



# **PARLIAMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

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## **PREVENTION OF MONEY LAUNDERING ACT, No. 5 OF 2006**

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**[Certified on 06th March, 2006]**

*Printed on the Order of Government*

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*Prevention of Money Laundering  
Act, No. 5 of 2006*

[Certified on 6th March, 2006]

L.D. — O. 15/2005.

AN ACT TO PROHIBIT MONEY LAUNDERING IN SRI LANKA ; TO PROVIDE THE NECESSARY MEASURES TO COMBAT AND PREVENT MONEY LAUNDERING ; AND TO PROVIDE FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:—

1. This Act may be cited as the Prevention of Money Laundering Act, No. 5 of 2006.

Short title and date of operation.

2. The provisions of the Act shall apply in relation to—

Applicability of the provisions of the Act.

(a) a person who commits an offence under the provisions of this Act whilst being resident in Sri Lanka;

(b) an Institution which is used for the commission of an offence under the provisions of this Act, which Institution is carrying on business in Sri Lanka and is either incorporated or registered in Sri Lanka or is either incorporated or registered as a branch of a bank incorporated or registered outside Sri Lanka;

(c) an Act which constitutes an offence under this Act, which is committed in Sri Lanka.

PART I

MONEY LAUNDERING

3. (1) Any person, who—

Offence of money laundering.

(a) engages directly or indirectly in any transaction in relation to any property which is derived or realised,

directly or indirectly, from any unlawful activity or from the proceeds of any unlawful activity;

- (b) receives, possesses, conceals, disposes of, or brings into Sri Lanka, transfers out of Sri Lanka, or invests in Sri Lanka, any property which is derived or realised, directly or indirectly, from any unlawful activity or from the proceeds of any unlawful activity,

knowing or having reason to believe that such property is derived or realised, directly or indirectly from any unlawful activity or from the proceeds of any unlawful activity, shall be guilty of the offence of money laundering and shall on conviction after trial before the High Court be liable to a fine not less than the value of the property in respect of which the offence is committed and not more than three times the value of the property in respect of which the offence is committed or to rigorous imprisonment for a period of not less than five years and not exceeding twenty years, or to both such fine and imprisonment. The assets of any person found guilty of the offence of money laundering under this section shall be liable to forfeiture in terms of Part II, of this Act.

(2) Any person who attempts or conspires to commit the offence of money laundering, or aids or abets, the commission of the offence of money laundering shall be guilty of an offence under this Act and shall be liable after trial before the High Court to be punished with the same punishment as is specified for the offence of money laundering.

In this subsection “abet” shall have the same meaning as in sections 100 and 101 of the Penal Code.

(3) For the avoidance of doubts, it is hereby declared that a conviction for the commission by the accused of the unlawful activity shall not be necessary for the proof of the offence under the provisions of this Act.

**4.** For the purposes of any proceedings under this Act, it shall be deemed until the contrary is proved, that any movable or immovable property acquired by a person has been derived or realized directly or indirectly from any unlawful activity, or are the proceeds of any unlawful activity, if such property—

Presumption.

(a) being money, cannot be or could not have been—

(i) part of the known income or receipts of such person; or

(ii) money to which his known income or receipts has or had been converted; or

(b) being property other than money, cannot be or could not have been—

(i) property acquired with any part of his known income or receipts; and

(ii) property which is or was part of his known income or receipts; and

(iii) property to which is any part of his known income or receipts has or had been converted.

**5.** (1) Any person who knows or has reason to believe from information or other matter obtained by him in the course of any trade, profession, business or employment carried on by such person, that any property has been derived or realised from any unlawful activity, shall disclose his knowledge or belief as soon as is practicable, to the Financial Intelligence Unit.

Duty of certain persons to disclose knowledge or belief of acts constituting the offence of money laundering.

(2) Any person who fails to comply with the provisions of subsection (1) shall be guilty of an offence under this Act, and shall on conviction after trial before the High Court be liable to a fine not exceeding fifty thousand rupees or to imprisonment of either description for a period not exceeding six months or to both such fine and imprisonment.

(3) The disclosure by a director or officer or servant of an Institution in terms of the provisions of the Financial Transactions Reporting Act, No. 6 of 2006 of his knowledge and belief that any property has been derived or realized from any unlawful activity, shall be sufficient compliance by such director, officer or servant, of the duty imposed on him by subsection (1).

