation of weapons of mass destruction, or any supervisory finding based on any examination carried out under section 18 or 23;”;

(p) by the repeal of paragraph (r) of that subsection, and the substitution therefor, of the following paragraph: -

“(r) may enter into any agreement or arrangement with any domestic or international government institution or agency, or other entity regarding the exchange of information, joint supervision and any other matter relating to combating money laundering, terrorist financing or financing of proliferation of weapons of mass destruction; and”; and

(g) by the addition immediately after paragraph (r) of that subsection, of the following new paragraph: -

5                                   “(s) shall publish an annual report on the performance of the Financial Intelligence Unit during the year, which shall be submitted to the Minister.”;

(2) in subsection (2) of that section –

10                   (a) by the substitution for the words “has reasonable grounds to suspect that a transaction or attempted transaction may-”, of the words “has reasonable grounds to suspect that a transaction, an attempted transaction or  
15                   an account associated with a transaction or an attempted transaction maintained by any person may -”;

                                 (b) in paragraph (b) of that subsection, by the substitution for the words “the Money  
20                   Laundering Act,”, of the words “the Prevention of Money Laundering Act,”;

                                 (c) in paragraph (c) of that subsection, by the substitution for the words and figures “Act,  
25                   No. 25 of 2005,”, of the words and figures “Act, No. 25 of 2005; or”;

(d) by the addition immediately after paragraph (c) of that subsection, of the following new paragraph: -

“(d) be connected to the commission of the offence of financing of proliferation of weapons of mass destruction,”;

5 (e) by the substitution for all the words from  
“it may direct the Institution” to the words  
“seven days,”, of the words “it may direct  
the Institution in writing or by telephone to  
be confirmed in writing within twenty-four  
10 hours to suspend or not to proceed with the  
carrying out of that transaction or attempted  
transaction or any other transaction in respect  
of the funds affected by that transaction  
or attempted transaction or the account  
associated with such transaction or attempted  
15 transaction or other transaction for a period to  
be determined by the Financial Intelligence  
Unit, which may not be more than fourteen  
working days,”;

20 (f) in sub-paragraph (i) of that subsection, by the  
substitution for the words “the transaction  
or attempted transaction; and”, of the words  
“such transaction, attempted transaction,  
other transaction or account; and”;

25 (g) in sub-paragraph (ii) of that subsection, by the  
substitution for the words “in the inquiries.”,  
of the following: -

“in the inquiries.”; and

(h) by the addition immediately after that  
subsection, of the following proviso: -



19. Section 16 of the principal enactment is hereby repealed and the following section is substituted therefor: -

5 “Disclosure of information to foreign institutions and agencies. **16.** The Financial Intelligence Unit may disclose, or exchange any report or information with – Replacement of section 16 of the principal enactment

10 (a) an institution or agency of a foreign State or of an international organization, or a body or other institution or agency established by the Government of a foreign State that has powers, duties and functions similar to those of the Financial Intelligence Unit;

15 (b) a foreign law enforcement agency or foreign supervisory authority; or

(c) a member of the Egmont Group of Financial Intelligence Units or such similar arrangements,

20 on such terms and conditions as are set out in the agreement or arrangement entered in to under section 17, regarding the disclosure or exchange of such report or information.”.

25 **20.** Section 17 of the principal enactment is hereby amended by the addition immediately after subsection (3) of that section, of the following new subsection: - Amendment of section 17 of the principal enactment

“(4) Nothing in this section shall prevent the Financial Intelligence Unit from sharing information on regulatory non-compliance and supervisory findings with foreign supervisory

authorities and foreign regulatory bodies on the basis of reciprocity.”.

21. Section 18 of the principal enactment is hereby amended as follows: -

Amendment  
of section  
18 of the  
principal  
enactment

5 (1) in subsection (1) of that section-

(a) by the substitution for the words “the Financial Intelligence Unit or any person authorised by it”, of the words “an officer or any other employee of the staff of the Financial Intelligence Unit or any other person, authorised by the Head of the Financial Intelligence Unit”; and

10  
15 (b) by the repeal of paragraph (a) of that subsection and the substitution therefor, of the following paragraph: -

20 “(a) at any reasonable time, enter any premises, in which such officer, other employee or other person believes, on reasonable grounds, that there are records relevant to ensuring compliance with the provisions of this Act or any regulations, rules, Orders or directions made or issued under this Act;”;

25 (2) in subsection (2) of that section-

(a) by the substitution for the words “the Financial Intelligence Unit or any authorised person”,

of the words “the officer or other employee of the staff of the Financial Intelligence Unit or other person, authorized by the Head of the Financial Intelligence Unit”; and

5 (b) by the substitution for the words and figures  
“administration of Parts, I, II and III of this  
Act or the regulations made under the Act.”,  
of the words “administration of this Act or  
any regulations, rules, Orders or directions  
10 made or issued under this Act.”;

(3) in subsection (3) of that section, by the substitution  
for the words “relevant to an investigation for  
non-compliance with this Act, or amounts to an  
offence constituting an unlawful activity.”, of the  
15 words “relevant to any investigation relating to  
any non-compliance with this Act or the offence of  
money laundering, terrorist financing or financing  
of proliferation of weapons of mass destruction or  
an offence constituting an unlawful activity.”; and

20 (4) by the repeal of the marginal note to that section  
and the substitution therefor, of the following  
marginal note: -

“Power of the  
Financial Intelligence Unit  
to examine books,  
25 records &c.”.

**22.** Section 19 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement  
of section  
19 of the  
principal  
enactment

“Imposition of administrative sanctions to enforce compliance.

5

**19.** (1) A person who contravenes or fails to comply with –

(a) any provision of this Act or any regulation, rule or Order made or issued thereunder;

(b) any condition or restriction imposed on such person under this Act; or

10

(c) any written notice, directive or any other requirement issued or imposed on such person under this Act,

15

shall be liable to one or more of the administrative sanctions, imposed by the Head of the Financial Intelligence Unit, taking into consideration the nature and gravity of the contravention or the failure and where relevant, subsequent action taken by such person to rectify the contravention or the failure.

