



TO : **Regulated Entities:**

- i. **Cyprus Investment Firms ('CIFs')**
- ii. **UCITS Management Companies ('UCITS MC')**
- iii. **Alternative Investment Management Companies ('AIFMs')**
- iv. **Administrative Service Providers ('ASPs')**
- v. **Internally Managed Alternative Investment Funds**
- vi. **Internally Managed UCITS**
- vii. **Internally Managed Alternative Investment Funds with Limited Number of Persons**
- viii. **Companies with sole purpose the management of Alternative Investment Funds with Limited Number of Persons**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **20 July, 2018**

CIRCULAR No : **C 278**

SUBJECT : **Financial Action Task Force (FATF) Public Consultation on the Draft Risk-Based Approach Guidance for the Securities Sector**

The Cyprus Securities and Exchange Commission ('the CySEC') wishes, with this Circular, to inform the Regulated Entities about the following:

1. The risk-based approach (RBA) is central to the effective implementation of the revised FATF *International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation*, which were adopted in 2012¹.
2. The FATF's Guidance focuses on RBA for the securities sector, and includes an annex on suspicious activity indicators in relation to securities. It takes into account the experience gained by public authorities and the private sector over the years in applying a RBA.

¹ www.fatf-gafi.org/media/fatf/documents/recommendations/pdfs/FATF_Recommendations.pdf

3. The purpose of this FATF's Guidance is to outline the key principles involved in applying a risk-based approach to Anti Money Laundering /countering the Financing of Terrorism (AML/CFT) in the securities sector. It also aims to assist countries, competent authorities, providers of securities products and services and intermediaries, in the risk- based design and implementation of applicable AML/CFT measures by providing general guidelines and examples of current practice. In addition, it aims to support the effective implementation and supervision of national AML/CFT measures, and to support the development of a common understanding of what the risk based approach to AML/CFT entails in the context of the securities section.
4. The [Consultation Paper on the Risk- Based Approach Guidance](#) is addressed to countries and their competent authorities, including AML/CFT supervisors of the securities sector, and the Financial Intelligence Units, and practitioners in the securities sector including securities providers and intermediaries and external examiners for AML/CFT purposes.
5. The CySEC encourages the Regulated Entities to respond to the abovementioned public consultation.
6. To respond to [the Consultation Paper on the Risk- Based Approach Guidance](#), please send your comments directly to the FATF (FATF.Publicconsultation@fatf-gafi.org), **by Friday 17 August 2018, the latest.**

Sincerely

Demetra Kalogerou

Chairwoman, Cyprus Securities and Exchange Commission