



CYPRUS SECURITIES AND EXCHANGE COMMISSION

TO : Cyprus Investment Firms
FROM : Cyprus Securities and Exchange Commission
DATE : March 30, 2012
CIRCULAR No. : CI144-2012-07
FILE No. : E.K. 6.1.14
SUBJECT : Designation of third countries which impose procedures and take measures for preventing money laundering and terrorist financing equivalent to those laid down by the European Directive 2005/60/EC

The Cyprus Securities and Exchange Commission wishes with the present circular to inform the Cypriot Investment Firms that the Advisory Authority for Combating Money Laundering and Terrorist Financing, at its meeting on 1st March 2012, decided, according to article 57(d)(i) of the Prevention and Suppression of Money Laundering Activities Law of 2007, as amended ('the Law'), to adopt a **new** list of third countries outside the European Economic Area which impose procedures and take measures for preventing money laundering and terrorist financing equivalent to those laid down by the European Directive 2005/60/EC.

The said list was agreed on the basis of a "common understanding" between the European Union's member states, at the meeting of the European Union's Committee on the Prevention of Money Laundering and Terrorist Financing that was incorporated and operates in accordance with the European Directive 2005/60/EC, which took place on 8 February 2012. The said list is attached.

Please note that the designation of the abovementioned equivalent third countries, is important for the implementation of articles 49, 63 and 67 of the Law, of point 4 of the Fourth Appendix and point 7 of the Fifth Appendix of the Directive DI144-2007-08 of the Cyprus Securities and Exchange Commission for the prevention of money laundering and terrorist financing (the 'Directive').

Furthermore, please note that the implementation of the provisions of the Law and the Directive, regarding the abovementioned equivalent third countries, does not override the requirement for the application of measures and procedures on a risk based approach for transactions and business relationships with persons situated in such equivalent third country.

This unofficial English text is for information purposes only and is not legally binding.

In view of the above, the relevant Circular CI144-2008-12 of the Cyprus Securities and Exchange Commission issued on 23 June 2008 is, hereby cancelled.

Sincerely,

Demetra Kalogerou
Chairman of the Cyprus Securities and Exchange Commission

COMMON UNDERSTANDING

between Member States on third country equivalence¹²

under the Anti-Money Laundering Directive (Directive 2005/60/EC)

February 2012

These third countries are currently considered as having equivalent AML/CFT systems to the EU. **The list may be reviewed**, in particular in the light of public evaluation reports adopted by the FATF, FSRBs, the IMF or the World Bank according to the revised 2003 FATF Recommendations and Methodology.

It should be noted that the list does not override the need to continue to operate the risk-based approach. The fact that a financial institution is based in a 3rd country featuring on the list only constitutes a refutable presumption of the application of simplified CDD. Moreover, the list does not override the obligation under article 13 of the Directive to apply enhanced customer due diligence measures in all situations which by their nature can present a higher risk of money laundering or terrorist financing, when dealing with credit and financial institutions, as customers, based in an equivalent jurisdiction.

List revised after the Meeting on 8 February 2012

| | |
|-----------|------------------------------|
| Australia | South Korea |
| Brazil | Mexico |
| Canada | Singapore |
| Hong Kong | Switzerland |
| India | South Africa |
| Japan | The United States of America |

¹ Directive 2005/60/EC does not grant the European Commission a mandate to establish a positive list of equivalent third countries. The Common Understanding between EU Member States on Third Country Equivalence is drafted, managed and agreed by the EU Member States.

² The list does not apply to Member States of the EU/EEA which benefit de jure from mutual recognition through the implementation of the 3rd AML Directive. The list also includes the French overseas territories (Mayotte, New Caledonia, French Polynesia, Saint Pierre and Miquelon and Wallis and Futuna) and Aruba, Curacao, Sint Maarten, Bonaire, Sint Eustatius and Saba. Those countries and territories are not members of the EU/EEA but are part of the membership of France and the Kingdom of the Netherlands of the FATF. The UK Crown Dependencies (Jersey, Guernsey, Isle of Man) may also be considered as equivalent by Member States.

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