20

(2) An administrative sanction referred to in subsection (1) may be –

(a) a written warning;

(b) an order requiring remedial action to be taken within a stipulated time;

25

(c) a public statement;

(d) a cease-and-desist order;

(e) a monetary penalty;

(f) recommending to the supervisory, regulatory, self - regulatory, licensing or registration authority of an Institution, as the case may be, to –

- 5 (i) issue a written warning;
- (ii) suspend or restrict the licence, or prohibit the continuation, of the business or profession undertaken by an  
10 Institution;
- (iii) revoke the licence of an Institution; or
- (iv) impose a penalty in  
15 terms of the provisions of the relevant written law, or impose a time bar or restriction on a person from engaging  
20 in employment, trade, business or profession within the sector relevant to the supervisory, regulatory, self-  
25 regulatory, licensing or registration authority,

as may be permitted in terms of any applicable written law for the

regulation or supervision of such Institution.

5 (3) (a) The monetary penalty that may be imposed on a person under this section for any given case or instance of contravention or failure, shall not exceed a sum of rupees one hundred million.

10 (b) In the event of any subsequent contravention or failure made by the person referred to in paragraph (a), such person shall be liable to a penalty not exceeding a sum of rupees two hundred million.

15 (4) The Head of the Financial Intelligence Unit shall be responsible for the collection of a monetary penalty imposed under this section and the money so collected shall be credited to the Consolidated Fund.

20 (5) If a person who is liable to a monetary penalty imposed under this section fails to pay such monetary penalty, the Head of the Financial Intelligence Unit may make an *ex parte* application to the High Court of the Western Province holden in Colombo for an order requiring the payment of the monetary penalty, and upon such order being made  
25 such amount shall be recoverable in the same manner as a fine imposed by the Court.

30 (6) The imposition of an administrative sanction under this section shall not preclude a supervisory, regulatory, self-regulatory, licensing or registration authority of an

Institution from taking any regulatory or disciplinary measures including, but not limited to, the suspension of such Institution from the carrying on of a business or profession or the revocation of a licence or authority granted for the carrying on of a business or profession, as may be permitted in terms of any applicable written law or rules for the regulation or supervision of such Institution.

5

10

(7) Where a monetary penalty is imposed on a body of persons under this section then –

15

(a) if that body of persons is a body corporate, every person who at the time of the imposition of the monetary penalty is a director, general manager, secretary or other similar officer of that body; or

20

(b) if that body of persons is not a body corporate, every person who at the time of the imposition of the monetary penalty is the chairperson, manager, secretary, partner, member or other similar officer of that body,

25

shall be liable to pay such monetary penalty, unless he proves that he had no knowledge of the contravention or the failure, or that he exercised all due diligence to ensure compliance with the relevant provisions of this Act or any regulation, rule, Order, condition, restriction, notice, directive or other directive, made, issued or imposed under this Act.

30

5 (8) Where a person fails to comply with an order requiring any remedial action or a cease - and - desist order issued under subsection (1), the Head of the Financial Intelligence Unit may, upon application to the High Court of the Western Province holden in Colombo and upon satisfying the Court that such person has failed without reasonable excuse to comply in whole or in part with such order, obtain an order against such person and any or all of the officers or employees of such person subject to such terms as the Court may deem necessary to enforce compliance with such obligation.”.

10

15 **23.** Section 20 of the principal enactment is hereby amended as follows: - Amendment of section 20 of the principal enactment

(1) in subsection (1) of that section, by the substitution for the words “who has been, a Director, officer,”, of the words “who has been, the Head of the Financial Intelligence Unit, an officer,”; and

20

(2) by the repeal of subsection (2) of that section and the substitution therefor, of the following subsection: -

25 “(2) Any person referred to in subsection (1) shall not disclose any information or matter which such person has obtained or which has come to such person’s knowledge in the performance of the duties imposed on, or in the discharge of the functions assigned to such person

30 under this Act, except-

- (a) for the purpose of performing such duties or discharging of such functions;
- 5 (b) when lawfully required to do so by any court;
- (c) for securing compliance with, or detecting evasion of, any requirement contained in any provision of this Act or any other written law relating thereto;
- 10 (d) for the implementation of the provisions of the Prevention of Money Laundering Act, No. 5 of 2006 and the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005; or
- 15 (e) for the purposes of section 21 of the Foreign Exchange Act, No. 12 of 2017.”.
- 20

**24.** The following new Part is hereby inserted immediately after section 21 of the principal enactment and shall have effect as PART IIIA of that enactment: -

Insertion of new PART IIIA in the principal enactment

“PART IIIA

25 ESTABLISHMENT OF THE NATIONAL COMMITTEE ON ANTI-MONEY LAUNDERING, COUNTERING THE FINANCING OF TERRORISM AND FINANCING OF PROLIFERATION OF WEAPONS OF MASS DESTRUCTION

“Establishment  
of the National  
Committee on  
Anti-Money  
Laundering,  
Countering the  
5 Financing of  
Terrorism and  
Financing of  
Proliferation of  
Weapons of  
Mass  
Destruction.

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**21A.** There shall be established a National Committee on Anti-Money Laundering, Countering the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction (in this Act referred to as the “National Committee”) to coordinate and oversee the implementation of the national policy of Sri Lanka on Anti-Money Laundering, Countering the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction and provide necessary guidance in the formulation of such national policy.

Composition  
of the  
15 National  
Committee.

**21B.** (1) The National Committee shall consist of the following members: -

(a) the Governor of the Central Bank;

(b) the Secretary to the Ministry of the Minister;

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(c) the Secretary to the Ministry of the Minister assigned the subject of Foreign Affairs;

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(d) the Secretary to the Ministry of the Minister assigned the subject of Justice;

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(e) the Secretary to the Ministry of the Minister assigned the subject of Defence;

5 (f) the Secretary to the  
Ministry of the Minister  
assigned the subject of  
Public Security or Internal  
Security;

(g) the Attorney-General;

(h) the Inspector-General of  
Police; and

10 (i) the Director - General of the  
Commission to Investigate  
Allegations of Bribery or  
Corruption.

(2) The National Committee may invite to  
the meetings of the National Committee-

15 (a) any public officer; or

(b) any other person whose expertise  
or knowledge is deemed  
necessary for the performance  
and discharge of the duties  
20 and functions of the National  
Committee.

(3) All Deputy Governors of the Central  
Bank shall participate in the meetings of the  
National Committee.

25 (4) The Head of the Financial Intelligence  
Unit shall function as the Secretary to the  
National Committee.

