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PART I : SECTION (I) — GENERAL

Government Notifications

**PAYMENT AND SETTLEMENT SYSTEMS ACT, No. 28 OF 2005
MONEY OR VALUE TRANSFER SERVICE PROVIDERS REGULATIONS No. 1 OF 2024**

REGULATIONS made by the Minister of Finance, Economic Stabilization and National Policies under section 17 of the Payment and Settlement Systems Act, No. 28 of 2005, read with section 11 thereof

RANIL WICKREMESINGHE,
Minister of Finance, Economic Stabilization and
National Policies.

Colombo,
20th April, 2024.

Regulations

- These Regulations may be cited as the Money or Value Transfer Service Providers Regulations No. 1 of 2024 (hereinafter referred to as “the Regulations”).
- The Central Bank of Sri Lanka (hereinafter referred to as “the Central Bank”) shall function as the regulatory and supervisory authority of Money or Value Transfer Service Providers (hereinafter referred to as “MVTs Providers”) and shall be responsible for regulation and supervision of MVTs Providers.
 - The Central Bank may authorize any of its officers in writing to carry out the functions of the Central Bank in accordance with the provisions of these Regulations.



3. In these Regulations “Money or Value Transfer Service (hereinafter referred to as “MVTS”)” means “financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other forms to a beneficiary by means of communication, message, transfer, or through a clearing network to which the Registered Money or Value Transfer Service Provider belongs. Such transactions may involve one or more intermediaries and a final payment to a third party, and may be from place to place, within, to or from Sri Lanka or any other country.”
4. No person shall engage in the business of or function as a MVTS Provider except under the authority and in accordance with the terms and conditions of a Certificate of Registration issued by the Central Bank.

Provided however that the provisions of these regulations shall not apply to a person who is already engaged in or is eligible to engage in the business of or function as a Money or Value Transfer Service Provider under any other licence, permit or authorization issued by the Central Bank, or any other Regulator or Government entity.

5. (a) In order to be eligible to apply for a registration to engage in the business of or function as a MVTS Provider, a person shall-
 - i. be a company registered under the Companies Act, No. 7 of 2007 having an unimpaired capital of at least Rupees Twenty Million (20 Million) or such other amount determined by the Central Bank, other than a company limited by guarantee, an offshore company or an overseas company within the meaning of the Companies Act, No. 7 of 2007,
 - ii. exclusively carry out businesses and activities of a MVTS Provider, and
 - iii. maintain/operate a system or well-defined mechanism for providing MVTS.
- (b) An eligible person mentioned in paragraph (a) above may engage in the business of or function as a MVTS Provider in respect of money transmission and safekeeping of funds to the extent necessary in order to facilitate providing MVTS, under the authority of a Certificate of Registration issued by the Central Bank in terms of these regulations.
- (c) Existing MVTS Providers who are already providing services without any licence, permit or authorization issued by the Central Bank, or any other Regulator or Government entity shall apply for a Certificate of Registration within one year from the effective date of these Regulations and shall be allowed to continue their business till they receive a communication from the Central Bank with regard to their application, provided that the application for a certificate for registration is duly logged within the prescribed period.
6. (a) An eligible person who intends to engage in the business of or function as a MVTS Provider shall make an application, for registration in a form of application specified by the Central Bank.
- (b) An eligible person who intends to engage in the business of or function as a MVTS Provider shall include the details of the MVTS system or mechanism with the application.
- (c) The Central Bank may issue a Certificate of Registration to engage in the business of or function as a MVTS Provider on being satisfied of the contents of the application, documents, information, and other particulars that are required to be submitted with the application and any such other documents or information required by the Central Bank.
- (d) The Central Bank may refuse to issue a Certificate of Registration without giving any reason therefor.
- (e) The Certificate of Registration issued under paragraph (c) of this regulation may be subject to conditions specified in the Certificate of Registration itself or in a Schedule to the Certificate of Registration.

