
TO **Regulated Entities:**

- i. Cyprus Investment Firms ('CIFs')**
- ii. UCITS Management Companies ('UCITS MC')**
- iii. Alternative Investment Management Companies ('AIFMs')**
- iv. Self-Managed Alternative Investment Funds ('SM AIFs')**
- v. Administrative Service Providers ('ASPs')**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **20 November, 2015**

CIRCULAR No : **C095**

SUBJECT : **Consultation Paper on the AML/CFT Risk Factors Guidelines – Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA – 'ESAs')**

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

1. The [EU Directive 2015/849](#) ('4th EU AML Directive') puts the risk-based approach at the centre of the EU's AML/CFT regime. It recognises that the risk of money laundering and terrorist financing may vary and that Member States, competent authorities and credit and financial institutions should identify and assess risks in order to decide how to best manage it.
2. The Joint Committee of the ESAs¹ launched a public consultation on anti-money laundering and countering the financing of terrorism (AML/CFT) Guidelines. These Guidelines promote a common understanding of the risk-based approach to AML/CFT and set out how it should be applied by credit and financial institutions and competent authorities across the EU.
3. The [Consultation Paper on the Risk-Factors Guidelines](#) is addressed to both credit and financial institutions and competent authorities responsible for supervising compliance with the AML/CFT obligations. It provides guidance on the factors credit

¹ The Joint Committee is a forum for cooperation that was established on 1st January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), collectively known as the three European Supervisory Authorities (ESAs).

and financial institutions should consider when assessing the risk of ML and TF associated with individual business relationships, and on how they should adjust their customer due diligence measures as a result of that risk assessment. The aim of these Guidelines is to provide credit and financial institutions with the tools they need to make informed, risk-based and proportionate decisions on the effective management of individual business relationships and occasional transactions. They also aim to help competent authorities assess whether the ML/TF risk assessment and management systems and controls of EU credit and financial institutions are adequate.

4. The CySEC encourages the Regulated Entities to respond to the abovementioned public consultation.
5. To respond to the [Consultation Paper on the Risk-Factors Guidelines](#), please use the consultation form on EBA's website, by Friday 22 January 2016, the latest.

Sincerely

Demetra Kalogerou
Chairwoman, Cyprus Securities and Exchange Commission