



FINANCIAL INTELLIGENCE UNIT
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CIRCULAR N° 2 OF 2021

Obligation to Identify and Assess Money Laundering and Terrorist Financing Risks

This Notice is hereby issued to reporting entities specified under Part C (except entities at serial numbers 7 and 8) of the First Schedule of the Anti-Money Laundering and Countering the Financing of Terrorism Act 2020 (“AML/CFT Act”).

Pursuant to section 32 (1) of the AML/CFT Act, every reporting entity shall take measures to identify, assess, understand and monitor its risks of money laundering (“ML”) and terrorist financing (“TF”) activities and take appropriate measures to mitigate the risks identified. The outcome of the risk assessment is required to be documented and made available to the Financial Intelligence Unit (“FIU”) as the Supervisory Authority, and to Law Enforcement Agencies (“LEAs”), upon request in line with section 32 (5) of the AML/CFT Act.

In order to assist reporting entities in complying with their obligation as prescribed under section 32 of the AML/CFT Act, the FIU is issuing the enclosed ‘AML/CFT Institutional Risk Assessment Guidelines’ which aims to provide guidance to reporting entities under its supervisory purview, on how to conduct and record AML/CFT risk assessments in line with the AML/CFT Act.

It should be noted that these guidelines are not exhaustive but rather sets out the minimum standard prescribed under the AML/CFT Act which should be adopted by the reporting entity to develop and implement an effective ML/TF risk assessment framework. In addition, to further support reporting entities with the conduct of their institutional risk assessment, the FIU has equally designed ‘Institutional Risk Assessment Template’ which may be used by reporting entities to assess their institutional ML/TF risks, and the ‘Institutional Risk Assessment Record Template’ for recording purposes.

The above being said, the FIU wishes to take this opportunity to call upon all reporting entities under its supervisory purview to conduct their individual institutional risk assessment and for same to be appropriately documented.

Should you require any assistance or have any queries, please do not hesitate to contact the Supervision & Compliance Division on Tel: (+248) 4383 431 or email to supervision@fiu.sc

Financial Intelligence Unit

February 15, 2021