

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

Luxembourg, 24 October 2018

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

CIRCULAR CSSF 18/701

- 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 October 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 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”) 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 June 2018 to continue the suspension of counter-measures. In December 2017, Iran established a cash declaration regime and, in June 2018, it enacted amendments to its AML/CFT regime. However, Iran’s Action Plan has expired although a majority of the remaining deficiencies had not been addressed yet. The FATF decided in its October 2018 Plenary meeting to continue the suspension of counter-measures.

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, in particular by bringing into force 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 February 2019 meeting, the FATF will assess the progress made by Iran and take all appropriate action. 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, including obtaining information on the reasons for 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, Ethiopia, Ghana, Pakistan, Serbia, Sri Lanka, Syria, Trinidad and Tobago, Tunisia 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-october-2018.html>

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

This circular repeals Circular CSSF 18/694 of 5 July 2018.

Yours faithfully,

COMMISSION de SURVEILLANCE du SECTEUR FINANCIER

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