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To : Directors of All Authorized Money Changing Companies

FINANCIAL TRANSACTIONS REPORTING ACT, No 6 of 2006

Rules issued by the Financial Intelligence Unit in terms of Subsection 3 Section 2 of the Financial Transactions Reporting Act, No 6 of 2006.

Colombo
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Director
Financial Intelligence Unit
Central Bank of Sri Lanka

Compliance with the requirements under the Financial Transactions Reporting Act, No 6 of 2006

In terms of the provisions of the Section 33 of Financial Transactions Reporting Act, No. 6 of 2006 (hereinafter referred to as the "FTRA"), Money and Currency Changing Services are designated as reporting institutions among other reporting entities. Therefore, the following rules are issued under Section 2(3) of the FTRA. Any contravention of, or non-compliance with such provisions shall be liable to the penalties under the provisions of the FTRA.

PART 1

Applicable for all Authorized Money Changing Companies

- (1) For the purpose of these Rules:
 - (a) "Authorized Money Changing Company" means a company permitted to buy and exchange foreign currency notes, encash Traveler's Cheques, and/or sale foreign currency notes in terms of the provisions of the Exchange Control Act, No. 24 of 1953.
 - (b) "Controller of Exchange" shall have the same meaning as stipulated in Section 3 of the Exchange Control Act, No. 24 of 1953.
 - (c) "Unlawful activity" shall have the same meaning as in the Section 33 of Financial Transactions Reporting Act, No. 6 of 2006.

- (2) In terms of the Section 6(a) of the FTRA, any transaction exceeding Rupees One Million (Rs.1, 000,000) in cash, or its equivalent in any foreign currency is required to be reported to the Financial Intelligence Unit (FIU), [Gazette (Extraordinary) No 1555/9 on 2008.06.25]. In fulfilling the above requirement, the FIU will obtain details of transactions exceeding above threshold from all relevant transactions/reports submitted by such Authorized Money Changing Company to the Controller of Exchange as stipulated in the permit issued by the Controller of Exchange.
- (3) As per Section 7 of FTRA where an Authorized Money Changing Company-
 - (a) 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
 - (b) has information that suspicion may be relevant
 - (i) to an act preparatory to an offence under the provision of the Convention on the Suppression of Financing of Terrorism Act, No. 25 of 2005;
 - (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 2006 and the Convention on the Suppression of Terrorist Financing Act, No 25 of 2005,

the Authorized Money Changing Company, shall as soon as practicable, after forming that suspicion of receiving the information, but no later than two working days therefrom, report the transaction or attempted transaction or information to the FIU. The said report shall be in writing and may be given by way of mail, telephone to be followed up in writing within twenty-four hours; fax or electronic mail or such other manner as may be determined by the FIU.
- (4) To comply with the above requirements, every Authorized Money Changing Company is required to report suspicious transactions, as per the format annexed herewith as 'Suspicious Transaction Report (STR)'.
- (5) A person shall not disclose any information regarding the reported suspicious transaction to the customer or any other person subject to the

provisions as stipulated in Section 9 of the FTRA. Such disclosure is an offence under the provisions of the FTRA.

(6) In terms of Section 14 of FTRA, every Authorized Money Changing Company is required to appoint a Compliance Officer, who shall be responsible for ensuring the company's compliance with the requirements of the FTRA.

(7) Every Authorized Money Changing Company shall maintain records of transactions and correspondence relating to transactions and records of all reports furnished to the FIU for a period of six years as stipulated in Section 4 of the FTRA.

PART 11

Applicable for holders of "Permit to Buy and Exchange Foreign Currency Notes and to encash Travelers' cheques."

(8) Every Authorized Money Changing Company shall maintain information of every customer as stipulated in Section (j) of the permit issued by the Controller of Exchange. In addition, Authorized Money Changing Company shall obtain address and source of foreign currency and retain copies of all reference documents used to verify the identity of the customer.

PART 111

Applicable for holders of "Permission for the Sale of Foreign Currency Notes for citizens of Sri Lanka and Foreign residents in Sri Lanka traveling overseas"

(9) Every Authorized Money Changing Company shall maintain information of every customer as stipulated in Sections (4) and (6) of the permit issued by the Controller of Exchange. In addition, Authorized Money Changing Company shall obtain source of funds and retain copies of all reference documents used to verify the identity of the customer.