(4) The provisions of subsection (1) shall have effect notwithstanding any obligation as to secrecy or other restriction upon the disclosure of information, imposed by any written law or otherwise, and accordingly any disclosure by any person in compliance with the provisions of subsection (1) shall be deemed not to be a contravention of such obligation or restriction.

(5) In a prosecution for an offence under subsection (2) it shall be a defence for the accused to prove to Court, on a balance of probabilities that he had reasonable grounds for not disclosing his knowledge or belief.

Divulging &c. of  
information an  
offence.

**6.** Any person who knows or has reason to believe that an investigation into the commission of the offence of money laundering has been, is being, or is about to be made, and who—

- (a) divulges, other than in the performance of his duties under this Act, that fact or other information relating to such investigation to any Court or to any other person, knowing that the investigation is likely to be prejudiced thereby; or
- (b) discloses, other than in the performance of his duties under this Act, the identity of the person against whom such investigation has been, is being, or is about to, be made;
- (c) knowingly falsifies, conceals, destroys or otherwise disposes of, or causes or permits the falsification,

concealment, destruction or disposal of, any document or material which is, or is likely to be, relevant to that investigation,

shall be guilty of an offence under this Act, and shall on conviction after trial before the High Court, be liable to a fine not exceeding fifty thousand rupees or to imprisonment of either description for a period not exceeding six months, or to both such fine and imprisonment,

## PART II

### FREEZING AND FORFEITURE OF ASSETS IN RELATION TO THE OFFENCE OF MONEY LAUNDERING

7. (1) A Police Officer not below the rank of Superintendent of Police or in the absence of such an officer an Assistant Superintendent of Police may, where there are reasonable grounds to believe that any person is involved in any activity relating to the offence of money laundering and it is necessary for preventing further acts being committed in relation to such offence, issue an order (hereinafter referred to as a “Freezing Order”) prohibiting any transaction in relation to any account, property or investment which may have been used or which may be intended to be used in connection with such offence.

Freezing of  
property.

(2) The Freezing Order obtained under subsection (1) shall be issued on—

- (a) the person who is believed to be involved in the activity referred to subsection (1) ; and
- (b) on any other person or institution who or which may be required to give effect to such Order.

(3) Subject to the provisions of section 8, a Freezing Order made under subsection (1) shall be in force for a period of seven days of the making thereof.

(4) Any person who acts in contravention of a Freezing Order issued on him, shall be guilty of an offence and shall on conviction after trial before the High Court be liable to a fine not exceeding one hundred thousand rupees or one and a half times the value of the money in such account, property or investment which has been dealt with in contravention of the Freezing Order, whichever is higher or to imprisonment of either description for a period not exceeding one year or to both such fine and imprisonment.

Confirming of  
Freezing Order  
by Court.

**8.** (1) The Police Officer issuing the Freezing Order under the provisions of section 6 shall, within the seven days during which such Order shall be in force, make an application to the High Court seeking confirmation of such Freezing Order and also if the circumstances so necessitate, request an extension of the original period of seven days.

(2) Where the High Court is satisfied that there are sufficient reasons for the making of such Freezing Order, the Court may confirm the Freezing Order and also grant the application made for the extension thereof for such periods as it considers necessary, subject however—

- (a) to any Orders which may be made under section 12; and
- (b) to the requirement that the maximum period of any extension so granted shall not exceed one year from the date of the making of the Freezing Order by the Police Officer :

Provided that where indictment is filed for the offence of money laundering in respect of the account, property or investment which is subject to the Freezing Order, such Freezing Order shall unless vacated by Court for reasons to be recorded, remain in force until the conclusion of the trial in respect of such offence, or where an appeal is preferred against a conviction for such offence, until the determination of the appeal.

(3) Where the High Court confirms a Freezing Order under subsection (2) it shall cause to be published in at least one newspaper circulating in the Sinhala, Tamil and English languages, Notice of such Order, in order to facilitate *bona fide* third parties to make application to Court in support of their claims to the account, property or investment which is subject to the Order of freezing.

**9.** No transaction shall be effected in relation to such account, property or investment while the Freezing Order is in force and any transaction so effected shall be null and void.

Transactions in contravention of the Freezing Order to be null and void.