Chairperson  
of the  
National  
Committee.

**21C.** (1) The Governor of the Central Bank shall be the Chairperson of the National Committee.

5

(2) In the absence of the Chairperson of the National Committee, the Secretary to the Ministry of the Minister shall act as the Chairperson of the National Committee.

Meetings of  
the National  
Committee.

10

**21D.** A meeting of the National Committee shall be convened at least quarterly. Any special meeting may be convened by the Chairperson, at his discretion or at the written request of a member.

Duties and  
functions of  
the  
National  
Committee.

15

**21E.** The National Committee shall, in the implementation of the national policy of Sri Lanka on Anti-Money Laundering, Countering the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction, perform and discharge the following duties and functions: -

20

(a) to ensure that money laundering, terrorist financing and financing of proliferation of weapons of mass destruction risks in Sri Lanka are identified and assessed effectively and that the assessments of such risks are up-to-date;

25

(b) to ensure that information on the results of the risk assessments is provided to all relevant competent authorities and self-regulatory authorities and Institutions;

30

- 5 (c) to assist or advise the Cabinet of Ministers through the Minister to ensure that the national policy of Sri Lanka on Anti-Money Laundering, Countering the Financing of Terrorism and Financing of Proliferation of Weapons of Mass Destruction is formulated in accordance with the risks identified, and such national policy is regularly reviewed;
- 10
- (d) to oversee the implementation of such national policy by the relevant stakeholders;
- 15
- (e) to advice and guide the relevant stakeholders on the development of strategies for the implementation of such national policy in order to control and mitigate money laundering, terrorist financing and financing of proliferation of weapons of mass destruction risks in line with the international standards set down by the Financial Action Task Force;
- 20
- 25
- (f) to ensure coordination amongst relevant stakeholders for the effective implementation of such national policy and strategies;
- 30
- (g) to monitor the progress of the implementation of the national policy and related strategies relating

- 5 to combating money laundering, countering terrorist financing and financing of proliferation of weapons of mass destruction, and make general or specific recommendations to the relevant stakeholders, if necessary, with timelines for the implementation of such recommendations;
- 10 (h) to give either general or specific directions to any regulatory authority or stakeholder for the implementation of recommendations and decisions
- 15 of the National Committee based on the national policy, strategies, recent trends, typologies and emerging threats in relation to combating money laundering,
- 20 countering terrorist financing and financing of proliferation of weapons of mass destruction and, if necessary to specify timelines for the implementation of such
- 25 directions;
- 30 (i) to make recommendations through the Minister to the Cabinet of Ministers, relating to actions, policies or strategies that may be required for combating money laundering, countering terrorist financing and financing of proliferation of weapons of mass destruction;

5 (j) to appoint sub-committees, as  
and when necessary, from among  
the members of the National  
Committee or any public officer or  
any other person whose expertise  
or knowledge is deemed necessary,  
to assist the National Committee in  
the performance and discharge of  
its duties and functions referred to  
10 in this section;

15 (k) to submit annually, and whenever  
requested, reports to the Cabinet  
of Ministers, through the Minister  
setting out the progress regarding  
the implementation of such national  
policy and matters incidental  
thereto; and

20 (l) to submit reports to the Cabinet of  
Ministers, through the Minister, on  
any matter on an urgent basis.

Faliure to  
implement  
the directions  
issued under  
section 21E.

25 **21F.** (1) Where a regulatory authority  
or stakeholder, on whom a direction or  
recommendation has been issued under  
section 21E, does not intend to fully or partly  
implement such direction or recommendation,  
or is unable to implement fully or partly  
such direction or recommendation, such  
regulatory authority or stakeholder shall  
communicate the reasons therefor to the  
National Committee, within a reasonable  
30 period from the date of receipt of such  
direction or recommendation.

5 (2) If the National Committee is not satisfied  
with the reasons so stated under subsection  
(1) or is of the view that such regulatory  
authority or stakeholder has without any valid  
reason failed to implement such direction  
or recommendation, or the implementation  
of such direction or recommendation is not  
up to the expected standards, the National  
Committee may forthwith refer such fact  
10 along with the reasons for such referral, to the  
Cabinet of Ministers through the Minister,  
for appropriate action.

15 Cabinet of  
Ministers  
to issue  
directions to  
stakeholders.

**21G.** (1) The Cabinet of Ministers may –

(a) direct any stakeholder  
to implement any  
recommendation made by  
the National Committee  
under paragraph (i) of  
section 21E;

20 (b) take appropriate action  
relating to the referral  
made by the National  
Committee under  
subsection (2) of section  
25 21F.

(2) Every stakeholder or regulatory  
authority as the case may be, shall  
adhere to or comply with any direction  
issued or action taken by the Cabinet of  
30 Ministers under subsection (1).”.

25. Section 22 of the principal enactment is hereby amended in subsection (1) of that section as follows: -

Amendment  
of section  
22 of the  
principal  
enactment

5 (1) by the substitution for the words “an auditor of an Institution”, of the words “a qualified auditor of an Institution who functions external to the Institution”;

(2) by the repeal of paragraph (a) of that subsection, and the substitution therefor, of the following paragraph: -

10 “(a) relevant to an investigation or prosecution of a person for any unlawful activity;”;

15 (3) in paragraph (c) of that subsection, by the substitution for the words “any offence constituting an unlawful act; or”, of the words “any offence constituting an unlawful activity;”;

(4) by the insertion immediately after paragraph (c) of that subsection, of the following new paragraph: -

20 “(ca) related to the commission of any act constituting the offence of financing of proliferation of weapons of mass destruction; or”; and

25 (5) by the substitution for the words “the supervisory authority or the auditor of the Institution”, of the words “such supervisory authority or qualified auditor”.

26. Section 23 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement  
of section  
23 of the  
principal  
enactment

“Supervisory or regulatory authority to ensure compliance.

**23.** (1) The supervisory or regulatory authority of an Institution, as the case may be, shall-

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(a) verify through regular examinations as may be required based on risks, whether Institutions comply with the provisions of this Act and regulations, rules, Orders, guidelines, directions and circulars made or issued thereunder and shall report any non-compliance to the Financial Intelligence Unit;

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15

(b) co-operate with law enforcement agencies and the Financial Intelligence Unit in any investigation, prosecution or proceedings relating to the offence of money laundering, terrorist financing or financing of proliferation of weapons of mass destruction or any offence constituting an unlawful activity.

