

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**
- ix. Crypto Asset Service Providers**
- x. Small AIFMs under Law 81(I)/2020**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **25 February 2022**

CIRCULAR NO. : **C489**

SUBJECT : **EU Council's Restrictive Measures and other sanctions against Russia in response to the crisis in Ukraine**

Through this Circular, the Cyprus Securities and Exchange Commission ('CySEC') reminds Regulated Entities of their obligation to implement all relevant restrictive measures imposed by the Council of the European Union (EU) and competent organisations as part of the [targeted restrictive measures](#) against Russia in response to the crisis in Ukraine.

Specifically, Regulated Entities must implement Restrictive Measures that are adopted by the EU Council under the Provisions of the United Nations Security Council Resolutions or Decisions (Sanctions) and the European Union Council's Decisions and Regulations (Restrictive Measures) Law of 2016 (L. 58(I)/2016). The Restrictive Measures imposed by the EU Council along with any other European legislation or legally binding international act on Sanctions/Restrictive Measures are legally binding in their entirety for EU Member States and their citizens, with direct and immediate effect.

The obligations of Regulated Entities include taking mandatory actions/measures such as **freezing assets and prohibiting access to funds for listed individual and entities (designated persons)**, where applicable. The EU Council's Restrictive Measures are legally binding for the Republic of Cyprus and monitoring is imperative.

Consequently, CySEC expects all Regulated Entities to take the following action:

1. Follow the notifications outlined in the Section entitled “Sanctions/Restrictive Measures” on CySEC’s website and ensure that the Sanctions/Restrictive Measures contained therein are implemented.
2. Assess or reassess money laundering and financing of terrorism risks in all business relationships with persons subject to Sanctions/Restrictive Measures.
3. Avoid the commencement of any business relationship with persons subject to Sanctions/Restrictive Measures.
4. In the case of a person that is an existing customer/business relationship and is subject to Sanctions/Restrictive Measures, Regulated Entities must thoroughly examine the actions/measures that must be implemented, in accordance with the relevant EU Council’s Decisions and Regulations.

With respect to the [targeted restrictive measures](#) and/or any other additional Restrictive Measures/Sanctions which may be imposed in the future against Russia in response to the crisis in Ukraine, Regulated Entities are required to take the following actions:

- i. Implement appropriate actions/measures and/or freeze immediately all funds and/or economic resources that are held, administered or managed on their behalf or on behalf of other persons associated with the business relationship.
- ii. Inform CySEC, by **Thursday, 3 March 2022**, at the latest, using the email address aml@cysec.gov.cy, whether they have such business relationships or not. This notification must include the name of all individuals/businesses that are subject to the restrictions, the type of the assets that have been frozen (e.g. cash, financial instruments) and their total value.
- iii. In the case of further Restrictive Measures/Sanctions which may be imposed against Russia in response to the crisis in Ukraine, all Regulated Entities must inform CySEC within a reasonable timeframe, as defined in point (ii) above.

Furthermore, CySEC expects Cyprus Investment Firms (CIFs) to assess the risks arising from the [targeted restrictive measures](#) and where these significantly affect their operations, their capital adequacy and/or the funds they hold, either on their own or on behalf of their customers, to inform CySEC at the email address prudential@cysec.gov.cy about the measures that have been taken to address the above-mentioned risks by **Thursday, 3 March 2022**, at the latest. The CIFs are reminded of their obligation to assess risks on a continuous basis within the framework of the Internal Capital and Risk Assessment (ICARA).

Further to Circular [C474](#), CySEC also reminds Regulated Entities to continuously monitor the Section entitled “Sanctions/Restrictive Measures” on CySEC’s website for further notifications and any

additional EU Council's Restrictive Measures and ensure full compliance with the Law and relevant CySEC's Circulars.

Additionally, further to Circulars [C266](#), [C337](#) and [C475](#), CySEC draws the attention of Regulated Entities to the Office of Foreign Assets Control (OFAC) Specially Designated Nationals And Blocked Persons List ([SDN](#)), which is updated regularly, when assessing the money laundering and terrorist financing risks associated with business and client transactions, as well as other relevant Sanctions/ Restrictive Measures imposed by third countries such as United Kingdom's Office of Financial Sanctions Implementation.

Sincerely,

George Karatzias
Vice Chairman, Cyprus Securities and Exchange Commission