7. (a) The applicant shall pay a registration fee to the Central Bank, upon receiving a notification from the Central Bank after submission of an application as per paragraph (a) of regulation 6.
- (b) Once a Certificate of Registration is issued and until such registration remains in force, an annual fee shall be paid to the Central Bank and such payments shall be made within the month of January of each calendar year.
- (c) The Central Bank may determine the registration fee and the annual fee from time to time.
- (d) The Certificate of Registration issued, shall be renewed in every 3 years as specified in the Guidelines issued under these Regulations.
8. A person issued with a Certificate of Registration under paragraph (c) of regulation 6 is hereinafter referred to as a “Registered MVTs Provider”.
9. Every Registered MVTs Provider shall display a copy of the Certificate of Registration issued to it under paragraph (c) of regulation 6 at its principal place of business and each of its branches, if any.
10. (a) A Registered MVTs Provider may appoint Agents, subject to the instructions issued under this regulation.
- (b) The Agents appointed under (a) above shall display a copy of the appointment letter from the Registered MVTs Provider with the duly placed stamp at the place of business.
11. Every Registered MVTs Provider, subject to paragraph (c) of regulation 6, shall;
 - (a) be entitled to engage in the business of or function as a MVTs Provider only in respect of the business specified in these Regulations;
 - (b) transmit money, between Registered MVTs Providers and Agents, by way of bank transfers;
 - (c) maintain records of Agents, associates, employees engaging in the activities carried out under the Certificate of Registration for MVTs Business; and
 - (d) maintain records of transactions including details of Transmitter, Beneficiary, Agent, the method of transfer, period of safe keeping, etc.
12. No Registered MVTs Provider or its Agents shall engage in any of the following activities under the Certificate of Registration issued by the Central Bank, except with the authority of a license, permission, authorization or registration as may be applicable in terms of the applicable law for the time being;
 - (a) Acceptance of deposits
 - (b) Foreign exchange dealings
 - (c) Granting of loans
 - (d) Activities that require a license, pennit, authorization or registration under any Act including Banking Act, No. 30 of 1988, Finance Business Act, No. 42 of 2011, Foreign Exchange Act, No. 12 of 2017, Local Treasury Bills Ordinance, No. 8 of 1923, Registered Stock and Securities Ordinance, No. 7 of 1937, Central Bank of Sri Lanka Act, No. 16 of 2023, Payment and Settlement Systems Act, No.28 of 2005, or any amendment to such Acts or Ordinances or any regulations issued thereunder
 - (e) Activities that are restricted by any other law or any direction or regulations issued by the Central Bank
13. The Registered MVTs Provider and its Agents shall not include in its name words such as bank, financial institution, investment company, money or currency exchange, real estate, or any other words indicative of activities other than as a MVTs providing business.
14. Every Registered MVTs Provider shall inform the Central Bank, in writing, of any change in its name, address of registered office, board of directors, key personnel of the business or Articles of Association within three working days of such change being effective.

15. (a) The Central Bank may, if it is proved to the satisfaction of the Central Bank that a Registered MVTs Provider;
 - i. has furnished false or incorrect information or omitted any material information; or
 - ii. has failed to comply with any provision of the Act, any regulation, direction, directive, rule, condition, circular, guideline or instruction issued under the Act; or
 - iii. has failed to take corrective measures as required by the Central Bank within the period specified by the Central Bank; or
 - iv. is insolvent or likely to be insolvent; or
 - v. has been convicted of any offence by a court of law; or
 - vi. is continuously engaging in such practices that pose a threat to, or undermines Financial System Stability;

give notice that the Central Bank will cancel the Certificate of Registration issued to such Registered MVTs Provider.
- (b) The Registered MVTs Provider who is given the notice under paragraph (a) above may tender objections in writing to the Central Bank against the notice of intended cancellation, within fourteen days of the date of such notice, giving reasons as to why the Certificate of Registration issued to such Registered MVTs Provider under paragraph (c) of regulation 6 should not be so cancelled.
- (c) The Central Bank may, within thirty days from the last date for tendering objections under paragraph (b) above, after considering the objections tendered under that paragraph, if any, and after hearing the Registered MVTs Provider in support of its objections, either withdraw the notice given under paragraph (a) above with or without conditions or cancel the Certificate of Registration issued to the Registered MVTs Provider, and shall notify such Registered MVTs Provider in writing accordingly.
16. Where a Certificate of Registration issued to a Registered MVTs Provider has been cancelled, the Central Bank shall direct such MVTs Provider to forthwith cease and discontinue the business relating to MVTs. The Central Bank may take any action necessary to carry out such decision of the Central Bank in accordance with the provisions of the Act.
17. The Central Bank may carry out on-site examinations and off-site surveillance on business relating to MVTs of any Registered MVTs Provider.
18. (a) Every Registered MVTs Provider shall provide documents, information and other particulars that may be required by the Central Bank or any officer authorized by the Central Bank for the purpose of carrying out the activities stipulated in the Section 11 and 16 of the Act, including on-site examinations and off-site surveillance or to evaluate the capacity of the Registered MVTs Provider to continue its operations as a Registered MVTs Provider.
- (b) Every Registered MVTs Provider shall comply with the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005, Prevention of Money Laundering Act, No. 5 of 2006, Financial Transactions Reporting Act, No. 6 of 2006, any amendment thereto and regulations, directions, rules guidelines, instructions issued thereunder and shall provide any documents, information and other particulars that may be required by the Financial Intelligence Unit for the purpose of carrying out Anti-Money Laundering and Countering the Financing of Terrorism supervision.
19. (a) If it is revealed in an on-site examination and/or off-site surveillance or inspection conducted on any information received, that a Registered MVTs Provider;
 - i. is unable to carry out business relating to MVTs business; or
 - ii. is engaged in unsafe and/or unsound practices in the course of business relating to MVTs business which is likely to affect the financial system stability; or