20

25

(2) In the absence of any supervisory or regulatory authority, the Financial Intelligence Unit shall carry out any verification referred to in subsection (1) through regular examinations as may be required under the provisions of this Act.”.

**27.** The heading appearing in PART V immediately before section 24 of the principal enactment is hereby repealed and the following heading is substituted therefor: -

26

Replacement of the heading in PART V of the principal enactment

“CASH REPORTING AT THE BORDER”.

**28.** Section 24 of the principal enactment is hereby amended as follows: -

Amendment  
of section  
24 of the  
principal  
enactment

(1) in subsection (1) of that section-

5           (a) by the repeal of paragraph (b) of that subsection and the substitution therefor, of the following paragraph: -

10                           “(b) is about to board or leave, or has boarded or left, any ship or aircraft,”; and

15           (b) by the substitution for the words and the figure “whether the person has in his or her possession, any cash or negotiable bearer instruments in respect of which a report under subsection 5 is required.”, of the words and the figure “whether the person has in possession, any cash or bearer negotiable instruments in respect of which a report under subsection (5) is required.”;

20

(2) by the repeal of subsection (4) of that section and the substitution therefor, of the following subsection: -

25                           “(4) Where an authorized officer has reasonable grounds to believe that cash or bearer negotiable instruments found in the course of an examination or search conducted under subsection (1) may afford evidence as to the commission of an unlawful activity, such authorized officer shall seize such cash or bearer negotiable instruments.”;

30

- (3) by the repeal of subsection (5) of that section and the substitution therefor, of the following subsection: -

5                   “(5) An authorized officer who has seized cash or bearer negotiable instruments under subsection (4) shall forthwith report such seizure to the Financial Intelligence Unit.”; and

- 10                   (4) by the repeal of the marginal note to that section and the substitution therefor, of the following marginal note: -

                          “Cash reporting  
                          at border.”.

15                   **29.** Section 25 of the principal enactment is hereby amended as follows: - Amendment  
of section  
25 of the  
principal  
enactment

- (1) by the substitution for the words “any cash or negotiable bearer instruments”, of the words “any cash or bearer negotiable instruments”;
- 20                   (2) in paragraph (a) of that section, by the substitution for the words “unlawful activity”, of the words “unlawful activity”;
- (3) in paragraph (b) of that section, by the substitution for the words “unlawful activity”, of the words “unlawful activity”; and
- 25                   (4) in paragraph (c) of that section, by the substitution for the words “in term of”, of the words “in terms of”.

30. Section 26 of the principal enactment is hereby amended as follows: -

Amendment  
of section  
26 of the  
principal  
enactment

5 (1) by the substitution for the words “negotiable bearer instruments” or “negotiable instruments” wherever such words appear in that section, of the words “bearer negotiable instruments”;

(2) by the repeal of subsection (1) of that section and the substitution therefor, of the following subsection: -

10 “(1) Cash or bearer negotiable instruments seized under subsection (4) of section 24 or section 25 shall not be detained for more than five working days after seizure, unless the High Court for the Western Province holden  
15 in Colombo, on application made to it, grants an order of continued detention for a period not exceeding three months from the date of seizure, upon being satisfied that —

20 (a) there are reasonable grounds to suspect that it was derived from the commission of any unlawful activity or is intended by any person for use in the commission of an offence or in connection  
25 with an offence connected with the financing of terrorism under the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005; and

30 (b) its continued detention is justified while its origin or derivation is further investigated.”; and

- (3) in subsection (5) of that section, by the substitution for the words “be forfeited to the Consolidated Fund.”, of the words “be forfeited to the State and credited to the Consolidated Fund.”.

5       **31.** Section 27 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement  
of section  
27 of the  
principal  
enactment

“Arriving in  
or leaving Sri  
Lanka with  
more than  
10       the specified  
sum without  
reporting to be  
an offence.

15                       **27.** (1) Any person who arrives in or leaves Sri Lanka with cash or bearer negotiable instruments exceeding the sum as may be specified by the Minister by Order published in the *Gazette*, under the provisions of the Foreign Exchange Act, No. 12 of 2017, on such person or in the luggage of such person without first having reported the fact to the relevant authority, commits an offence and shall, on conviction by a Magistrate, be liable to a fine not exceeding three times of the value of the cash or bearer negotiable instruments or to an imprisonment of either description for a term not exceeding one year, or to both such fine and imprisonment.

20

15                       (2) The cash or bearer negotiable instruments in excess of the sum specified by the Minister, shall be forfeited to the State free from all encumbrances.”.

25

**32.** Section 28 of the principal enactment is hereby amended as follows: -

Amendment  
of section  
28 of the  
principal  
enactment

- 30       (1) in subsection (1) of that section, by the substitution for all the words from “is guilty of an offence”, to the end of that subsection, of the words “commits an offence and shall, on conviction by a Magistrate, be liable to a fine not exceeding ten million rupees or to imprisonment of either

description for a term not exceeding one year, or to both such fine and imprisonment.”;

(2) in subsection (2) of that section –

5 (a) by the substitution for the words “an offence constituting an unlawful activity or an offence of money laundering or financing of terrorism or”, of the words “an offence constituting an  
10 unlawful activity or an offence of money laundering or terrorist financing or financing of proliferation of weapons of mass destruction or”; and

15 (b) by the substitution for the words “the person is guilty of an offence punishable on conviction to a fine not exceeding five hundred thousand rupees or”, of the words “such person commits an offence and shall, on conviction by a Magistrate,  
20 be liable to a fine not exceeding ten million rupees or to”;

(3) in subsection (3) of that section, by the substitution for the words and figures “any person who does not comply with subsection (2) of section 18 is guilty of an offence and shall be punishable on  
25 conviction to a fine not exceeding five hundred thousand rupees or”, of the words and figures “does not comply with subsection (2) of section 18, such person commits an offence and shall, on conviction by a Magistrate, be liable to a fine not  
30 exceeding ten million rupees or to”;

(4) by the repeal of subsection (4) of that section and the substitution therefor, of the following subsection: -

