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**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** : **16 July 2020**

**Circular No** : **C399**

**Subject** : **Financial Action Task Force (FATF) COVID-19-related Money Laundering and Terrorist Financing Risks and Policy Responses**

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

1. The COVID-19 pandemic has led to unprecedented global challenges, human suffering and economic disruption. It has also led to an increase in COVID-19-related crimes, including fraud, cybercrime, misdirection or exploitation of government funds or international financial assistance, which is creating new sources of proceeds for illicit actors.
2. Using information provided to the members of the FATF Global Network, the FATF released a [Paper](#), which identifies challenges, good practices and policy responses to new money laundering (ML) and terrorist financing (TF) threats and vulnerabilities arising from the COVID-19 crisis.
3. As the world is focusing on responding to the COVID-19 pandemic, it is impacting on the ability of government and the private sector to implement anti-money laundering and counter terrorist financing (AML/CFT) obligations in areas including supervision, regulation and policy reform, suspicious transaction reporting and international cooperation.
4. The focus of this FATF's Paper relates to three broad themes:
  - New threats and vulnerabilities stemming from COVID-19-related crime and impacts on ML and TF risks;

- Current impact on AML/CFT efforts by governments and the private sector due to COVID-19;
- Suggested AML/CFT policy responses to support the swift and effective implementation of measures to respond to COVID-19, while managing new risks and vulnerabilities identified, including: charitable activity and economic and fiscal stimulus and financial rescue packages for firms and individuals.

The CySEC expects that Regulated Entities take due account and consult this FATF's Paper, as provided in paragraph 17 of the CySEC's Directive for the prevention and suppression of money laundering and terrorist financing when implementing appropriate measures and procedures on a risk-based approach, and on implementing the customer identification and due diligence procedures.

Sincerely,

Demetra Kalogerou  
Chairwoman of the Cyprus Securities and Exchange Commission