



**National Gem and Jewellery Authority
Sri Lanka**



SUPERVISORY MANUAL

**FOR THE SUPERVISION OF DEALERS IN PRECIOUS METALS AND PRECIOUS
AND SEMI-PRECIOUS STONES**

**UNDER THE PREVENTION OF MONEY LAUNDERING/ TERRORIST FINANCING AND
PROLIFERATION FINANCING FRAMEWORK**

Issued by: Enforcement and Regional Development Division

Legal Authority: National Gem and Jewellery Authority Act No, 50 of 1993 and the
Financial Transactions Reporting Act No. 6 of 2006.

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1. INTRODUCTION

1.1 Purpose

1.1.1 This Supervisory Manual sets out the policies, procedures, and supervisory methodology to be applied by the Enforcement division of the National Gem and Jewellery Authority in overseeing Dealers in Precious Metals and Precious and Semi-Precious Stones (DPMS) for compliance with Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) obligations.

1.1.2 The Manual aims to ensure a consistent, risk-based, and effective supervisory approach in accordance with the national legislation and international standards.

1.2 Legal Authority

1.2.1 This Manual is issued pursuant to the legislative authority granted to the National Gem and Jewellery Authority as the regulator of gem and jewellery industry in Sri Lanka under National Gem and Jewellery Authority Act No. 50 of 1993 and under:

- (a) Section 22 and 23 of the Financial Transactions Reporting Act No, 06 2006.
- (b) Section 52 of the Proceeds of Crimes Act No. 05 of 2025.

1.2.2 This Manual is informed by the Financial Action Task Force (FATF) Recommendations no. 28 and relevant guidance applicable to Designated Non-Financial Businesses and Professions (DNFBPs).

Recommendation No. 01 of the FATF Methodology -Assessing risks and applying a risk-based approach

Countries should identify, assess, and understand the money laundering and terrorist financing risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively. Based on that assessment, countries should apply a risk-based approach (RBA) to ensure that measures to prevent or mitigate money laundering and terrorist financing are proportionate to the risks identified.

Recommendation No. 28 of FATF Methodology -Regulation and supervision of DNFBPs

Designated non-financial businesses and professions should be subject to regulatory and supervisory measures as set out below.

This may be performed by

- (a) a supervisor or
- (b) by an appropriate self-regulatory body (SRB), provided that such a body can ensure that its members comply with their obligations to combat money laundering and terrorist financing.

The supervisor or SRB should also (a) take the necessary measures to prevent criminals or their associates from being professionally accredited, or holding or being the beneficial owner of a significant or controlling interest or holding a management function, e.g. through evaluating persons on the basis of a "*fit and proper*" test; and

(b) have effective, proportionate, and dissuasive sanctions in line with Recommendation 35 available to deal with failure to comply with AML/CFT requirements.

This should be performed on a risk-sensitive basis.

Immediate Outcome No. 04

Supervisors appropriately supervise, monitor and regulate DNFBPs for compliance with AML/CFT requirements, and DNFBPs adequately apply AML/CFT preventive measures proportionate to the risks, and report suspicious transactions.

1.3 Scope of Application

1.3.1 This Manual applies to all natural and legal persons engaged in activities involving:

- a) Precious and semi-precious stones, including diamonds and gemstones;
- b) Jewellery containing precious metals or stones;
- c) Any transaction subject to AML/CFT requirements under applicable law
- d) Domestic or cross-border trade

Interpretation under National Gem and Jewellery Authority Act No. 50 of 1993

"Gem " includes a precious stone or a semiprecious stone or a product of any gem or any such stone

"Gem industry" means any trade or business of all or any of the following classes or descriptions :

- (a) mining for gems or gemming,
- (b) importing gems into or exporting gems from Sri Lanka,

- (c) selling, purchasing or supplying gems,
- (d) valuing gems,
- (e) cutting, polishing, engraving or carving gems,
- (f) heat treatment of gems and any other method of enhancing the value of gems,
- (g) examination and certification of gems and assaying of precious metal,
- (h) lapidary training;

