

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

Luxembourg, 28 February 2017

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

CIRCULAR CSSF 17/652

- 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 February 2017 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 confirms 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 maintains its request to the jurisdictions to take the necessary measures to close existing subsidiaries, branches or representative offices of DPRK banks, where applicable, within their territories.

We therefore require you to continue taking into account the risks arising from the deficiencies of the AML/CFT and the fight against the financing of the proliferation of weapons of mass destruction regimes 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.

We require you to apply in these cases, as well as in correspondent banking relationships, 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 require you *to inform us in case of a correspondent banking relationship* with a credit institution from the DPRK and to indicate your motives if you maintain this business relationship.

Finally, we invite you to reinforce the mechanisms for reporting suspicious activity to the Financial Intelligence Unit (“FIU”) of the State Prosecutor’s office of the Luxembourg *Tribunal d’Arrondissement* (District Court).

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 suspended counter-measures for 12 months in order to monitor Iran’s progress in implementing the action plan to address its strategic AML/CFT deficiencies. If the FATF determines that Iran has not demonstrated sufficient progress in implementing the action plan at the end of that period, the FATF’s call for counter-measures will be reimposed.

We therefore require you to continue to take 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.

We require you to apply in these cases, as well as in correspondent banking relationships, enhanced due diligence and monitoring measures based on the risk that has been identified.

Moreover, we invite you to maintain enhanced mechanisms for reporting suspicious activity to the Financial Intelligence Unit (“FIU”) of the State Prosecutor’s office of the Luxembourg *Tribunal d’Arrondissement* (District Court).

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:

Afghanistan, Bosnia and Herzegovina, Ethiopia, Iraq, Lao People’s Democratic Republic, Syria, Uganda, Vanuatu 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 refer to the FATF's full decisions and statements at the following addresses:

<http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/public-statement-february-2017.html>

<http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2017.html>

This circular repeals Circular CSSF 16/645 of 27 October 2016.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

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