**10.** In confirming a Freezing Order made under section 7, the High Court may on an application made in that behalf, if it is of opinion that such an Order could damage legitimate business or other interests of any person affected thereby, and that essential transactions relating to such account, property or investment as may have been prohibited by such Freezing Order may be legitimately carried out, make order permitting the carrying on of such transactions subject to supervision by and under the direction of a person appointed in that behalf by Court or of a receiver appointed in that behalf under section 11.

High Court to permit essential and legitimate transactions.

**11.** Upon an application made in that behalf by a police officer not below the rank of a Superintendent of Police or in the absence of such an officer an Assistant Superintendent of Police, the High Court may appoint a Receiver to take possession of and otherwise deal with the account, property or investment which has been subjected to the Freezing Order, in accordance with such directions as may be given by Court in that behalf.

Appointment of a Receiver.

**12.** (1) Any Police Officer not below the rank of a Superintendent of Police shall take possession of, and otherwise deal with, any account, property or investment, which is subject to a Freezing Order, and the Court may on

Property tracking and monitoring.



application of the said Police Officer and for the purpose of determining in whom the ownership, possession or control of any property to which the Freezing Order relates, lies, Order:—

(a) that any document relevant to—

- (i) identifying, locating or quantifying that property;
- (ii) establishing the ownership, possession or control of that property,

be delivered forthwith to the Police Officer; and

(b) that a named institution furnish to the Receiver all information obtained by the institution about any business transaction conducted by or for that person with the institution during such period before or after the date of the Order as the Court may direct.

(2) The Court making an Order under subsection (1) shall upon being satisfied that any person is failing to comply with, is delaying or is otherwise obstructing the execution of, an order made under subsection (1) make Order authorising the Police Officer to enter and search any premises of that person, and remove any document, material or other thing therein for the purpose of executing such Order.

(3) Upon determining in whom the ownership, possession or control of any property to which the Freezing Order relates, lies, the Police Officer shall report the same to the Court making the Freezing Order, along with all documents establishing and supporting such ownership, possession or control, as the case may be.

Forfeiture of property in relation to which offence of money laundering has been committed.

**13.** (1) Where a person is convicted of the offence of money laundering, the Court convicting such person shall, subject to the provision of subsections (2) make Order that any movable or immovable property of such person derived or realised, directly or indirectly from any unlawful activity, be forfeited to the State free from all encumbrances.

(2) In determining whether an Order of forfeiture should be made under subsection (1), the Court shall be entitled to take into consideration the fact whether such an Order is likely to prejudice the rights of a *bona fide* purchaser for value or any other person who has acquired, for value, a *bona fide* interest in such property.

(3) An Order made under subsection (1) shall take effect—

- (a) where an appeal has been preferred to the Court of Appeal or the Supreme Court against the Order of forfeiture, upon the determination of such appeal confirming or upholding the Order of Forfeiture;
- (b) where no appeal has been preferred to the Court of Appeal against the Order of Forfeiture within the period allowed therefor, after the expiration of the period within which an appeal may be preferred to the Court of Appeal, against such Order of Forfeiture.

(4) For the purposes of subsection (1), the Court making the Order of Forfeiture may presume that any movable or immovable property belonging to the person convicted of the offence of money laundering, is derived or realised, directly or indirectly from any unlawful activity if such property is not commensurate with the known sources of income of such person, and the holding of which cannot be explained on a balance of probabilities, to the satisfaction of the Court.

**14.** (1) Any person affected by an Order of Forfeiture made under section 13 of this Act, may make an application to Court making the Order of Forfeiture within a period of thirty days of the making of such Order stating that he has suffered loss as a result of the making of such Order.

Rights of *bona fide* claimants.

(2) Where an application is made under subsection (1) to the Court making the Order of Forfeiture, the Court may, upon being satisfied that the applicant has suffered loss as a result of its Order, order compensation to be paid to such person from the property forfeited.

Appointment of  
a Receiver upon  
confiscation.

**15.** Where any property has been forfeited to the State under section 13 of this Act, the Court making the order of Forfeiture may, appoint a Receiver to be in charge of the property so forfeited.

Secrecy  
obligation  
overridden.

**16.** The provisions of this Part of this Act shall have effect notwithstanding any obligation as to secrecy or other restriction upon the disclosure of information imposed by any written law or otherwise and accordingly any disclosure of information by any person in compliance with the provisions of this Part of this Act shall be deemed not to be a contravention of such obligation or restriction.