" jewellery " means any ornament made from precious metals or precious stones for personal adornment or any curio made out of such metal or such stone ;

" jewellery industry " means any trade or business relating to the assaying of precious metals or the manufacture of ornaments from precious metals or precious stones, for personal adornment, or the export of such ornaments;

FATF Methodology – Interpretation of DPMS Sector

The primary target audience is dealers in precious metals and dealers in precious stones themselves, However, the term "dealer" encompasses a wide range of persons engaged in these businesses, from those who produce precious metals or precious stones at mining operations,

- ✓ Intermediate buyers and brokers,
- ✓ Precious stone cutters and polishers and precious metal refiners,
- ✓ Jewelry manufacturers who use precious metals and precious stones,
- ✓ Retail sellers,
- ✓ Buyers and sellers in the secondary and scrap markets.

2. DEFINITIONS AND ABBREVIATIONS

2.1 Definitions

For the purposes of this Manual, unless the context otherwise requires:

“Beneficial Owner” means a natural person who ultimately owns or controls ten per cent or more of a company, in whole or in part, through, direct or indirect ownership or control of shares or voting rights or other ownership interest in that company, and also includes a natural person who exercises effective control through other means, and beneficial ownership is to be construed accordingly; (section 130J of the Companies (Amendment) Act, No. 12 of 2025)

“Customer Due Diligence (CDD)” means identifying, verifying and accepting new customers and maintaining relationship with existing customers by the dealers in precious metals and dealers in precious and semi-precious stones, including but not limited to, metals and stones covered by the National Gem and Jewellery Authority Act, No. 50 of 1993 when they engages in any cash transaction with a customer in Sri Lankan Rupees or in any foreign currency equivalent to or above United States Dollars 15000.

“Enhanced Customer Due Diligence (ECDD)” means identifying, verifying and accepting new customers and maintaining relationship with customers rated as high risk.

“Financial Action Task Force” means an independent inter -governmental body that develops and promotes the policies to protect the global financial system against money laundering, terrorist financing and financing for proliferation of weapons of mass destruction;

“Immediate family member” includes the spouse , children and their spouses or partners, parents, siblings and their spouses and grandchildren and their spouses;

“Legal person” means any entity other than a natural person that is able to establish a permanent customer relationship with a non- finance business or otherwise owns property and includes a company, a body corporate, a foundation, a partnership or an association;

“Legal arrangement” includes an express trust, a fiduciary account or a nominee;

“Money laundering” means the offence of money laundering in terms of section 3 of the Prevention of Money Laundering Act, No 5 of 2006;

“Occasional customer” means any customer who engages in transactions occasionally;

“One-off customer” means any customer who engages in any one-time transaction or transactions;

“Person” means a natural or legal person and includes a body of persons whether incorporated or unincorporated and a branch incorporated or established outside Sri Lanka;

“Politically exposed person” means an individual who is entrusted with prominent public functions either domestically or by a foreign country, or in an international organization and includes a head of a State or a Government, a politician, a senior government officer, judicial officer or military officer, a senior executive of a State owned Corporation, Government or Autonomous body but does not include middle rank or junior rank individuals;

“Record Keeping” means Maintenance & Retention of Customer Due Diligence, Transactions Record, Compliance Records and Training Records.

“Risk based approach” in relation to the application of CDD measures to manage and mitigate money laundering and terrorist financing risks, means the use of simplified CDD measures in the case of customers with lower risk levels and the use of enhanced CDD measures in the case of customers with higher risk levels;

“Suspicious transaction report” means a report of a suspicious transaction or attempted transaction in compliance of section 7 of the Act;

“Terrorist financing” means an act constituting an offence under section 3 of the Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005.

“Tipping off” means the offence of disclosing to any person (subject to conditions) including customers that a certain transaction is being scrutinized for possible involvement in suspicious money laundering operations and/or terrorist financing.

