

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

Luxembourg, 6 November 2019

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

**CIRCULAR CSSF 19/730**

- Re:** **FATF statements concerning**
- 1) jurisdictions whose anti-money laundering and combating the financing of terrorism regime has substantial and strategic deficiencies;**
  - 2) jurisdictions for which i) increased supervision must be implemented with respect to subsidiaries and branches of financial institutions based in Iran, ii) enhanced control measures must be applied, including enhanced mechanisms for reporting suspicious transactions or systematic reporting of financial transactions, as well as iii) increased external audit must be required within financial groups with respect to their subsidiaries and branches located in Iran;**
  - 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 October 2019 published 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”).

- 2) Jurisdictions for which i) increased supervision must be implemented with respect to subsidiaries and branches of financial institutions based in Iran, ii) enhanced control measures must be applied, including enhanced mechanisms for reporting suspicious transactions or systematic reporting of financial transactions, as well as iii) increased external audit must be required within financial groups with respect to their subsidiaries and branches located in Iran

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. Indeed, in November 2017, Iran established a cash declaration regime and, in August 2018 and January 2019, it 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 October 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 and, in line with its announcement at the June 2019 Plenary meeting, requires i) increased supervision for branches and subsidiaries of financial institutions based in Iran, ii) application of enhanced control measures, including enhanced reporting mechanisms or systematic reporting of financial transactions, as well as iii) increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in Iran. Iran will remain on this list until the full Action Plan has been completed.

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. 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 February 2020, the FATF will assess the progress made by Iran and will take appropriate measures by requiring, where appropriate, the (re-)implementation of counter-measures that are efficient and proportionate to the risks emanating from this country.

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 frequency 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, Ghana, Iceland, Mongolia, Pakistan, Panama, Syria, Trinidad and Tobago, Yemen and Zimbabwe.**

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 **Ethiopia, Sri Lanka and Tunisia**, these jurisdictions are no longer subject to the FATF's monitoring process but will continue working with the relevant FATF-style regional bodies.

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

This circular repeals Circular CSSF 19/722 of 1 July 2019.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

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