5 “(4) If a person forges, conceals or  
does any other act to affect the authenticity  
or integrity of any document or material,  
knowing or having reason to believe that  
such document or material is relevant to  
an investigation into an offence under the  
Prevention of Money Laundering Act,  
No. 5 of 2006 or the Convention on the  
Suppression of Terrorist Financing Act, No.  
10 25 of 2005 or the offence of financing of  
proliferation of weapons of mass destruction,  
such person commits an offence and shall,  
on conviction by a Magistrate, be liable to  
a fine not exceeding ten million rupees or to  
15 imprisonment of either description for a term  
not exceeding one year, or to both such fine  
and imprisonment.”;

(5) by the repeal of subsection (5) of that section  
and the substitution therefor, of the following  
20 subsection: -

“ (5) If any person destroys or otherwise  
disposes of any document or material which  
such person knows or has reason to believe  
is relevant to an investigation into an offence  
under the Prevention of Money Laundering  
25 Act, No. 5 of 2006 or the Convention on  
the Suppression of Terrorist Financing Act,  
No. 25 of 2005 or the offence of financing of  
proliferation of weapons of mass destruction,  
30 such person commits an offence and shall,  
on conviction by a Magistrate, be liable to  
a fine not exceeding ten million rupees or to  
imprisonment of either description for a term  
not exceeding one year, or to both such fine  
35 and imprisonment.”;

- (6) by the repeal of subsection (6) of that section, and the substitution therefor, of the following subsections: -

5 “(6) A person who opens, operates or authorizes the opening or the operation of an account with an Institution in a fictitious or false name or furnishes false information when opening or operating an account with an Institution, commits an offence and shall, 10 on conviction by a Magistrate, be liable to a fine not exceeding ten million rupees or to imprisonment of either description for a term not exceeding two years, or to both such fine and imprisonment.

15 (7) If any person without reasonable cause refuses or fails to furnish any information required to be furnished under paragraph (c) of subsection (1) of section 15, such person commits an offence and shall, on 20 conviction by a Magistrate, be liable to a fine not exceeding ten million rupees or to imprisonment of either description for a term not exceeding one year or to both such fine and imprisonment.”; and

- 25 (7) by the repeal of the marginal note to that section and the substitution therefor, of the following marginal note: -

30 “Giving false information etc. an offence.”.

33. The following new section is hereby inserted immediately after section 28 of the principal enactment, and shall have effect as section 28A of that enactment: -

Insertion of new section 28A in the principal enactment

5 “Offences by a body of persons.

28A. Where an offence under this Act is committed by a body of persons, then, if that body of person is –

- (a) a body corporate, every director or other officer of that body corporate;
- 10 (b) a firm, every partner of that firm; and
- (c) an unincorporated body other than a firm, every individual who is a member of such body and every officer of that body responsible for its management and control,
- 15

shall be deemed to have committed that offence:

20 Provided however, such director, officer, partner or individual, as the case may be, shall not be deemed to have committed that offence if he proves to the satisfaction of the court that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of that offence.”.

30 34. Section 29 of the principal enactment is hereby amended by the repeal of subsection (2) of that section and the substitution therefor, of the following subsection: -

Amendment of section 29 of the principal enactment

“(2) In particular and without prejudice to the generality of the powers conferred by subsection (1), the Minister may make regulations in respect of the following matters: -

- 5                   (a) prescribing any business as a “designated non-finance business or profession” or “finance business” taking into consideration the interests of the national economy; and
- 10                  (b) prescribing any person as a customer in relation to a transaction or an account.”.

35. The following new sections are hereby inserted immediately after section 29 of the principal enactment, and shall have effect as section 29A, 29B and 29C of that enactment: -

Insertion of new sections 29A, 29B and 29C in the principal enactment

“Rules.

20                   **29A.** (1) The Head of the Financial Intelligence Unit may, subject to the provisions of this Act, make rules in respect of any matter for which rules are authorized or required to be made under this Act for the effective implementation of the provisions of this Act.

25                   (2) Without prejudice to the generality of the powers conferred by subsection (1), rules may be made in respect of the following matters: -

- 30                   (a) the official identification documents, or other reliable source documents, or information or data

or evidence that is required for identification or verification of any particular customer or class of customers;

- 5 (b) the timing of the identification and verification requirements for the purposes of section 2;
- 10 (c) the threshold for, or the circumstances or the manner in which, identification and verification requirements shall apply to transactions carried on by the customers of an Institution;
- 15 (d) conducting of simplified customer due diligence measures;
- 20 (e) record keeping, reporting obligations, identification of suspicious transactions, suspension of transactions, and customer screening;
- 25 (f) application of risk-based approach as referred to in section 2;
- (g) identification or verification of the identity of the beneficial owner of a customer as referred to in section 2;
- (h) obtaining information in relation to the originator and beneficiary of, or any other related party to, any

category of transaction as the Head of the Financial Intelligence Unit may deem necessary; and

5 (i) sharing of information among Institutions under subsection (6) of section 2.

(3) The terms and conditions imposed by rules made under this section may vary in respect of different categories of Institutions, different categories of transactions or different categories of customers.

(4) The Head of the Financial Intelligence Unit shall, in making rules under this section, take into account the recommendations of the Financial Action Task Force.

(5) Every rule made under this section shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified therein.

20 Power of the Head of the Financial Intelligence Unit to issue directions, etc.. **29B.** The Head of the Financial Intelligence Unit may issue directions, circulars or guidelines, to Institutions, in writing, in relation to the implementation of the provisions of this Act.

25 Rules, etc. deemed to have been issued by the Head of the Financial Intelligence Unit. **29C.** All existing rules, directions, circulars and guidelines made or issued by the Financial Intelligence Unit under this Act shall be deemed to have been made or issued by the Head of the Financial Intelligence Unit appointed under section 14B.”.

30 **36.** The following new section is hereby inserted immediately after section 30 of the principal enactment, and shall have effect as section 30A of that enactment: -

Insertion of new section 30A in the principal enactment

“Admissibility  
of certified  
statements  
of foreign  
banks.

**30A.** (1) In any prosecution under this Act, a certified statement of a foreign bank shall be admissible in evidence of the matters stated therein, until the contrary is proved.

5

(2) Where a person alleges that a certified statement referred to in subsection (1) is forged or is inaccurate or incomplete, the burden of proof of such fact lies with such person.