### PART III

#### GENERAL

Offences under  
this Act to be  
cognisable and  
non-bailable.

**17.** An offence under this Act shall be a cognisable and non-bailable offence, within the meaning, and for the purpose, of the Code of Criminal Procedure Act, No. 15 of 1979.

Offences by  
body of persons.

**18.** Where an offence under this Act is committed by a body of persons, then, if that body of persons is—

- (a) a body corporate, every director, or other officer of that body corporate; and
- (b) a firm, every partner of that firm; and
- (c) an unincorporated body other than a firm, every individual who is a member of such body and every officer of that body responsible for its management and control,

shall be guilty of an offence:

Provided however, that no such person shall be deemed to be guilty of an offence if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of the offence.

**19. (1) No suit or prosecution shall lie—**

Protection for  
action taken  
under this Act or  
on direction of  
Authority.

- (a) against the Financial Intelligence Unit or any person authorised to act on behalf of the Financial Intelligence Unit for any lawful act which in good faith is done or purported to be done by the Financial Intelligence Unit or such person under this Act;
- (b) against an Institution or any director, officer, servant or agent of any such Institution, acting in the course of his employment or agency or any person referred to in subsection (1) of section 3, for any lawful act which in good faith is done or purported to be done by such Institution, director, officer, servant, agent or person in the performance of any duty imposed by this Act, or on the directions of the Authority.

(2) No proceedings, civil or criminal, shall be instituted in any Court or tribunal against the Financial Intelligence Unit or any person authorised to act on behalf of the Authority in respect of any report, made in good faith, by the said Financial Intelligence Unit or such person under this Act.

(3) Any expenses incurred by the Financial Intelligence Unit in any suit or prosecution brought by, or against, the said Financial Intelligence Unit or any person authorized to act on behalf of the said Financial Intelligence Unit, before any Court or tribunal in respect of any lawful act done or purported to be done by the said Financial Intelligence Unit or a person authorised to act on behalf of the said Financial Intelligence Unit, under this Act, and any costs paid to, or recovered by, the said Financial Intelligence Unit or such person in any such suit or prosecution shall be paid out of, or credited to, as the case may be, the account of the said Financial Intelligence Unit.

(4) Any expenses incurred by an Institution or officer, servant, agent or person referred to in paragraph (b) of subsection (1) in any suit, prosecution, brought by or against such Institution or such officer, servant, agent or person before

any court or tribunal in respect of any act which is done or purported to be done by such Institution or such officer, servant, agent or person under this Act, or on the direction of the Financial Intelligence Unit, shall, if the Court or tribunal holds that the act was done in good faith, be paid by the said Financial Intelligence Unit, unless such expense is recovered by such Institution or officer, servant, agent or person, in such suit or prosecution.

Falsification of documents.

**20.** (1) No person shall falsify, conceal, unlawfully destroy or otherwise dispose of, or cause or permit the falsification, concealment, unlawful destruction or disposal of any document, material or thing which is, or is likely to be relevant to the exercise, performance or discharge of any power, duty or function under this Act.

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence under this Act and shall on conviction after trial before the High Court be liable to a fine not exceeding fifty thousand rupees or to imprisonment of either description for a period not exceeding one year or to both such fine and imprisonment.

Offences.

**21.** (1) No person shall —

- (a) falsify, conceal, destroy or otherwise dispose of, or cause or permit the falsification concealment, destruction or disposal of, any document or material or thing which is or is likely to be relevant to the execution of any Order made in accordance with the provisions of this Act.
- (b) divulge, the fact that an investigation into an offence of money laundering or an offence under the law of any foreign State corresponding to the offence of money laundering, is being, or is about to be made, or divulge any other information to another person whereby such investigation is likely to be prejudiced.

(2) Any person who contravenes the provisions of subsection (1) shall be guilty of an offence under this Act and shall on conviction after trial before the High Court be liable to a fine not exceeding one hundred thousand rupees or to imprisonment of either description for a period not exceeding one year or to both such fine and imprisonment.

**22.** Where the Minister in consultation with the Minister of Finance considers it appropriate, either because an international arrangement so requires or permits, or in the interests of comity, he may order that the whole or any part of any property forfeited under the provisions of this Part of this Act, or the value thereof, be given or remitted to the requesting State.

