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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

මූල්‍ය දිද්ධි ඒකකය
நிதியியல் உளவறிதற் பிரிவு
FINANCIAL INTELLIGENCE UNIT

අංක 30, ජනාධිපති මාවත, කොළඹ 01, ශ්‍රී ලංකාව
இல. 30, சனாதிபதி மாவத்தை, கொழும்பு - 01, இலங்கை
No. 30, Janadhpathi Mawatha, Colombo 01, Sri Lanka

Circular 04/2024

November 4, 2024

To : All 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 & Jewellery Authority Act, No. 50 of 1993

Dear Sir/Madam,

Compliance with the Financial Transaction Reporting Act No. 6 of 2006 and the Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018.

It has been brought to the notice of the Financial Intelligence Unit (FIU) that the several Gem and Jewellery Dealers, to whom the Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018 (DNFBs CDD Rules) applies, have adopted inadequate Customer Due Diligence (CDD) procedures and/or obtained insufficient or erroneous details in establishing and maintaining business relationship with customers and conducting ongoing due diligence which are against the requirements under the Financial Transaction Reporting Act No. 6 of 2006 (FTRA) and the DNFBs CDD Rules.

Further to the above, it has been observed that certain Gem and Jewellery Dealers have failed to

- I. conduct enhance due diligence,
- II. maintain and retain CDD records and transaction records,
- III. screen the targeted financial sanctions as required by the statutory and regulatory provisions,
- IV. Implement internal controls to determine the politically exposed persons (PEPs),
- V. Submit Suspicious Transactions Reports (STRs) to the FIU.

The lapses in maintain adequate, accurate and up-to-date customer information by the Gem and Jewellery Dealers have led to poor identification and reporting of possible suspicious transaction and implications in ongoing Money Laundering (ML)

Terrorist Financing (TF) investigations, leaving the doors open for criminals to exploit the Designated Non-Financial Businesses and Professions.

Therefore, the Gem and Jewellery Dealers are hereby advised to:

- (i) strictly adhere to the provisions of the FTRA, and Rules, Regulations and Guidelines issued thereunder, especially, the DNFBs CDD Rules, in obtaining and maintaining CDD information, and in raising STRs where necessary.
- (ii) ensure your Institution, and the branches, where relevant, comply with the CDD requirements when entering into business relationships and conducting transactions with any person, group or entity.

Accordingly, the Gem and Jewellery Dealers are hereby warned that any failure to comply with the FTRA, Rules and Regulations issued thereunder would result in penalties imposed under Section 19 of the FTRA.

Yours faithfully,



Dr. Subhani Keerthiratne
Director
Financial Intelligence Unit

- cc:
1. Compliance Officers of all Gem and Jewellery Dealers to whom the DNFBPs CDD Rules applies.
 2. Chairman & CEO, National Gem & Jewellery Authority