2.2 Abbreviations

AML – Anti-Money Laundering

CTF – Counter-Terrorist Financing

CPF –Counter- Proliferation Financing

DPMS – Dealers in Precious Metals and Stones

DNFBP – Designated Non-Financial Business and Professions

FIU – Financial Intelligence Unit

3.MONEY LAUNDERING AND TERRORIST FINANCING RISKS IN THE DPMS SECTOR

3.1 Inherent Risks

3.1.1 The DPMS sector is exposed to elevated ML/TF/PF risks due to:

- (a) High-value and portable nature of goods;
- (b) Use of cash/ virtual currencies/ anonymous payment methods;
- (c) Cross-border trade/ free- trade zones and complex supply chains;
- (d) Subjective valuation of stones and metals/ purity manipulation.

3.2 Common Typologies

3.2.1 Common ML/TF/PF typologies include:

- (a) Structuring transactions to evade reporting thresholds;
- (b) Trade-based money laundering through over- or under-invoicing;
- (c) Use of shell companies, nominees, or intermediaries;
- (d) Transactions lacking economic or lawful purpose.

4. SUPERVISORY FRAMEWORK AND APPROACH

4.1 Risk-Based Supervision

4.1.1 The supervisory framework is designed to **ensure that ML/TF risks in the DPMS sector are identified, assessed, and mitigated effectively**, in line with the FATF Recommendations and Methodology.

4.2. Sectoral Risk Assessment

The National Gem and Jewellery Authority shall:

- Conduct DPMS-specific Sector Risk Assessment (SRA)
- Contribute to the National Risk Assessment (NRA) and adopt its findings to the supervisory activities undertaken by the Authority.
- Conduct **Offsite Monitoring**: Use quarterly/ annual AML/CFT surveys and questionnaires to collect data on compliance programs and transaction volumes.
- Conduct Onsite Examinations/ pre and post examinations.
- Conduct joint supervisions with FIU, Sri Lanka.
- Conduct Thematic and sectoral reviews.
- Conduct sector awareness/ training sessions.

4.3. Risk indicators include:

- Frequency of cash transactions
- Use of third-party intermediaries
- Trading with high-risk jurisdictions
- Weak record-keeping practices

4.4. Supervisory Intensity

| Risk Level | Supervisory Actions |
|-------------------|--|
| Low | Desk reviews, periodic reporting |
| Medium | Targeted examinations |
| High | Frequent on-site examinations, enhanced scrutiny |

4.5. Entity Risk Classification

Each DPMS entity shall be rated **Low, Medium, or High Risk** based on:

- Nature of products traded
- Transaction size and volume
- Customer profile
- Geographic exposure
- Compliance history

Risk rating determines:

- Examination frequency
- Depth of examination
- Reporting obligations

5. LICENSING, REGISTRATION, AND MARKET ENTRY CONTROLS

5.1 Registration and Licensing

5.1.1 All DPMS shall be licensed or registered with the National Gem and Jewellery Authority prior to commencing operations.

Section 15 of the National Gem and Jewellery Authority Act No.50 of 1993.

(1) Notwithstanding anything to the contrary in any other written law, the Authority shall be the sole authority responsible for the issue of licences to carry on the gem industry whether such industry is, or is proposed to be, carried on in or over any State or private land.

(2) No person shall carry on the gem industry **except under the authority of a licence issued by the Authority.**

5.1.2 AML/CFT compliance shall be a mandatory condition for granting, maintaining, or renewing authorization.

Appointment of a compliance officer

Condition No.11 (a)(i) of the Gem Dealer License: Appointment of a compliance officer under section 14(1)(a) of the Financial Transactions Reporting Act No. 06 of 2006 within one month from the date of the license issued.

In the event of renewing the license, the Authority must inquire unto any changes with regard to the appointment of the compliance officer. If the Compliance Officer has been changed, the new appointment has to be recorded.

Condition No. 11 (a) (ii) – if a government institution has informed the Authority that the licensee is connected with any offence under the Penal Code of Sri Lanka, the Authority after an inquiry satisfied with such facts, may revoke the license.