Asset sharing.

**23.** Where any officer or servant of an Institution discloses as hereinbefore provided his knowledge or belief that any property is derived or realized by means of any illegal activity, any subsequent dealing by such Institution, officer or servant with the owner of such property, shall be deemed not to constitute the aiding or abetment by such Institution, officer or servant, of an offence under this Act.

Dealing with property by Institution &c. not to constitute an offence.

## PART IV

### PROVISIONS RELATING TO EXTRADITION AND MUTUAL ASSISTANCE IN RELATION TO THE OFFENCE OF MONEY LAUNDERING

**24.** The Schedule to the Extradition Law, No. 8 of 1977 is hereby amended by the insertion immediately before Part B thereof, of the following:—

Amendment of the Extradition Law, No. 8 of 1977.

“(47) An offence of Money Laundering within the meaning of the Prevention of Money Laundering Act, No. 5 of 2006.”.

**25.** Notwithstanding anything contained in the Extradition Law, No. 8 of 1977 an offence in terms of this Act shall for the purpose only of extradition under that Law, be

Interpretation in relation to the Extradition Law.

deemed not to be a fiscal offence, or an offence of a political character, or an offence connected with a political offence or an offence inspired by political motives.

Duty of Minister to notify requesting State of measures taken against persons for whose extradition a request is made.

**26.** Where a request is made to the Government of Sri Lanka by or on behalf of the Government of another country for the extradition of any person accused or convicted of an offence, under this Act, the Minister shall, on behalf of the Government of Sri Lanka forthwith notify the Government of the requesting State of the measures that Government of Sri Lanka has taken, or proposes to take, for the prosecution or extradition of that person for that offence.

Assistance to Commonwealth countries &c.,

**27.** (1) The provisions of the Mutual Assistance in Criminal Matters Act, No. 25 of 2002 shall, wherever it is necessary for the investigation and prosecution of an offence under section 2 of this Act, be applicable in respect of the providing of assistance as between the Government of Sri Lanka and other States who are either Commonwealth countries specified by the Minister by Order under section 2 of the aforesaid Act or Non-Commonwealth countries with which the Government of Sri Lanka entered into an agreement in terms of the aforesaid Act.

(2) In the case of a country which is neither a Commonwealth country specified by the Minister by Order under section 2 of the aforesaid Act nor a Non-Commonwealth country with which the Government of Sri Lanka has entered into an agreement in terms of the aforesaid Act, then it shall be the duty of the Government to afford all such assistance to, and may through the Minister request all such assistance from such country, as may be necessary for the investigation and prosecution of an offence under section 3 to the extent required for the discharge of its obligations under the United Nations Convention (including assistance relating to the taking of evidence and statements, the serving of process and the conduct of searches).

(3) The grant of assistance to such country may be made subject to such terms and conditions as the Minister thinks fit.

**28.** (1) Where a person who is not a citizen of Sri Lanka is arrested for an offence under this Act, such person shall be entitled to communicate without delay with the nearest appropriate representative of the State of which he is a national or if he is a stateless person, the nearest appropriate representative of the State where he usually resides.

Rights of persons  
arrested under  
this Act.

(2) A request under section 26 shall be deemed not to be invalidated for the purposes of any legal proceedings by reason of any failure to comply with the provisions of section 27, provided the Financial Intelligence Unit is satisfied that there is sufficient compliance with those provisions to enable it to properly execute the request.

**29.** (1) Where a person is arrested for an offence of money laundering, the Minister to whom the administration of this Act is assigned shall request the Minister in charge of the subject of Foreign Affairs to inform the relevant authorities in any other State which has made a request under section 26 in respect of such person, of the measures which the Government of Sri Lanka has taken or proposes to take for the prosecution or extradition of that person.

Duty of Minister  
to inform other  
States having  
jurisdiction over  
an offence.

(2) Where a request is made to the Government of Sri Lanka, by or on behalf of the Government of any State for the extradition of any person accused or convicted of an offence corresponding to the offence of money laundering, the Minister in charge of the subject of Foreign Affairs shall, on behalf of the Government of Sri Lanka, forthwith inform the Government of the requesting State, of the measures which the Government of Sri Lanka has taken, or proposes to take, for the prosecution or extradition of that person.

