

In case of discrepancies between the French and the English text, the French text shall prevail.

Luxembourg, 1 July 2019

To all the persons and entities under the supervision of the CSSF

CIRCULAR CSSF 19/722

- Re:** **FATF statements concerning**
- 1) jurisdictions whose anti-money laundering and combating the financing of terrorism regime has substantial and strategic deficiencies;**
 - 2) jurisdictions whose anti-money laundering and combating the financing of terrorism regime requires the application of enhanced due diligence measures proportionate to the risks arising from these jurisdictions;**
 - 3) jurisdictions whose anti-money laundering and combating the financing of terrorism regime is not satisfactory**

Ladies and Gentlemen,

The Financial Action Task Force ("FATF") Plenary of June 2019 issued statements on the following topics:

- 1) Jurisdictions whose anti-money laundering and combating the financing of terrorism ("AML/CFT") regime has substantial and strategic deficiencies and that are subject to an FATF call on its members and other jurisdictions to apply counter-measures

The FATF maintains its position that the AML/CFT regime of the **Democratic People's Republic of Korea** ("DPRK") continues to have substantial and strategic deficiencies and maintains the application of counter-measures against the DPRK. Moreover, the FATF reiterates that the jurisdictions must take the necessary measures to close existing subsidiaries, branches or representative offices of DPRK banks, where applicable, within their respective territories.

We therefore require you to continue taking into account the risks arising from the deficiencies of the AML/CFT regimes, including the fight against the financing of weapons of mass destruction proliferation regime, of the DPRK and to give special attention to business relationships and transactions with this jurisdiction, including with companies and financial institutions from this jurisdiction and those acting on their behalf.

We require you to apply in these cases enhanced due diligence and monitoring measures in order to avoid these business relationships being used to bypass or evade the application of enhanced measures and counter-measures. In this context, we also invite you to inform us in case of a correspondent banking relationship with a credit institution from the DPRK.

Finally, we invite you to maintain enhanced mechanisms for reporting suspicious activity to the Financial Intelligence Unit ("FIU") of the Public Prosecutor's Office.

2) Jurisdictions whose anti-money laundering and combating the financing of terrorism regime requires the application of enhanced due diligence measures proportionate to the risks arising from these jurisdictions

In June 2016, the FATF welcomed **Iran's** high-level political commitment to address its strategic AML/CFT deficiencies and its decision to seek technical assistance in the implementation of the FATF's Action Plan. In light of Iran's demonstration of its political commitment and the relevant steps it took in line with its Action Plan, the FATF decided in February 2019 to continue the suspension of counter-measures. Indeed, in 2017, Iran established a cash declaration regime and, in 2018 and January 2019, enacted amendments to its AML/CFT regime. The FATF recognises the progress of these legislative efforts but will only consider fully enacted legislation. However, Iran's Action Plan has expired while the remaining deficiencies had not been fully addressed yet. The FATF decided in its June 2019 Plenary meeting to continue the suspension of counter-measures while requiring the implementation of increased supervisory examination for branches and subsidiaries of financial institutions based in Iran, in line with its February 2019 Public Statement.

The FATF urges Iran to proceed swiftly in the reform path to ensure full and accurate implementation of the Action Plan, addressing all remaining AML/CFT deficiencies, in particular by bringing into force the necessary legislation. Until Iran implements the measures required to address the deficiencies identified in the Action Plan, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system. In its Plenary of October 2019, the FATF will assess the progress made by Iran and will take appropriate measures by requiring, where appropriate, the introduction of enhanced reporting mechanisms or systematic reporting of financial transactions, as well as increased external audit requirements at group level with respect to their branches and subsidiaries located in Iran. Iran will remain on this list until the full Action Plan has been completed.

We therefore require you to continue taking into account the risks arising from the strategic deficiencies of the AML/CFT regime of Iran and to give special attention to business relationships and transactions with this jurisdiction, including with natural and legal persons from this jurisdiction.

We require you to apply in these cases, as well as in correspondent banking, enhanced due diligence and monitoring measures with respect to business relationships including by increasing the number and timing of controls applied and by selecting patterns of transactions that need further examination, as well as by obtaining information on the reasons for the intended transactions.

Moreover, we invite you to maintain enhanced mechanisms for reporting suspicious transactions to the FIU.

3) Jurisdictions whose anti-money laundering and combating the financing of terrorism regime is not satisfactory

The following jurisdictions have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF to address these deficiencies:

The Bahamas, Botswana, Cambodia, Ethiopia, Ghana, Pakistan, Panama, Sri Lanka, Syria, Trinidad and Tobago, Tunisia and Yemen.

Therefore, we invite you to consider, where appropriate, the deficiencies identified by the FATF in its statements and the risks arising from them for your business relationships and transactions with these jurisdictions.

Please note also that, following the substantial efforts made by **Serbia**, this jurisdiction is no longer subject to the FATF's ongoing monitoring process but will continue working with the FATF-style regional body.

Please refer to the FATF's full decisions and statements at the following addresses:

<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/public-statement-june-2019.html>

<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-june-2019.html>

This circular repeals Circular CSSF 19/711 of 1 March 2019.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

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