If the applicant is a company or a partnership, each director / each partner must submit Self-declaration form in applying for a gem dealer license. If such appointments have been changed at the time of renewal, such new directors/ partners must submit self-declarations.

Self -declaration Form

License applicants/ Board of Directors/shareholders/ beneficial owners must submit a declaration on his criminal profile and fitness.

Grama Niladhari Certificate – Certificate of Character and residence- applicable for individual applicants.

Bank statements for recent three months –proving transactions for the requested stock limit- applicable for dealer licenses above the stock limit of Rs. 2million.

Police clearance certificate – applicable for licenses above the stock limit of Rs.10million.

5.2 Fit-and-Proper Requirements

5.2.1 Fit-and-proper assessments shall apply to:

- (a) Owners and beneficial owners;
- (b) Directors and senior management;
- (c) Compliance officers.

5.2.2 Assessments shall consider integrity, competence, financial soundness, and criminal history.

5.2.3. All DPMS applying for a license of the National Gem and Jewellery Authority shall be screened against the UN Security Council Resolutions and such application shall be rejected in the event if the applicant or beneficiary appears on these designated lists.

6. AML/CFT OBLIGATIONS OF DPMS

6.1 Customer Due Diligence

6.1.1 DPMS shall conduct CDD prior to establishing business relationships or conducting cash transactions with a customer in Sri Lankan Rupees or in any foreign currency equivalent to or above United States Dollars 15000

6.1.2 DPMS shall identify and verify beneficial ownership and understand the purpose and intended nature of transactions.

6.2 Enhanced Due Diligence

6.2.1 EDD shall be applied to higher-risk situations, including PEPs, high-risk jurisdictions, and complex or unusual transactions.

6.3 Record Keeping

6.3.1 DPMS shall maintain CDD and transaction records for at least the minimum 06 years period as prescribed by law.

6.4 Sanction Screening

6.4.1. DPMS shall ensure, threshold-free screening against UN Security Council Resolutions prior to and during the business relationship. The DPMS sector shall be encouraged to use the sanction screening developed by the Financial Intelligence Unit, Sri Lanka.

1. UNSCR 1373 local list concerning local terrorists.
2. UNSCR 1267/1988/1989 International Lists concerning ISIL, Al-Qaeda, Taliban.
3. UNSCR 1718 international list concerning North Korea proliferators.
4. DPRK reports- database developed by Royal United Services Institution (RUSI) on individuals and entities identified in the UN Panel of Experts reports on North Korea from 2010 to 2023.

<https://fiusl-screening.web.lk/>

6.5 Reporting Obligations

6.5.1 DPMS shall promptly submit STRs to the FIU, Sri Lanka with a copy to the Competent Authority; Ministry of Defence Sri Lanka upon suspicion of ML/TF and shall not disclose such reporting to customers.

7. INTERNAL CONTROLS AND COMPLIANCE PROGRAMS

7.1 DPMS shall establish and maintain effective AML/CFT policies, procedures, and controls approved by senior management.

7.2 DPMS shall appoint a compliance officer with sufficient authority, preferably an officer of senior management, independence, and resources.

7.3 DPMS shall provide regular AML/CFT training to management and staff.

7.4. DPMS shall establish an audit function to test its procedures and systems for the compliance with AML/CFT obligations.

7.5. DPMS shall screen all persons before hiring them as employees.

8. ON-SITE EXAMINATIONS

8.1. On-site examinations are the primary tool for in-depth assessment of institutions' AML/CFT frameworks and the effectiveness of implementation.

8.2. The choice of type and scope is determined by institutional risk rating, sectoral risk, off site indicators and supervisory priorities.