10

(3) For the purpose of this section, “certified statement” means a statement containing any entry in the bank records together with a certificate written at the foot of such statement that it is a true statement of such entry and that such entry was made in the usual and ordinary cause of business and that a record of such entry is still in the custody of the bank and certified by an officer authorized by such bank.”.

15

**37.** Section 31 of the principal enactment is hereby  
20 amended as follows: -

Amendment  
of section  
31 of the  
principal  
enactment

25

- (1) by the substitution for the words “An Institution shall”, of the words “Every government institution or agency, law enforcement agency, supervisory authority, Institution or person who or which is required by or under this Act to comply with the provisions of this Act, shall”; and
- (2) by the repeal of the marginal note to that section and the substitution therefor, of the following marginal note: -

“Government institutions  
or agencies, Institutions etc,  
have a duty to comply with  
the provisions of this Act.”.

5     **38.** The following new section is hereby inserted  
immediately after section 31 of the principal enactment, and  
shall have effect as section 31A of that enactment: -

Insertion of  
new section  
31A in the  
principal  
enactment

10     “Application of this Act to foreign  
branches and subsidiaries of  
Institutions.     **31A.** (1) An Institution shall ensure that its  
branches and majority-owned subsidiaries in  
foreign countries or foreign States comply with  
the provisions of this Act and any regulations,  
rules, Orders and directions made or issued  
under this Act where the relevant written laws  
of such foreign countries or foreign States  
15     provide less stringent requirements in relation  
to combatting money laundering, terrorist  
financing and financing of proliferation of  
weapons of mass destruction than those  
provided for by this Act and any regulations,  
rules, Orders and directions made or issued  
20     under this Act.

25     (2) Where the relevant written laws of  
any foreign country or foreign State do not  
permit the implementation of the provisions  
of this Act, and any regulations, rules, Orders  
and directions made or issued under this Act,  
every such Institution shall apply appropriate  
additional measures to manage and mitigate  
money laundering, terrorist financing and  
30     financing of proliferation of weapons of mass  
destruction risks.

35     (3) For the purpose of subsection (2),  
additional measures shall include extra  
precaution and increased oversight and  
controls.”.

**39.** Section 33 of the principal enactment is hereby repealed and the following section is substituted therefor: -

Replacement  
of section  
33 of the  
principal  
enactment

“Interpretation. **33.** In this Act, unless the context otherwise requires-

5 “account” means, any facility or arrangement  
by which an Institution-

(a) accepts deposits of cash;

(b) allows withdrawal of cash;

10 (c) pays cheques or payment  
orders drawn on the Institution,  
or collects cheques or payment  
orders on behalf of a person  
other than the Institution: or

15 (d) maintains safety deposit boxes  
or any other form of safe  
deposit,

and includes any other similar business  
or professional relationship between an  
Institution and its customers;

20 “authorized officer” means –

(a) a Police Officer above the rank  
of an Assistant Superintendent  
of Police within the meaning of  
the Police Ordinance (Chapter  
25 53); or

(b) a Customs Officer above the rank of a Superintendent of Customs appointed under the Customs Ordinance (Chapter 235);

5

“bearer negotiable instruments” means, monetary instruments in bearer form complete or otherwise such as travellers’ cheques, cheques, bearer bonds, promissory notes, money orders and postal orders endorsed without restriction, made out to a fictitious payee or otherwise, or in such other form that the title thereto passes upon delivery;

10

15

“beneficial owner” means, a natural person-

(a) who is a beneficial owner as defined in section 130 of the Companies Act, No. 07 of 2007;

20

(b) who holds an equivalent position to those referred to in subsection (1) of section 19A of the Trusts Ordinance (Chapter 87) in the case of a trust as defined in that Ordinance or any other legal arrangement similar to an express trust;

25

30

5 (c) who, in the case where paragraphs (a) and (b) do not apply, ultimately owns or controls, directly or indirectly, an entity or trust or other legal arrangement; or

10 (d) on whose behalf a transaction in relation to an entity or trust or other legal arrangement is being conducted;

15 “cash” means any currency that is designated as legal tender in the country of issue and includes bearer negotiable instruments;

20 “cease-and-desist order” means an administrative sanction issued by the Head of Financial Intelligence Unit prohibiting an Institution from continuing with a particular conduct or course of conduct in relation to any contravention or failure referred to in subsection (1) of section 19;

25 “Central Bank” means the Central Bank of Sri Lanka established by the Central Bank of Sri Lanka Act, No. 16 of 2023;

30 “competent authority” means any government agency empowered or entrusted with the responsibility

5 of combating money laundering, terrorist financing or financing of proliferation of weapons of mass destruction and includes the Financial Intelligence Unit;

10 “currency” means, the currency of Sri Lanka or that of a foreign country which is designated as legal tender and which is customarily used and accepted as a medium of exchange in the country of issue;

“customer” in relation to a transaction or an account includes –

15 (a) the person in whose name a transaction or an account is arranged, opened or undertaken;

(b) a signatory to a transaction or an account;

20 (c) any person to whom a transaction has been assigned or transferred;

25 (d) any person who is authorized to conduct a transaction; or

30 (e) such other person as may be prescribed as a customer under section 29 of this Act in relation to a transaction or an account;

“designated non-finance businesses or professions” includes –

- 5
- (a) gambling and digital gambling as defined in the Gambling Regulatory Authority Act, No. 17 of 2025;
- (b) real estate agents including property developers;
- 10
- (c) dealers in precious metals and dealers in precious and semi-precious stones, including but not limited to, metals and stones covered by the National Gem and Jewellery Authority Act, No. 50 of 1993;
- 15
- (d) lawyers, notaries, other independent legal professionals or accountants, when they prepare for, or carry out transactions for their clients in relation to any one or more of the following activities: -
- 20
- 25
- (i) buying and selling of real estate;
- 30
- (ii) managing of client money, securities or other assets;

- (iii) management of bank savings or securities accounts;
- 5 (iv) organization of contributions for the creation, operation or management of companies; and
- 10 (v) creation, operation or management of legal persons or legal arrangements or the buying and selling of business entities;
- 15
- 20 (e) trust or company service providers not otherwise covered by this definition, which as a business, provide any one or more of the following services to third parties:
- 25
  - (i) formation or management of legal persons or legal arrangements;
  - 30 (ii) acting as, or arranging for another person to act as, a director

