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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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நிதியியல் உளவறிதற் பிரிவு

Financial Intelligence Unit

Circular 02/13

29th October 2013

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

Dear Sir/Madam,

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

The attention of all Licensed Banks/Licensed Finance Companies is drawn to revised Financial Action Task Force (FATF) Recommendation No.6 effective from February 2012 and Extraordinary Gazette Notification No.1760/40 dated 31 May 2012 issued by the Minister of External Affairs.

- 1) Accordingly, Sri Lanka is required to implement targeted financial sanctions prescribed in the above Gazette Notification to comply with the United Nations Security Council Resolution (UNSCR) 1267 (1999) and its successor resolutions which require countries to freeze funds, financial assets or economic resources of designated individuals and entities immediately, and to ensure that no such funds, financial assets or economic resources are made available to or for the benefit of such designated persons or entities or their beneficiaries. Accordingly, every licensed bank/licensed finance company is obliged to have measures in place to freeze funds, financial assets or economic resources of such designated persons and entities immediately.
- 2) Freezing is effective as and when the United Nations Security Council announces the names of such designated persons and entities and such freezing shall be in force until such time the person or entity is delisted from the designated list.

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

☎ 94 11 2477125 / 509

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

☎ 94 11 2477692

✉ fiu@cbsl.lk

Level 14, No. 30, Janadhipathi Mawatha,
P. O. Box 590, Colombo 01, Sri Lanka.

🌐 www.cbsl.gov.lk



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- 3) Please refer attached FIU/UNSCR1267/Directives No.01 for the details on obligations of licensed bank or licensed finance company in complying with targeted financial sanctions relating to terrorism and terrorist financing. These Directives shall be construed as a part of the existing Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) compliance framework of the Licensed Banks and Licensed Finance Companies.

Yours faithfully,

Director
Financial Intelligence Unit

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

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

Further to United Nations (UN) Regulation No 2 of 2012 which was published in Extraordinary Gazette Notification No. 1760/40 dated on May 31, 2012 in order to facilitate the implementation of obligations, relating to the freezing of funds or other assets under paragraph 4(b) and related paragraph of the United Nations Security Council Resolution (UNSCR) 1267 (1999) and the modifications and strengthening set out in the aforesaid subsequent UNSCRs, in particular paragraph I of Resolutions 1988 (2011) and 1989 (2011), within Sri Lanka and thereby specify a means to comply with them aforesaid obligations.

1. Banks / Finance Companies are advised to strictly follow the procedure laid down in the UN Regulation No 2 of 2012 Gazetted on May 31, 2012 (copy enclosed) and ensure strict compliance.
2. As and when amendments to the list of designated individuals and entities (referred to as consolidated lists in the said Gazette), approved by Security Council Committee established pursuant to resolutions 1267 (1999) /1989 (2011), and 1267 (1999) /1988 (2011), are received from Ministry of External Affairs (MEA), the FIU will circulate such amendments to all compliance officers of Banks/Finance Companies via E-mails. Further, Banks/Finance Companies are advised to refer the updated list of such individuals/entities in the United Nations Security Council website at <http://www.un.org/sc/committees/1267/consolist.shtml> and <http://www.un.org/sc/committees/1988/list.shtml>.
3. Banks/Finance Companies are advised that on receipt of the notifications from the FIU to updated list of designated individuals/entities it should be ensured that the name/s of the proposed customer does not appear in the list before entering into any new business relationship. Further, Banks/Finance Companies should scan all existing business relationship to ensure that no business relationship is held by or linked to any of the entities or individuals included in the designated lists.
4. In ensuring efficient detection of suspected financing of terrorism, the reporting institution should maintain a database of names and particulars of individuals/entities in the designated lists.
5. Banks/Finance Companies should ensure that the information contained in the database are updated and relevant, and made easily accessible to its employees at the head office, branch or subsidiary for the purpose of identifying funds, financial assets or economic resources of designated individuals and entities .

6. In case, the match of any of the customers with the particulars of designated individuals/entities, the banks shall prevent designated persons from conducting any transactions and freeze funds, financial assets or economic resources without delay as per paragraphs 5 and 6 of United Nations Regulation No 2 of 2012.
7. Upon freezing of funds, financial assets or economic resources of designated individuals and entities, or upon the occurrence of an attempted transaction by or for designated individuals or entities, Banks/Finance Companies shall immediately, not later than 24 hours from the time of finding out such customer, inform full particulars of the funds, financial assets or economic resources, held by such customer on their books to the FIU at Fax No.011- 2477692 or 011- 2477722 and also convey over telephone on 011-2477125. The particulars apart from being sent by post/fax should necessarily be conveyed on e-mail to fiu@cbsl.lk .
8. Banks / Finance Companies shall also send by post a copy of the communication mentioned in (7) above to the Competent Authority (Chief of National intelligence, Office of the Competent Authority, Ministry of Defence & Urban Development, No. 15/5 Baladaksha Mawatha, Colombo -03). The particulars apart from being sent by post should necessarily be conveyed on e-mail to cniofficemod@gmail.com.
9. Banks/Finance Companies are advised to bring the provisions of the United Nations Regulation No 2 of 2012 to the notice of the staff concerned and ensure strict compliance.
10. Compliance Officers are responsible to establish and maintain written internal procedures and systems to implement UNSCR 1267 (1999) and all current and future successor resolutions to UNSCR 1267 (1999) including UNSCRs 1988 (2011) and 1989 (2011).