

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

Luxembourg, 20 December 2001

To all the persons and entities  
supervised by the CSSF

**CSSF CIRCULAR 01/48**

**Re: Supplement to CSSF Circulars 00/16, 01/31, 01/37 and IML 94/112 regarding the fight against money laundering and the prevention of the use of the financial sector for money-laundering purposes**

Dear Sir, Madam,

We are pleased to refer to the recent decisions taken by the Financial Action Task Force (FATF) on money laundering relating to non-cooperative countries and territories in the fight against money laundering.

We would like to remind you that FATF, in its second report on non-cooperative countries and territories published in June 2001<sup>1</sup>, considered the situation in Nauru and in the Philippines as particularly worrying owing to the serious deficiencies identified in the anti-money laundering legislation and regulations of these countries.

Since that time, the Philippines have taken the necessary steps to address the most serious deficiencies so that FATF has decided, for the time being, not to apply the agreed counter-measures against this country.

However, FATF considers that Nauru made insufficient legislative progress. Indeed, Nauru authorities having been unable to enact by 30 November 2001 the necessary amendments to its anti-money laundering regime, FATF decided to order the application of counter-measures set out in the above-mentioned report of June 2001 against this country.

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<sup>1</sup> This FATF report is appended to CSSF Circular 01/31 of 4 July 2001.

Luxembourg authorities fully endorse the efforts made at a global level to strengthen the fight against money laundering and the financing of terrorism, and therefore committed to implement the decisions taken by FATF and ratified by the Council of the Ministers of Justice on 16 October 2001.

Consequently, the CSSF stresses that credit institutions and other professionals of the financial sector have to be particularly vigilant when entering a business relationship with counterparties directly or indirectly connected to Nauru. The same vigilance should apply when effecting any financial transactions directly or indirectly linked to Nauru.

More specifically, the financial professionals concerned shall set up a specific procedure for client acceptance when considering entering a business relationship, performing a financial transaction directly or indirectly involving Nauru or accepting and keeping assets belonging to persons directly or indirectly connected to Nauru. The identification of the beneficial owner is particularly important in this context. The acceptance procedure for such clients shall involve the management at the highest level of the institutions concerned, as well as the person responsible for the fight against money laundering designated by the establishment. The development of the business relationship shall be closely monitored at the same level. This shall particularly apply to payments from or to Nauru or connected in any other way to Nauru.

Furthermore, FATF considers that financial transactions directly or indirectly connected to Nauru are likely to be suspicious given the serious deficiencies identified in Nauru's anti-money laundering system. The CSSF is therefore of the opinion that credit institutions and other professionals of the financial sector concerned shall scrupulously analyse whether they are in the situation provided for by Article 40 of the Law of 5 April 1993 on the financial sector as amended, requiring them to report suspicious transactions to the anti-money laundering division of the Luxembourg Public Prosecutor's Office.

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

Charles KIEFFER  
Director

Arthur PHILIPPE  
Director

Jean-Nicolas SCHAUS  
Director General