

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

Luxembourg, 1 March 2018

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

CIRCULAR CSSF 18/683

- 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 2018 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 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 *Tribunal d'Arrondissement de et à Luxembourg* (Luxembourg 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 took in line with its Action Plan, the FATF decided in November 2017 to continue the suspension of counter-measures. Since November 2017, Iran has established a cash declaration regime and introduced draft amendments to its AML and CFT laws. However, Iran's action plan has now expired with a majority of the action items remaining incomplete. Given that Iran has draft legislation currently before Parliament, the FATF decided at its plenary meeting of February 2018 to continue the suspension of counter-measures.

The FATF urgently expects Iran to proceed swiftly in the reform path to ensure that it addresses all of the remaining items in its Action Plan by completing and implementing the necessary AML/CFT reforms, in particular passing 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. At its June 2018 meeting, the FATF will assess progress made by Iran and take, where relevant, appropriate action. Iran will remain on this list until completion of its Action Plan.

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 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:

Ethiopia, Iraq, Serbia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia, 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 note also that, following the substantial efforts made by **Bosnia and Herzegovina**, 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-riskandnon-cooperativejurisdictions/documents/public-statement-february-2018.html>

<http://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-february-2018.html>

This circular repeals Circular CSSF 17/672 of 8 November 2017.

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

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