8.3. The objectives of on-site work are to:

- Test whether AML/CFT controls operate effectively in practice.
- Verify the accuracy of information provided in off-site returns and institutional risk assessments.
- Identify serious or systemic weaknesses and direct remedial actions.
- Provide a strong evidentiary basis for enforcement where needed

8.4. The Enforcement and Regional Development Officers shall review and rate the core modules including:

- Governance and risk culture.
- Institutional ML/TF risk assessment and policies.
- Customer acceptance and CDD/EDD (including beneficial ownership).
- Ongoing monitoring and transaction monitoring systems.
- STR identification, investigation and reporting.
- Sanctions screening and TFS implementation.

8.5. The Enforcement Division shall be assisted by the divisions with expertise in valuation/assaying and hallmarking during onsite examinations.

8.6 Findings shall be documented and communicated formally to the DPMS.

8.7. After the initial assessment, the Enforcement Officers shall conduct follow-up or post-examinations to verify that necessary improvements have been implemented.

8.8. The NGJA and the FIU Sri Lanka shall collaborate for supervision activities of DPMS as per the pre agreed risk-based supervision plan for the year or as circumstances may require to determine the DPMS's compliance with the Financial Transactions Reporting Act No. 06 of 2006 and the relevant rules, regulations, directives, instructions and circulars issued under the National Gem and Jewellery Authority Act No. 50 of 1993 in relation to AML/CFT/CPF.

8.9. Examination reports shall specify deficiencies, legal references, corrective actions, and timelines.

9. OFF-SITE SUPERVISION

9.1 The National Gem and Jewellery Authority may require periodic AML/CFT reports, questionnaires, and data submissions by the DPMS.

Higher-risk institutions (e.g. quarterly) and less frequent reporting from lower-risk institutions (e.g. annually), provided that minimum information needs are met.

Institutions must submit returns in the prescribed format and within specified time limits. Persistent late or poor-quality submissions should be treated as indicators of potential weaknesses in AML/CFT controls.

9.2 Its objectives are to:

- Collect and analyse quantitative and qualitative data to identify emerging risks and trends.
- Monitor implementation of remedial actions and enforcement outcomes.
- Inform the updating of institutional risk ratings and supervisory plans.
- Detect early-warning signs of serious weaknesses or breaches that may require onsite work or enforcement.

9.3. Off-site supervision shall cover:

- **Customer base:** total customers, high-risk customers, PEPs (domestic and foreign), NPOs, non-resident customers.
- **Products and services:** volumes/values by major product type, including high-risk products (e.g. trade finance, investment-linked insurance, high-risk loans).
- **Geographic exposure:** cross-border transactions by main regions, exposure to jurisdictions identified as high-risk by FATF or designated under domestic law.
- **Delivery channels:** use of online/mobile channels, agents, intermediaries.
- **STR and other reports:** number, type, timeliness and internal rejection rates of STRs and related reports filed with the FIU.
- **Sanctions and TFS:** number of sanctions alerts, confirmed matches, asset-freezing cases, and any breaches identified.
- **Compliance function and resources:** staffing levels, budget, turnover, key system implementations or upgrades.

9.4. Off-site analysis and early-warning indicators

- STR filing patterns (e.g. sudden increase or decrease relative to business volumes).
- Shifts in customer risk composition (e.g. growth in PEPs, NPOs, high-risk sectors).
- Increased exposure to high-risk jurisdictions or products.
- Significant changes in sanctions alerts or confirmed matches.

- High turnover in compliance staff or changes in key systems.

9.5. Off-site findings shall feed into decisions on:

- Advancing the timing of scheduled inspections.
- Expanding the scope of planned inspections to cover new risk areas.
- Conducting ad hoc, targeted visits where serious concerns arise.

9.4. THEMATIC REVIEWS

9.4.1. Thematic inspections shall be used to address cross-cutting risk areas identified in the National Risk Assessment/ Sectoral Risk Assessment or through supervisory experience, such as:

- Terrorist financing and proliferation financing risks.
- Trade-based money laundering.
- Non-profit organisations and charities.
- Use of agents and digital delivery channels.

9.4.2. Thematic review can cover multiple institutions across a sector, regardless of individual risk ratings, to benchmark practices, identify systemic weaknesses and promote good practices.

