
To : **Regulated Entities**

- i. CIFs**
- ii. ASPs**
- iii. UCITS Management Companies**
- iv. Internally managed UCITS**
- v. AIFMs**
- vi. Internally managed AIFs**
- vii. Internally managed AIFLNPs**
- viii. Companies with sole purpose the management of AIFLNPs**

From : **Cyprus Securities and Exchange Commission**

Date : **November 5, 2018**

Circular No : **C286**

Subject : **Financial Action Task Force (FATF) 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 that, further to [Circular C278](#), the Financial Action Task Force (FATF) has published a **Risk-Based Approach Guidance for the Securities Sector**.

Some of the characteristics of securities sectors, such as a high level of interaction, high volumes, speed and anonymity may create opportunities for criminals to launder the proceeds of crime. Each of the activities and services offered by the securities sector participants presents different money laundering and terrorist financing (ML/TF) risks. This Guidance highlights some of these risks depending on the securities products and services involved and the measures to be put in place to mitigate such vulnerabilities.

The Guidance aims to support the design and implementation of the risk-based approach for securities products and services, by providing specific guidance and examples for securities providers and their supervisors. It highlights that the ML/TF risk assessment should reflect the nature, size and complexity of the business. It also stresses the important role of the senior management in fostering and promoting a culture of compliance with anti-money laundering and counter-terrorist financing measures.

The CySEC encourages the Regulated Entities to take duly account and to read the Guidance, which will assist them in the assessment of ML/TF risk and implementation of applicable AML/CFT measures by clicking on the link below:

<http://www.fatf-gafi.org/publications/fatfrecommendations/documents/rba-securities-sector.html>

Sincerely,

Demetra Kalogerou
Chairwoman of the Cyprus Securities and Exchange Commission