- iii. is conducting the business or activities in such a manner that may be detrimental to the protection of customers and to the integrity, improvements and smooth functioning of financial system; or
- iv. is in violation of these Regulations and/or the Act

the Central Bank shall direct such Registered MVTs Provider to forthwith suspend its business and to take corrective measures in such manner, subject to such conditions and within such period as may be determined by the Central Bank.

- (b) If the Registered MVTs Provider fails to implement such corrective measures, the Central Bank may cancel the registration in terms of regulation 15 above.
20. (a) Where the Board of Directors of any Registered MVTs Provider decides to voluntarily discontinue its business, Registered MVTs Provider shall notify the Central Bank immediately of such decision and within seven days from the date of such decision shall;
- i. inform the reasons for discontinuation of business or inability to continue the business relating to MVTs business; and
 - ii. submit a detailed proposal of the manner of handling the existing obligations and method for providing the agreed services.
- (b) Upon intimation of the decision to discontinue the business of a Registered MVTs Provider, the Central Bank may issue directions as to the manner of termination and conditions subject to which such termination shall take place.
21. The Central Bank may, from time to time, issue directions, directives, rules, conditions, circulars, guidelines or instructions to any one or more Registered MVTs Providers, regarding the manner in which any aspect of the business of all or any category of Registered MVTs Providers is to be conducted. Without prejudice to the foregoing, the Central Bank may issue directions, directives, rules, conditions, circulars, guidelines or instructions specifying -
- (a) governance, risk management and control;
 - (b) capital adequacy and other capital requirements;
 - (c) limits on usage of MVTs businesses;
 - (d) fees and charges applicable to customers obtaining services of Registered MVTs Providers;
 - (e) measures necessary for protection of customers and Registered MVTs Providers;
 - (f) arrangements with Agents, subsidiaries and any outsourced parties in respect of MVTs business;
 - (g) the security features of technology relating to money transmission;
 - (h) business and investment limitations;
 - (i) dissemination of information regarding MVTs business;
 - (j) display of information;
 - (k) safe keeping of funds and related requirements; and
 - (l) any other requirement that the Central Bank may deem necessary.
22. Where a Certificate of Registration issued under paragraph (c) of regulation 6 is cancelled under regulation 15, such cancellation shall be notified to the general public by the Central Bank by publication of at least one notice in Sinhala, Tamil and English newspapers or by a press release.
23. (a) Upon the issuance of a Certificate of Registration to an eligible applicant, the Central Bank may cause to be published in at least one Sinhala, Tamil and English daily newspapers circulating in Sri Lanka, a notice informing the public that a Certificate of Registration has been issued to such applicant authorizing it to carry on MVTs in accordance with these Regulations.

- (b) The Central Bank may notify the general public the updated list of Registered MVTS Providers by the publication of at least one notice in Sinhala, Tamil and English newspapers or by a press release, semiannually.
24. Where the Central Bank is of the opinion that any advertisement published, transmitted, broadcast, telecast or displayed by the Registered MVTS Provider is in violation of the provisions of the Act, Regulations made thereunder or directions, guidelines or instructions issued under the Act or these Regulations, or is likely to mislead the public, the Central Bank may require the Registered MVTS Provider to discontinue the publication, transmission, broadcast, telecast or display of such advertisements or to change such advertisements within a specified period of time.
25. These regulations shall be in effect from 03rd June 2024.
26. In these Regulations, unless the context otherwise requires:
- “Act” means the Payment and Settlement Systems Act, No. 28 of 2005;
- “Agent” means an entity appointed by the Registered MVTS Provider for the provision of MVTS;
- “Certificate of Registration” shall mean the Registration issued by the Central Bank for a company to engage in MVTS business under this Regulations;
- “Day” means a calendar day;
- “Safe keeping” means keeping of money to the extent of facilitating money transmission within the limits stipulated by the Central Bank;
- “Unimpaired Capital” shall mean capital on which there is no lien or other charges;
- “Beneficiary” means the intended recipient of the money that the Transmitter is sending through the service of a Registered MVTS Provider;
- “Transmitter” means a person who initiate the money transfer and/or give the transmission order to the Registered MVTS Provider;

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