



Commission de Surveillance  
du Secteur Financier

## Circular CSSF 20/746

FATF statements  
concerning

- 1) high-risk jurisdictions on which enhanced due diligence and, where appropriate, counter-measures are imposed
- 2) jurisdictions under increased monitoring of the FATF

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Re: FATF statements concerning

- 1) high-risk jurisdictions on which enhanced due diligence and, where appropriate, counter-measures are imposed
- 2) jurisdictions under increased monitoring of the FATF

Luxembourg, 9 July 2020

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

Ladies and Gentlemen,

In June 2020, during its virtual plenary meeting, the FATF confirmed that its February 2020 statements remain applicable as a general rule. Indeed, in April 2020, the FATF had decided, in response to the COVID-19 crisis, on a general pause in the review process of the high-risk jurisdictions on which enhanced due diligence and, where appropriate, counter-measures are imposed.

The current lists therefore include:

### **1) High-risk jurisdictions on which enhanced due diligence and, where appropriate, counter-measures are imposed**

The statements on the Democratic People's Republic of Korea ("DPRK") and Iran remain unchanged and we reiterate the following:

#### **Democratic People's Republic of Korea ("DPRK")**

The FATF maintains its position that the AML/CFT regime of the **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 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, 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 ask you to inform us in case of a correspondent banking relationship with a credit institution from the DPRK.

Finally, we ask you to maintain enhanced mechanisms for reporting suspicious activity to the Financial Intelligence Unit ("FIU").

## **Iran**

In June 2016, **Iran** has made a political commitment to address its strategic AML/CFT deficiencies. The Action Plan set by the FATF has expired while the remaining deficiencies had not been fully addressed yet. The FATF required in its October 2019 Plenary meeting i) the implementation of increased supervision with respect to subsidiaries and branches of financial institutions based in Iran, ii) the application of enhanced control measures, including enhanced mechanisms for reporting suspicious transactions or systematic reporting of financial transactions, as well as iii) the increased external audit within financial groups with respect to their subsidiaries and branches located in Iran.

Since Iran has not fully addressed the remaining deficiencies, the FATF requires henceforth the implementation of counter-measures that are effective and proportionate to the risks emanating from this jurisdiction. In particular, until Iran implements the measures required to address the deficiencies identified in the Action Plan, the FATF remains concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system.

The FATF will assess the progress made by Iran and take appropriate measures by deciding, as the case may be, to reintroduce the suspension of counter-measures. Iran will remain on this list until the full Action Plan has been accomplished.

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 companies and financial institutions from this jurisdiction and those acting on their behalf.

We require you to apply in these cases, as well as in correspondent banking relationships, enhanced due diligence and monitoring measures with respect to these business relationships in order to avoid these business relationships being used to bypass or evade the application of enhanced measures and counter-measures. Thus, we ask you to increase the number and frequency of controls applied, select patterns of transactions that need further examination and obtain information, particularly, on the reasons for the intended transactions.

Moreover, we ask you to inform us (i) in case of a correspondent banking relationship with a credit institution from Iran and (ii) in case of use of a third party located in Iran and conducting elements of the due diligence process (third-party introducers and/or outsourcing).

Finally, we ask you to maintain enhanced mechanisms for reporting suspicious transactions to the FIU.

## 2) Jurisdictions under increased monitoring of the FATF

The FATF decided on a general pause in the review process for the jurisdictions under increased monitoring of the FATF and granted these jurisdictions an additional four months for respecting their deadlines. However, it should be underlined that, as expressly requested by **Iceland** and **Mongolia**, the above four months deadline extension has not been applied to these jurisdictions and that the review process has been performed on these countries by the FATF. Thus, based on the conclusion that these two jurisdictions demonstrated that substantial efforts have been made, the FATF decided to remove them from the below-mentioned list, but to continue to monitor the COVID-19 situation and conduct an on-site visit at the earliest possible date.

The following jurisdictions currently have strategic AML/CFT deficiencies for which they have developed an action plan with the FATF to address these deficiencies: **Albania, Bahamas, Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Myanmar, Nicaragua, Pakistan, Panama, Syria, Uganda, Yemen and Zimbabwe.**

Therefore, we ask 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 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/call-for-action-june-2020.html>

<http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/increased-monitoring-june-2020.html>

This circular repeals Circular CSSF 20/738 of 6 March 2020.

Yours faithfully,

**Claude WAMPACH**  
Director

**Marco ZWICK**  
Director

**Jean-Pierre FABER**  
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