9.4.3. Thematic findings should be shared with industry (e.g. via anonymised feedback reports or circulars) and used to refine risk assessments and guidance.

10. ENFORCEMENT AND SANCTIONS

10.1 Compliance Rating

- Non-Compliant
- Partially Compliant
- Substantially-Compliant
- Fully-Compliant

10.2. The National Gem and Jewellery Authority may impose corrective measures for non-compliance that are:

- 10.2.1. Proportionate: sanctions and measures should correspond to the seriousness of breaches and the institution's risk profile.
- 10.2.2. Consistent: similar breaches should attract similar responses, subject to case specific circumstances.
- 10.2.3. Escalated: repeated or willful non-compliance should lead to progressively more severe measures.
- 10.2.4. Transparent : institutions should be informed of alleged breaches and given an opportunity to respond, within the constraints of confidentiality.

The sanctions shall be:

1. Warning letters and recommendations, with clear deadlines for remediation.
2. Administrative monetary penalties.
3. Public statements or naming of institutions for serious breaches/ publication in the official website of the NGJA.
4. License revocation.
5. Prosecution in Courts or referral of matters to the FIU and law-enforcement for criminal or civil action where appropriate.
6. It is necessary to conduct an onsite examination and verification of compliance by the sanctioned gem and jewellery dealer before the renewal of gem dealer license.

Recommendation No. 35 of FATF Methodology

Sanctions

Countries should ensure that there is a range of effective, proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with natural or legal persons covered by Recommendations 6, and 8 to 23, that fail to comply with AML/CFT requirements. Sanctions should be applicable not only to financial institutions and DNFBPs, but also to their directors and senior management

10.2 Serious or repeated violations may result in administrative penalties or revocation of authorization.

| Level | Indicative breach category | Typical measures |
|--------------|---|--|
| 1 | Minor breaches with limited risk impact, promptly corrected | Written warning; recommendation letter. |
| 2 | Repeated minor or moderate breaches; delayed remediation | Directive to implement corrective plan; Board engagement. |
| 3 | Significant deficiencies undermining AML/CFT framework; weak management oversight | Formal directions; restrictions on business; mandatory independent review. |
| 4 | Serious, systemic or wilful non-compliance; failure to report STRs or implement TFS | Administrative monetary penalty; licence conditions; public censure. |
| 5 | Intentional facilitation of ML/TF, obstruction, large-scale breaches | Licence suspension/revocation; referral for criminal prosecution. |

11. COOPERATION AND INFORMATION SHARING

11.1 Domestic Coordination Mechanisms

11.1.1. The National Gem and Jewellery Authority shall cooperate with domestic authorities, including the FIU, Sri Lanka, Law -enforcement agencies, Tax and Customs authorities and other DNFBP Regulatory/ licensing authorities.

11.1.2. Coordination mechanisms may include:

- National AML/CFT coordinating committee or similar body.
- Regular bilateral meetings between the FIU, Sri Lanka.
- Joint working groups on specific risks (e.g. TF, NPOs, PF, TBML).

11.1.3. Shared information may include:

- Risk assessments and supervisory findings.
- Trends and typologies, including STR analysis.
- Planned supervisory activities where coordination is beneficial.

11.2 International cooperation shall be supported in accordance with applicable laws, Agreements and MoUs.

12. CONDUCTING SECTOR AWARENESS SESSIONS

12.1 The Enforcement Division shall conduct awareness and training sessions for the sector:

- Minimum 05 **annual sessions** for the entire sector covering the regional offices of NGJA.
- **Additional sessions** for high-risk regions or emerging threats.
- **Special sessions** when regulatory updates or FATF guidance changes.

12.2. The Enforcement Division shall carry out periodic training sessions for the staff of the National Gem and Jewellery Authority.

13. OVERALL REPORTING AND SUPERVISION

13.1 The front -line staff of the Enforcement division shall be responsible for verification, screening and storing of data submitted by the DPMS in applying for licenses and timely reporting of any suspicion/ rejection of such applications to the supervising officers.