(3) Where it is decided that no order should be made under the Extradition Law, No. 8 of 1977, for the extradition of any person accused or convicted of an offence corresponding to



the offence of money laundering pursuant to a request for his extradition made under that Law, by the Government of any State, the case shall be submitted to the law enforcement authorities, so that prosecution for the offence under the law of Sri Lanka, or any other appropriate action may be considered.

Requirements for  
assistance.

- 30.** (1) A request for assistance under section 27 shall:—
- (a) confirm either that an investigation or prosecution is being conducted into an offence under the law of the requesting State corresponding to an offence of money laundering or that a person has been convicted of such an offence;
  - (b) state the grounds on which any person is being investigated or prosecuted for such offence or give details of the conviction of such person;
  - (c) give particulars sufficient to identify any person referred to in the request;
  - (d) give particulars sufficient to identify an Institution or other person believed to have information, documents or material or thing relevant to the investigation or prosecution referred to paragraph (a) ;
  - (e) request the Authority to whom the request is addressed to obtain from the Institution or other person referred to in paragraph (d) all or any of the information, documents or material or thing referred to in paragraph (d);
  - (f) specify the manner in which and the person to whom, any information, document, material or thing obtained pursuant to the request, is to be transmitted;
  - (g) state whether or not an order of freezing or order of Forfeiture required;

- (h) contain such other information as may assist the execution of the request.

(2) The Financial Intelligence Unit shall cause to be transmitted to the person referred to in paragraph (f) of subsection (1) of this section, any information, document, material or thing seized by, or delivered or produced to the Financial Intelligence Unit, pursuant to an Order made in accordance with the provisions of this Act.

**31.** Where there is an extradition arrangement in force between the Government of Sri Lanka and the Government of any other State, such arrangement shall be deemed, for the purposes of the Extradition Law, No. 8 of 1977, to include provision for extradition in respect of the offence of money laundering as defined in this Act, and of attempting or conspiring to commit, aiding and abetting the commission of, or conspiring to commit, such offence.

Provision  
regarding  
extradition  
arrangement.

**32.** The Government shall afford such assistance (including the supply of any relevant evidence at its disposal) to the relevant authorities of any foreign State as may be necessary in connection with criminal proceedings instituted in the State against any person, in respect of an offence under the law of that State corresponding to the offence of money laundering.

Duty of  
Government to  
afford assistance  
to other States.

**33.** (1) The Minister may make regulations under this Act for any matter authorized or required to be made under this Act, or for the purpose of carrying out or giving effect to the principles and provisions of this Act.

Regulations.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall as soon as convenient after its publication in the *Gazette* be brought before Parliament for its approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval but without prejudice to anything previously done thereunder.

(4) Notification of the date on which a regulation is deemed to be rescinded shall be published in the *Gazette*.

Sinhala text  
to prevail in  
case of  
inconsistency.

**34.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail.

Interpretation.

**35.** In this Act unless the context otherwise requires—

“designated non-finance business” includes—

- (a) individual and collective portfolio management;
- (b) investing administering or managing funds or money on behalf of other person;
- (c) safekeeping and administration of cash or liquid securities on behalf of other persons;
- (d) safe custody services;
- (e) under - writing and placement of insurance, as well as insurance intermediation by agents and brokers;
- (f) trustee administration or investment management or a superannuation scheme;
- (g) casinos, gambling houses or conducting of a lottery, including a person who carries on such a business through the internet when their customers engage in financial transactions equal to or above the prescribed threshold;

- (h) real estate agents, when they are involved in transactions for their clients in relation to the buying and selling of real estate;
- (i) dealers in precious metals and dealers in precious and semi-precious stones, including but not limited to metals and stones covered by the Gem and Jewellery Act, No. 50 of 1993, when they engage in cash transactions with a customer equal to or above the prescribed threshold;
- (j) lawyers, notaries, other independent legal professionals and accountants when they prepare for, or carry out, transactions for their clients in relation to any of the following activities :—
  - (i) buying and selling of real estate;
  - (ii) managing of client money, securities or other assets;
  - (iii) management of bank, savings or securities accounts;
  - (iv) organization of contributions for the creation, operation or management of companies; and
  - (v) creation, operation or management of legal persons or arrangements and the buying and selling of business entities;
- (k) a trust or company service provider not otherwise covered by this definition, which as a business provides one or more of the following services to third parties:—
  - (i) formation or management of legal persons;

