



Information to be maintained by trustees in the creation of Express Trusts in Sri Lanka

Despite the essential and legitimate role played by corporate vehicles (legal persons and legal arrangements such as companies, partnerships, foundations, trusts and other similar legal arrangements) in the economy, these could be misused for illicit purposes by criminal elements. The criminal misuse of legal persons and legal arrangements is often done with the purpose of circumventing anti-money laundering and countering financing of terrorism (AML/CFT) measures. In this context, readily available legal and beneficial ownership information relating to legal persons and legal arrangements would assist law enforcement authorities to track down criminal elements that misuse the corporate vehicles to further their illicit activities and launder criminal proceeds.

The Financial Action Task Force (FATF) Recommendations 24 and 25 specifically require countries to ensure that adequate, accurate and timely information on beneficial ownership is available to competent authorities that include supervisory and law enforcement authorities. With this in mind, the amendments are introduced to the law governing trusts in Sri Lanka, the Trusts Ordinance, No. 9 of 1917, to mitigate the misuse of trusts in money laundering by increasing transparency of information relating to trusts created in Sri Lanka.

In terms of the Trusts (Amendment) Act, No. 6 of 2018 upon creation of an express trusts under Section 6 of the Trusts Ordinance in relation to any immovable or movable property, the trustee of such trusts is required to obtain and maintain information as specified in the Regulation.

Accordingly, the Trusts (Information Relating to Express Trusts) Regulations 2018, a regulation prescribing the information to be maintained by trustees was issued by the Minister of Justice by way of Gazette Extraordinary No. 2099/20, dated November 28, 2018.

According to these regulations, trustees are required to maintain, verify and update the following information relating to express trusts,

1. Information about the trust (name , address, purpose),
2. Information about the author of trust, trustees and co-trustee/s (name, identification, address, etc)
3. Information of the beneficiary/beneficiaries/ class of beneficiaries (name, identification, address)
4. Information of any other person engaged in the execution of the trust
5. Information of any beneficial owners

At the same time, trustees are required to submit the information maintained above to the Registrar of Lands of the area, within which, the trust property is situated and to the Registrar General.

These measures have been taken to minimize the misuse of legal arrangements/ trusts in money laundering by increasing the transparency of trusts created in Sri Lanka.

The Trust Ordinance (Amendment) Act and the Regulation issued can be downloaded from the link below,

[TRUSTS \(AMENDMENT\) ACT, No. 6 OF 2018](#)

[Sinhala](#)

[Tamil](#)

[English](#)

[Trusts \(Information Relating to Express Trusts\) Regulations 2018](#)

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