13..The Enforcement and Regional Development Officers shall be responsible for the maintenance of proper records of examinations both in paper form and in electronic form.

13.2 The heads of regional divisions shall be responsible for the overall supervision and compliance and shall report to the Chairman & CEO through the Director (Enforcement and Regional Development).

13.3. The Director (Enforcement and Regional Development) shall be the focal point in Sectoral I Risk Assessment and a member of the Joint Working Group of DNFBP sector.

13.4. The Board of Directors of the Authority shall bear the ultimate responsibility for ensuring full and ongoing compliance with Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation Financing (AML/CFT/CPF) laws, regulations, and supervisory requirements and ensure that effective AML/CFT/CPF policies, controls, and procedures are approved, implemented, monitored, and periodically reviewed, commensurate with the sectoral money laundering and terrorist financing risks.

14. CONFIDENTIALITY AND DATA PROTECTION

14.1 All supervisory information shall be treated as confidential and used solely for lawful supervisory purposes.

14.2 Data protection laws and information-security requirements shall be strictly observed by the National Gem and Jewellery Authority.

15. REVIEW AND UPDATE

15.1 This Manual shall be reviewed periodically and updated to reflect legislative changes, evolving risks, and international standards.

Annexure

AML/CFT Supervisory Evaluation Checklist (On-Site Interviews)

| Area | Key evaluation questions | Design (1-4) | Implementation (1-4) | Effectiveness (1-4) | Brief Evidence/ comments |
|---|---|--------------|----------------------|---------------------|--------------------------|
| 1. Governance & Compliance | Does Board/senior management understand AML/CFT responsibilities and key risks? Is the Compliance Officer independent and resourced? Are AML/CFT issues regularly discussed with follow-up? | | | | |
| 2. Risk Assessment & RBA | Is there an up-to-date ML/TF risk assessment aligned with NRA? Are customers/products/geos/channels risk-rated? Are stronger controls applied to higher-risk areas? | | | | |
| 3. CDD, EDD & Beneficial Ownership | Are CDD/EDD procedures complete and FTRA-compliant? Are BOs identified/verified for legal persons/arrangements, including complex structures? Are failed CDD cases declined or exited? | | | | |
| 4. Ongoing Monitoring & Screening | Are systems and scenarios risk-based and reviewed? Do alerts lead to proper investigation/escalation? Are unusual patterns detected and acted upon (examples)? | | | | |

| | | | | | |
|---|---|--|--|--|--|
| 5. STRs & Suspicion Handling | Do staff understand what constitutes suspicion? Is there a clear internal escalation and STR process with timelines? Are STRs timely, of good quality, and followed by enhanced monitoring? | | | | |
| 6. Cash / Threshold Reporting | Are prescribed transactions reliably captured and reported? Is structuring/evasion monitored? Is completeness tested against core systems? | | | | |
| 7. Record Keeping & Retrieval | Are CDD and transaction records kept for required periods? Are records accurate, secure and easily retrievable? Any data/migration issues affecting compliance? | | | | |
| 8. Sanctions/ TFS & Terrorist Property | Are customers and transactions screened against current lists? Are hits promptly frozen and reported? Does screening cover all products, entities and channels? | | | | |
| 9. Training, Awareness & Culture | Is training role-specific, regular and updated? Do staff answers show real understanding? Are incidents used to improve controls and training? | | | | |
| 10. Remediation & History | How has the institution addressed past supervisory/FIU findings? Are actions time-bound, owned and tracked? Is there evidence of sustained improvement? | | | | |

Scoring guide: 1 = Non-compliant; 2 = Partially-compliant; 3 = substantially –compliant 4 = Fully-compliant

- Key strengths: _____
- Key weaknesses: _____
- Proposed supervisory response (follow-up, intensity, sanctions): _____

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3. FATF, *Methodology for Assessing Technical Compliance with The FATF Recommendations and the Effectiveness Of AML/CFT/CPF Systems* (Adopted in February 2022 -Updated in December 2025)