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Press Release

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The Financial Action Task Force endorsed the progress made by Sri Lanka

The Financial Action Task Force (FATF), the global policy setter on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT), has made the initial determination that Sri Lanka has completed its action plan and warrants an on-site assessment to verify that the implementation of Sri Lanka's AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future. The decision was taken at the FATF Plenary held during 20-22 February 2019 in Paris.

In October 2016, the FATF announced that Sri Lanka will be subjected to a review of the International Cooperation Review Group (ICRG) of the FATF to assess the progress of AML/CFT effectiveness in the country. After several discussions and progress reports, the FATF indicated that Sri Lanka has not made sufficient progress in 4 areas, namely International Cooperation, Supervision, Legal Persons and Arrangements and Targeted Financial Sanctions on Proliferations (North Korea and Iran). As a result, the FATF at its Plenary held at Buenos Aires, Argentina in October 2017, listed Sri Lanka as a jurisdiction with strategic AML/CFT deficiencies in the FATF's Compliance Document which is more commonly identified as "the Grey List" and provided a time bound Action Plan for implementation.

Since the listing in November 2017, the Financial Intelligence Unit together with other stakeholders have taken a series of effective and tangible steps to implement the FATF Action Plan. Sri Lanka reported the progress achieved in the implementation of the Action Plan regularly to the FATF. As per the decision taken by FATF Plenary, a team of evaluators will be visiting Sri Lanka during May 2019 and the team will meet all relevant stakeholders, including the private sector and the highest political authorities to verify the implementation of the FATF Action Plan and to ascertain Sri Lanka's political commitment towards implementation of AML/CFT. The on-site team will make their

recommendations to the FATF Plenary scheduled to be held in June 2019 which could result in Sri Lanka exiting the “Grey List” in the June 2019.

The full statement made by FATF on Sri Lanka is as follows,

Since November 2017, when Sri Lanka made a high-level political commitment to work with the FATF and APG to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. The FATF has made the initial determination that Sri Lanka has completed its action plan and warrants an on-site assessment to verify that the implementation of Sri Lanka’s AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future. Specifically, Sri Lanka has made the following key reforms: (1) enacting amendments to the MACMA to ensure that mutual legal assistance may be provided on the basis of reciprocity; (2) issuing the CDD Rule for DNFBBs, issuing any necessary guidance, and ensuring implementation of this Rule has begun, by way of supervisory actions; (3) enhancing risk-based supervision and outreach to FIs, and high risk DNFBBs, including through prompt and dissuasive enforcement actions and sanctions, as appropriate; (4) providing case studies and statistics to demonstrate that competent authorities can obtain beneficial ownership information in relation to legal persons in a timely manner; (5) issuing a revised Trust Ordinance and demonstrating that implementation has begun; and (6) establishing a TFS regime to implement the relevant UNSCRs related to Iran, demonstrating that implementation has begun, and demonstrating that implementation has begun on the UN Regulation related to the DPRK.