- (ii) acting as or arranging for another person to act as, a director or secretary of a company, a partner of a partnership or a similar position in relation to other legal persons;
  - (iii) providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or for any other legal person or arrangement;
  - (iv) acting as or arranging for another person to act as, a trustee of an express trust;
  - (v) acting as or arranging for another person to act as, a nominee shareholder for another person;
- (l) offshore business in accordance with the definitions provided for the same in other written laws; and
- (m) such other business as may be prescribed from time to time by the Minister taking into consideration the interests of the national economy;

“Financial Intelligence Unit (FIU)” means the Financial Intelligence Unit established under section of the Financial Transactions Reporting Act, No. 6 of 2006;

“finance business” includes any one of the following businesses or activities :—

- (a) banking, as defined in the Banking Act, No. 30 of 1988, including the acceptance of deposits or other repayable funds from members of the public;

- (b) finance business as defined in the Finance Companies Act, No. 78 of 1988 (irrespective of whether the person is licensed or registered under the Act) ;
- (c) lending, including consumer credit, mortgage credit, factoring (with or without recourse) and financing of commercial transactions;
- (d) financial leasing other than transactions relating to consumer products;
- (e) the transfer of money or value;
- (f) money and currency changing services;
- (g) issuing and managing means of payment (*i.e.* credit cards, travellers' cheques, money orders and bankers' drafts and electronic money);
- (h) issuing financial guarantees and commitments, including but not limited to, consumer credit, factoring with or without recourse and financing of commercial transactions including forfeiting;
- (i) trading for its own account or for the account of customers in money market instruments (*i.e.* cheques, bills of exchange, certificates of deposit and derivatives), foreign exchange, exchange, interest rate and index instruments, commodity futures trading and transferable securities;
- (j) participating in securities issues and the provision of financial services related to such issues; and

- (k) such other business as may be prescribed from time to time by the Minister taking into consideration the interests of the national economy.

“Institution” means any person or body of persons engaged in or carrying out any finance business or designated non-finance business within the meaning of this Act;

“Offshore Unit” means a unit or department of a licensed commercial bank carrying on banking business, subject to the provisions of Part IV of the Banking Act, No. 30 of 1988, dealing with Offshore Banking;

“person” includes a body of persons;

“property” means any currency, and includes any asset of any kind, whether corporeal or incorporeal, movable or immovable, tangible or intangible whether situated in Sri Lanka or elsewhere, and legal documents or instruments in any form whatsoever including electronic or digital form, evidencing title to, or interest in, such assets, including but not limited to bank credits, travellers cheques, bank cheques, money orders, shares, securities, bonds, drafts, letters of credit and includes any legal or equitable interest in any such property;

“transaction” means any activity connected with finance business or designated non-finance business ;

“transaction” in relation to property includes—

- (a) a purchase, sale, loan, charge, mortgage, lien, pledge, transfer, delivery, assignment, subrogation, transmission, gift, donation,

creation of a trust, settlement, deposit including any deposit of any article, withdrawal, transfer between assets, extension of credit;

- (b) any agency or grant of power of attorney;
- (c) any other disposition or dealing of property in whatever form, or whatsoever description or nature, howsoever described, which results in any right, title, interest or privilege, whether present or future, or whether vested or contingent, in the whole or any part of such property being conferred on any person; and

“unlawful activity” means any act which constitutes and offence under —

- (a) the Poisons, Opium and Dangerous Drugs Ordinance (Chapter 218);
- (b) any law or regulation for the time being in force relating to the prevention and suppression of terrorism;
- (c) the Bribery Act (Chapter 26);
- (d) the Firearms Ordinance (Chapter 182), the Explosives Ordinance (Chapter 183) or the Offensive Weapons Act, No. 18 of 1966.
- (e) the Exchange Control Act (Chapter 423);
- (f) an offence under section 83c of the Banking Act, No. 30 of 1988;
- (g) any law for the time being in force relating to transnational organised crime;
- (h) any law for the time being in force relating



to cyber crime;

- (i) any law for the time being in force relating to offences against children;
- (j) any law for the time being in force relating to offences connected with the trafficking of persons; and
- (k) an offence under any other law for the time being in force which is punishable by death or with imprisonment for a term of seven years or more.

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