



FINANCIAL INTELLIGENCE UNIT

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CIRCULAR N° 6 OF 2021

OBLIGATION TO IDENTIFY AND ASSESS MONEY LAUNDERING, TERRORIST FINANCING AND PROLIFERATION FINANCING RISKS

This Circular is being issued by the Financial Intelligence Unit (“FIU”) 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, as amended (“AML/CFT Act”).

As part of the obligations under Section 32 of the AML/CFT Act, reporting entities are required to take appropriate steps to identify, assess, and understand their ML/TF/PF risks (for customers, countries or geographic areas, products, services, transactions or delivery channels). This includes being required to document and keep the risk assessments undertaken up to date and to provide risk assessment information to the appropriate supervisory authority upon request.

In an effort to ensure compliance with these AML/CFT obligations, on February 15th, 2021 the FIU issued Circular No. 2 of 2021 together with the ‘**AML/CFT Institutional Risk Assessment Guidelines**’ to support and guide reporting entities under its supervisory purview on how to properly conduct and record their institutional risk assessments. For ease of reference kindly see enclosed herewith a copy of the guidelines issued together with the AML/CFT risk assessment template.

In line with the above and as part of the FIU’s efforts to understand the ability of reporting entities under its supervisory purview to identify, assess and take effective actions to mitigate ML, TF and PF risks, the FIU hereby requests, pursuant to Section 32 (5) of the AML/ CFT Act, for all reporting entities to submit a copy of their documented institutional AML/CFT risk assessment report to the FIU by or before **July 31st, 2021** on the following mailing address **supervision@fiu.sc**. Reporting entities that are yet to undertake their risk assessment are equally required to notify the FIU accordingly, together with a written representation as to why same has not been undertaken.

Note that the documented risk assessment findings indentified by reporting entities would allow the FIU to gain a better appreciation of the risk management systems in place within the offices of reporting entities which would in turn allow the FIU to determine the level of guidance to be issued to reporting entities and type of awareness raising initiatives necessary to ensure that adequate and appropriate risk management frameworks are adopted by the entities under its regulatory purview.

The above said, the FIU trusts in the cooperation of all reporting entities in the fight against ML/TF/PF and should you require any assistance or have any queries, please do not hesitate to contact the Supervision & Compliance Division on Tel: (+248) 4383 431/4383 424 or email to supervision@fiu.sc

Financial Intelligence Unit

July 19, 2021