

**PROPOSAL TO ESTABLISH A DESIGNATED AML/CFT/ CPF UNIT IN
THE NATIONAL GEM AND JEWELLERY AUTHORITY**

2026

Cadre of Designated AML/CFT/ CPF Unit (Total 08)

Deputy Director, AML/CFT Supervision (DPMS) /FIU Liaison Officer 01

AML/CFT Enforcement Officer 04

AML/CFT Risk Assessment Specialist (DPMS Sector) 02

AML/CFT Research Assistant 01

- ✓ The Deputy Director (AML/CFT supervision) shall directly report to the Director (Enforcement and Regional Development) and shall be the AML/CFT coordinating officer of the National Gem and Jewellery Authority.
- ✓ The Deputy Director shall oversee the functions and duties of the division.
- ✓ The Deputy Director shall be possessing the professional qualification of Attorney-at-law.
- ✓ AML/CFT Enforcement officers shall be responsible for onsite/offsite supervisions and for taking supervisory actions thereunder.
- ✓ The AML/CFT Risk Assessment Specialists shall collect, maintain, and analyze data in identifying the risk of the sector.
- ✓ AML/CFT research assistant shall be responsible for conducting thematic research/ policy documentation/ drafting guidelines/ supervisory manuals and drafting warning/ show cause letters for the sector.

Functions and Duties of the Designated AML/CFT/CPF Unit

1. Establishment and Mandate

1.1. The designated unit shall be a specialized unit responsible for anti-money laundering/ countering the financing of terrorism and countering Proliferation Financing (AML/CFT/CPF) supervision/ policy making/ awareness of dealers in precious metals and precious and semi-precious stones (DPMS) in Sri Lanka.

1.2 The unit shall be attached to the Enforcement and Regional Development Division of the Authority.

1.3. The designated AML/CFT unit shall exercise its functions in accordance with the National Gem and Jewellery Authority Act, applicable AML/CFT laws, regulations, and international standards.

2. Regulatory and Policy Functions

2.1. The Unit shall develop, issue, review and update AML/CFT regulations, directives, guidelines and supervisory manuals applicable to the DPMS.

2.2. The Unit shall ensure that sector-specific AML/CFT requirements are consistent with National Gem and Jewellery Authority Act, relevant national legislation and relevant international standards.

2.3. The Unit may issue interpretive guidance and circulars to clarify regulatory obligations and supervisory expectations.

3. Risk Assessment and Risk-Based Supervision

3.1. The Unit shall conduct yearly sectoral money laundering and terrorist financing risk assessments for DPMS.

3.2. The Unit shall identify and assess emerging risks, vulnerabilities, and typologies relevant to the DPMS sector.

3.3. The results of such risk assessments shall inform supervisory planning, intensity of supervision, and allocation of resources in accordance with a risk-based approach.

4. Licensing, Registration, and Fit-and-Proper Assessments

4.1. The Unit shall support or conduct AML/CFT-related assessments in the licensing or registration of DPMS.

4.2. The Unit shall assess the fitness and propriety of owners, directors, senior management, and compliance officers from an AML/CFT perspective.

4.3. The Unit shall maintain records of licensed or registered DPMS and their respective AML/CFT risk classifications.

5. Supervisory and Monitoring Functions

5.1. The Unit shall conduct off-site monitoring and on-site inspections to assess compliance by DPMS with AML/CFT obligations.

5.2. Supervisory assessments shall include, but not be limited to, compliance with customer due diligence, beneficial ownership identification, record-keeping, internal controls, and suspicious transaction reporting requirements.

5.3. The Unit may issue supervisory findings, recommendations, and remedial actions, including timelines for corrective measures.

6. Enforcement and Corrective Measures

6.1. Where non-compliance is identified, the Unit shall initiate appropriate administrative or regulatory enforcement actions in accordance with its legal mandate.

6.2. The Unit may impose or recommend proportionate, effective, and dissuasive sanctions, including administrative penalties, restrictions on activities, **suspension**, or revocation of licenses or registrations. (If we provide for suspension under the New Act of NGJA)

7. Oversight of Suspicious Transaction Reporting

7.1. The Unit shall oversee the implementation and effectiveness of suspicious transaction reporting obligations by DPMS.

7.2. The Unit shall file STRs to the FIU, Sri Lanka and to the Competent Authority and maintain separate records of such reports.

8. Capacity Building and Industry Guidance

8.1. The Unit shall promote AML/CFT awareness and compliance through training, outreach, and guidance to DPMS and shall implement capacity-building initiatives for the internal staff of the Authority.

9. Domestic and International Cooperation

9.1. The Unit shall cooperate and exchange information with domestic competent authorities, subject to applicable confidentiality requirements.

9.2. The Unit may engage in international cooperation with foreign supervisory authorities and relevant international bodies in accordance with applicable laws and agreements.

10. Reporting and Governance

10.1. The Unit shall prepare periodic reports on AML/CFT supervisory activities, compliance levels, and sectoral risks.

10.2. The Unit shall provide advice and recommendations on AML/CFT policy and supervisory priorities.

10.3. The Unit shall ensure proper governance, documentation, and audit trails for all supervisory and enforcement actions.