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இலங்கை மத்திய வங்கி
CENTRAL BANK OF SRI LANKA

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நிதியியல் உளவறிதற் பிரிவு
FINANCIAL INTELLIGENCE UNIT

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

July 07 , 2026 Circular No: 03/2026

Ref: 037/01/074/0002/026

To: CEOs/ General Managers/ Managing Directors of all Financial Institutions and Designated Non- Finance Businesses and Professions.

Application of Enhanced Due Diligence (EDD) measures and countermeasures in respect of jurisdictions identified by the Financial Action Task Force (FATF) as higher-risk jurisdictions

1. FATF Recommendation 19 and Recommendation 23 requires that Financial Institutions (FIs) and Designated Non-Finance Businesses and Professions (DNFBPs) apply EDD measures, proportionate to the risks, to business relationships and transactions with natural persons, legal persons that may include financial institutions from any jurisdiction with weak measures to combat money laundering and terrorist financing identified by the FATF. In addition, Recommendation 19 requires that countries be able to apply appropriate countermeasures when called upon to do so by the FATF, and also independent of such call by FATF to do so. Such countermeasures should be proportionate to the risks.

2. Consistent with FATF Recommendation 19, read together with Recommendation 23, and Customer Due Diligence Rules (CDD Rules)[1] require every Institution listed under Section 33 of the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) to apply EDD measures to business relationships and transactions involving customers, financial institutions and DNFBPs from higher-risk countries.

3. The FATF identifies and publishes two categories of jurisdictions as higher-risk jurisdictions:

   a) **High-Risk Jurisdictions Subject to a Call for Action also known as FATF "Blacklist":** These are Jurisdictions subject to a FATF call on its members and other jurisdictions to apply countermeasures, as well as jurisdictions subject to a FATF call on its members and other jurisdictions to apply enhanced due diligence measures proportionate to the risks arising from the jurisdiction.

   b) **Jurisdictions Under Increased Monitoring also known as FATF "Grey List":** These are jurisdictions that have been identified as having strategic deficiencies in their AML/CFT/CPF regimes but have made a commitment to address these deficiencies within agreed timeframes and are actively working to do so.

[1] Rules 57 and 58 of the Financial Institutions (Customer Due Diligence) Rules, No.1 of 2016, Rules 28 and 29 of the Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018, and Rules 48 and 49 of the Insurers (Customer Due Diligence) Rules, No. 1 of 2019.

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4. All FIs listed under Section 33 of the FTRA are required, in accordance with the CDD Rules[2], to apply EDD measures to all business relationships and transactions involving:
   a) natural persons from higher-risk countries or jurisdictions under increased monitoring; and
   b) legal persons (companies, trusts, foundations, and other arrangements) from such jurisdictions.

5. All DNFBPs subject to the lawyers, notaries, other independent legal professionals, accountants, trust and company service providers when, on behalf of, or for, a client, they engage in a financial transaction in relation to the activities described in Section 33 of the FTRA, dealers in precious metals or stones when they engage in a cash transaction with a customer equal to or above USD/EUR 15,000 are required, in accordance with the CDD Rules[3], to apply EDD measures to all business relationships and transactions involving:
   a) natural persons from higher-risk countries or jurisdictions under increased monitoring; and
   b) legal persons (companies, trusts, foundations, and other arrangements) from such jurisdictions.

6. In accordance with the CDD Rules, in addition to EDD measures in respect of higher-risk jurisdictions subject to a call for action by the FATF, every Institutions are required to apply countermeasures that are proportionate to the risks.

   a) limiting business relationships or financial transactions with identified countries or persons located in the country concerned;
   b) reviewing and amending, or if necessary, terminating, correspondent banking relationships with financial institutions in the country concerned;
   c) conducting enhanced external audits, by increasing the intensity and frequency thereof, for branches and subsidiaries of the financial institution or financial group located in the country concerned; and
   d) any other measure as may be specified by the Financial Intelligence Unit (FIU).

7. Pursuant to the CDD Rules, the FIU publishes the list of high-risk jurisdictions and jurisdictions under increased monitoring as identified by the FATF on its official website. The Institutions are required to refer to the updated lists available at the link: [https://fiusrilanka.gov.lk/fatf_public_statement.html](https://fiusrilanka.gov.lk/fatf_public_

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[2] Rules 57 and 58 of the Financial Institutions (Customer Due Diligence) Rules, No.1 of 2016 and Rules 48 and 49 of the Insurers (Customer Due Diligence) Rules, No. 1 of 2019.

[3] Rules 28 and 29 of the Designated Non-Finance Business (Customer Due Diligence) Rules, No. 1 of 2018,

statement.html). The FATF reviews and updates this list (https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html) on a periodic basis, typically following each FATF Plenary. Institutions are advised to monitor updates regularly and take prompt action to revise their internal policies, procedures, and controls accordingly.

8. Every Institutions are also advised to ensure that their internal policies, procedures, controls, and systems adequately reflect the requirements set out in this Circular, the CDD Rules and the FATF Recommendations, in addition to the following;
   a) provide appropriate training to relevant staff on the requirements relating to EDD and countermeasures applicable to higher-risk jurisdictions;
   b) maintain adequate records of EDD measures applied in respect of business relationships and transactions involving higher-risk jurisdictions; and
   c) report any suspicious transactions to the FIU in accordance with the FTRA.

9. Compliance with the requirements set out in this Circular will be monitored during examinations conducted by the FIU and other supervisory authorities.

Yours sincerely,

Acting Director
Financial Intelligence Unit

Cc :
1. Compliance Officers of all Financial Institutions and Designated Non- Finance Businesses and Professions
2. Director, Bank Supervision Department of the Central Bank of Sri Lanka
3. Director, Department of Supervision of Non-Bank Financial Institutions of the Central Bank of Sri Lanka
4. Director, Payments and Settlements Department of the Central Bank of Sri Lanka
5. Director General, Securities and Exchange Commission of Sri Lanka
6. Director General, Insurance Regulatory Commission of Sri Lanka
7. Chairman & CEO, National Gem & Jewellery Authority
8. Chairman & CEO, Gambling Regulatory Authority
9. Chairman & CEO, Condominium Management Authority
10. Registrar General of Companies, Department of the Registrar of Companies