5 or secretary of a company, partner of a partnership, or a similar position in relation to other legal persons;

10 (iii) providing a registered office, business address or accommodation, correspondence or administrative address for a company, partnership or any other legal person or legal arrangement;

15 (iv) acting as a trustee or arranging for another person to act as a trustee of an express trust, or performing the equivalent function for any other form of legal arrangement; or

20 (v) acting as, or arranging for another person to act as, a nominee shareholder for another person;

25 (f) any offshore unit of any business,

5 profession or activity referred to in paragraphs (a) to (e), (g) or (h) in accordance with the definition provided for such offshore unit in any other written law;

10 (g) any person engaged in any businesses specified in paragraphs (a) to (f) which shall be registered or licensed under the Colombo Port City Economic Commission Act, No. 11 of 2021; and

15

20 (h) such other business as may be prescribed from time to time by the Minister under section 29 of this Act;

25

“document” means any record of information, and includes –

(a) anything on which there is writing;

30

(b) anything on which there are marks, figures, symbols

or perforations  
having meanings for  
persons qualified to  
interpret them;

5 (c) anything from which  
sounds, images  
or writings can be  
produced, with or  
without the aid of  
10 anything else;

(d) a map, plan,  
drawing, photograph  
or similar thing; and

(e) any of the above  
15 kept or maintained  
in electronic means;

“Egmont Group of Financial Intelligence  
Units” means, the united body  
20 of Financial Intelligence Units  
formed in 1995 providing member  
Financial Intelligence Units with  
a platform to securely exchange  
expertise and financial intelligence  
to combat money laundering,  
25 terrorist financing and associated  
unlawful activities;

“electronic means”, includes information  
generated, sent, received or stored  
30 by electronic, magnetic, optical or  
similar capacities regardless of the  
medium;

“finance business” includes any one of the following businesses or activities: -

5 (a) banking business as defined in the Banking Act, No. 30 of 1988;

10 (b) finance business as defined in the Finance Business Act, No. 42 of 2011;

15 (c) any one or more of the following business activities carried on by any society registered under the Cooperative Societies Law, No. 5 of 1972 or established by a Statute of any Provincial Council governing the registration of cooperative societies: -

(i) acceptance of deposits,

(ii) lending of money;

25 (iii) investment of money in any manner whatsoever; or

30 (iv) lending of money and the investment of money in

any manner  
whatsoever;

- 5
- (d) any financial activity carried on by a Samurdhi Community Based Bank and Samurdhi Community Based Banking Society established by the Samurdhi Act, No. 1 of 10 2013;
- (e) pawn brokering under the Pawn Brokers Ordinance (Chapter 90);
- 15
- (f) lending, including consumer credit, mortgage credit, factoring (with or without recourse) and financing of commercial transactions;
- 20
- (g) financial leasing other than transactions relating to consumer products;
- (h) money or value transfer services;
- 25
- (i) money and currency changing services;
- (j) issuing and managing means of payment (i.e., credit cards, debit cards, travellers' 30

cheques, money orders and bankers' drafts and electronic money);

5 (k) issuing financial guarantees and commitments, including but not limited to consumer credit, factoring (with or without recourse) and financing of commercial transactions including forfeiting;

10 (l) trading for its own account or for the account of customers in money market instruments (*i.e.* cheques, bills of exchange, certificates of deposit and derivatives), foreign exchange, exchange, interest rate and index instruments, commodity futures trading and transferable securities;

20 (m) participating in securities issues and the provision of financial services related to such issues;

30 (n) individual and collective portfolio management;

(o) investing, administering or managing funds or

money on behalf of other persons;

5 (p) safekeeping and administration of cash or liquid securities on behalf of other persons;

(q) safe custody services;

10 (r) underwriting and placement of life insurance and other investment related insurance, as well as insurance intermediation by agents and brokers;

15 (s) trustee administration or investment management of a superannuation scheme;

20 (t) any activity of a market intermediary within the meaning of the Securities and Exchange Commission of Sri Lanka Act, No. 19 of 2021;

25 (u) any financial activity carried on under the Local Treasury Bills Ordinance (Chapter 417);

30 (v) providing virtual assets services, subject to the

provisions of any written law for the time being in force;

5 (w) any offshore unit of any business or activity referred to in paragraphs (a) to (v), (x) or (y) in accordance with the definition provided for such offshore unit in any other written law;

10 (x) any person engaged in any business specified in paragraphs (a) to (w) which shall be registered or licensed under the Colombo Port City Economic Commission Act, No. 11 of 2021; and

20 (y) such other business as may be prescribed from time to time by the Minister under section 29 of this Act;

25 “Financial Action Task Force” means, the inter-governmental body established in 1989 that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and financing of proliferation of weapons of mass destruction;

30

5 “financial intelligence” in the context  
of the Financial Intelligence  
Unit, means, the output of  
its operational and strategic  
analysis based on available and  
obtainable information relating  
to any act of money laundering,  
terrorist financing or financing  
of proliferation of weapons of  
10 mass destruction or any unlawful  
activity;

15 “foreign country” or “foreign state”  
includes a colony, territory,  
protectorate or other dependency  
of a foreign country or foreign  
state, or a ship or an aircraft  
registered in such foreign country  
or foreign state, and shall be  
deemed to include the Hong Kong  
20 Special Administration Region of  
the Peoples Republic of China;

25 “Government institution or agency”  
includes a Ministry or Department  
of the Government, local authority,  
a Provincial Council, a Ministry  
or Department of any Provincial  
Council, a public corporation,  
any business or other undertaking  
vested in the Government under  
30 any written law and a company  
registered or deemed to be  
registered under the Companies  
Act, No. 07 of 2007 in which  
the Government or any public

corporation or local authority holds more than fifty *per centum* of the shares of that company;

5 “Institution” means, any person engaged in or carrying out any finance business or designated non-finance business or profession within the meaning of this Act;

10 “law enforcement agency” means, any Department, authority or entity empowered to investigate or prosecute any offence under any written law and includes any other person authorised by or under any  
15 written law to investigate into the commission of an offence;

20 “licensing authority” means, an authority established by or under any written law with powers to license Institutions to carry on the relevant business or activity;

25 “local authority” means, any Municipal Council, Urban Council, Town Council or Village Council and includes any Authority created and established by or under any law to exercise, perform and discharge powers, duties and functions corresponding to or  
30 similar to the powers, duties and functions exercised, performed and discharged by any such Council;

