

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

Luxembourg, 28 June 2017

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

**CIRCULAR CSSF 17/659**

- 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 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 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 take the necessary measures to close existing subsidiaries, branches and 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 regimes, including the fight against the financing of the proliferation of weapons of mass destruction 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 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 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 has taken in line with its Action Plan, the FATF has decided to continue the suspension of counter-measures. The FATF will keep monitoring progress in the implementation of the Action Plan and consider next steps. Until Iran implements the measures required to address the deficiencies identified in the Action Plan, and in particular those relating to terrorist financing, the FATF will remain concerned with the terrorist financing risk emanating from Iran and the threat this poses to the international financial system. 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 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 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:

**Bosnia and Herzegovina, Ethiopia, Iraq, 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 also note that, following the substantial efforts made by **Afghanistan** and **Lao PDR**, these jurisdictions are no longer subject to the FATF's on-going global compliance 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-riskandnon-cooperativejurisdictions/documents/public-statement-june-2017.html>

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

This circular repeals Circular CSSF 17/652 of 28 February 2017.

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

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