“Minister” means, the Minister assigned the subject of, and functions relating to, this Act under Article 44 or 45 of the Constitution;

5

“money or value transfer services” means-

(a) exchanging cash or the value of money;

10

(b) collecting, holding, exchanging or remitting funds or the value of money, or otherwise negotiating transfers of funds or the value of money, on behalf of other persons;

15

(c) delivering funds; or

20

(d) issuing, selling or redeeming travellers' cheques, money orders or similar instruments,

25

by means of any communication or message, or by way of transfer through a clearing network to which such service provider belongs;

“offence of financing of proliferation of weapons of mass destruction”

5 means any offence as specified  
in any regulation made under the  
United Nations Act, No. 45 of  
1968, giving effect to the United  
Nations Security Council  
Resolution on proliferation of  
weapons of mass destruction  
and its financing or in any other  
written law giving effect to the  
10 United Nations Conventions or the  
United Nations Security Council  
Resolutions on proliferation of  
weapons of mass destruction and  
its financing;

15 “offence of money laundering” means  
an offence as defined in section  
3 of the Prevention of Money  
Laundering Act, No. 5 of 2006;

20 “offence of terrorist financing” means,  
an offence as defined in section 3 of  
the Convention on the Suppression  
of Terrorist Financing Act, No. 25  
of 2005;

25 “operational analysis” means, the  
use of available and obtainable  
information to identify specific  
targets (such as persons,  
assets, criminal networks and  
associations), to follow the trail of  
30 particular activities or transactions,  
and to determine links between  
those targets and possible proceeds  
of crime, money laundering,

terrorist financing, financing of proliferation of weapons of mass destruction or unlawful activity;

5 “person” means, any natural or legal person and includes a body of persons, whether incorporated or unincorporated in or outside Sri Lanka, and a legal arrangement, whether it has legal personality or  
10 not, and a branch of such person or body of persons incorporated or established in or outside Sri Lanka;

“prescribed” means, prescribed by regulations made under this Act;

15 “property” means, assets of every kind, whether corporeal or incorporeal, moveable or immoveable, tangible or intangible, or virtual, and includes legal documents or  
20 instruments evidencing title to, or interest in such assets;

25 “Provincial Council” means, any Provincial Council established under Article 154A of the Constitution;

30 “public corporation” means, any corporation, board or other body which was or is established by or under any written law other than the Companies Act, No. 07 of 2007, with funds or capital

wholly or partly provided by the Government by way of grant, loan or otherwise;

“qualified auditor” means –

5 (a) an individual who, being a member of the Institute of Chartered Accountants of Sri Lanka, or of any other  
10 Institute established by law, possesses a certificate to practise as an Accountant issued by the Council of such  
15 Institute; or

(b) a firm of Accountants, each of the resident partners of which, being a member of the  
20 Institute of Chartered Accountant of Sri Lanka or of any other Institute established by law, possesses a certificate to  
25 practise as an Accountant issued by the Council of such Institute;

30 “record” means, any material on which data is recorded or marked and which is capable of being read or understood by a person, computer system or other device;

“registration authority” means, an authority established by or under

any written law with powers to register Institutions to carry on the relevant business or activity;

5 “regulatory authority” means, an authority established by or under any written law with powers to regulate, or authorize and enforce standards and controls in relation to Institutions;

10 “self-regulatory authority” means, an authority that regulates, supervises, monitors and oversees its members (such as lawyers, notaries, other independent legal professionals or  
15 accountants) within any designated non-finance business or profession;

“specified individual or specified entity” means –

20 (a) an individual or entity that has knowingly –

(i) committed;

(ii) attempted to commit;

25 (iii) participated in committing; or

(iv) facilitated the commission of,

5 any act connected to an  
offence in terms of any  
written law for the time  
being in force in Sri Lanka  
relating to terrorism; or

10 (b) an individual or entity  
prescribed by the Minister  
assigned the subject of  
Foreign Affairs in terms  
of regulations made under  
the United Nations Act,  
No. 45 of 1968;

15 “strategic analysis” means, the use  
of available and obtainable  
information, including data  
that may be provided by other  
competent authorities, to identify  
money laundering, terrorist  
20 financing and financing of  
proliferation of weapons of mass  
destruction related trends and  
patterns;

25 “supervisory authority” means, any  
authority established by or under  
any written law to oversee or  
enforce compliance by Institutions  
with applicable written laws, but  
does not include the Financial  
Intelligence Unit established under  
30 section 14A;

“suspicious transaction report” means,  
a report required to be made under  
section 7 of this Act;

“terrorist act” shall have the same meaning as in the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005;

5 “transaction” means, any activity, domestic or international, connected with any finance business or designated non-finance business or profession;

10 “transaction in relation to property” includes-

(a) a purchase, sale, loan, charge, mortgage, lien, pledge, transfer, delivery, assignment, subrogation, transmission, gift, donation, creation of a trust, settlement, deposit including the deposit of any article, withdrawal, transfer between assets, and extension of credit;

15

20

(b) any agency or grant of power of attorney; and

25 (c) any other disposition or dealing of property in whatever form, or whatsoever description or nature, howsoever described, which results in any right, title, interest or

30 privilege, whether present

or future, or whether vested or contingent, in the whole or any part of such property being conferred on any person;

5

“unlawful activity” shall have the same meaning as in the Prevention of Money Laundering Act, No. 5 of 2006;

10

“virtual asset” means, a digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes, but does not include any digital representation of fiat currencies, securities and other financial assets; and

15

“virtual assets service provider” means, any person who provides, administers, manages or conducts one or more of the following activities or operations for, or on behalf of, another person: -

20

(a) exchange between virtual assets and fiat currencies;

25

(b) exchange between one or more forms of virtual assets;

(c) transfer of virtual assets;

30

(d) safekeeping or administration of virtual

assets or instruments  
enabling control over  
virtual assets; and

- 5 (e) participation in, and  
provision of financial  
services related to an  
issuer's offer or sale of a  
virtual asset.”.

10 **40.** In the event of any inconsistency between the Sinhala  
and Tamil texts of this Act, the Sinhala text shall prevail.

Sinhala text  
to prevail  
in case of  
inconsistency

