



Circular No. 3 of 2020

Date: 6th February, 2020

Assessment of AML/CFT controls of licensees

This Circular is being issued to licensees under the International Corporate Service Providers Act, 2003, Securities Act, 2007, Insurance Act, 2008, Mutual Fund and Hedge Fund Act, 2008 (Fund Administrators only) and the Seychelles Gambling Act, 2014.

Upon conclusion of Seychelles' second round of Mutual Evaluation in 2018, key findings were made in respect to the Seychelles' Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CFT") strategy whereby the Seychelles was recommended to adopt a risk based approach which would allow it to identify and assess money laundering ("ML") and terrorist financing ("TF") risks and allocate resources on a risk sensitive basis.

In light of the above, the Seychelles has committed to addressing the deficiencies identified and is taking the necessary steps to rectify the issues. As part of the commitment made, a new Anti-Money Laundering and Countering the Financing of Terrorism Bill 2019 ("AML/CFT Bill") is being proposed which would designate the Financial Services Authority ("FSA"), Central Bank of Seychelles and Financial Intelligence Unit as sectoral supervisors, whereby the FSA would be responsible for the AML/CFT supervision of the entities under its regulatory purview. In anticipation of the new framework, the FSA has deemed it necessary to initiate certain actions that would allow it to better understand and assess the level of AML/CFT controls in place within the office of its licensees to mitigate ML/TF risks identified.

In this respect, the FSA would like to inform all licensees that as part of the obligations under the Financial Action Task Force ("FATF") Recommendations), relevant persons and institutions¹ are required to take appropriate steps to identify and assess their ML and TF risks (for customers, countries or geographic areas, products, services, transactions or delivery channels). As part of this obligation, these relevant persons and institutions are required to document the assessments undertaken.

In an effort to understand the ability of FSA licensees to identify, assess and take effective actions to mitigate ML and TF risks, the FSA hereby requests, pursuant to section 16(1) of the Financial Services Authority Act, 2013, for licensees that have conducted an institutional risk assessment in relation to their ML and TF risks, to make a copy of the document available to

¹ Financial Institutions and Designated Non-Financial Businesses and Professions as defined by the FATF Recommendations

the FSA by or before **14th February, 2020**. Licensees that are yet to undertake this assessment are required to confirm accordingly.

This would allow the FSA to have a better understanding of the level of the risk management systems in place within the office of licensees which would in turn allow the FSA to determine the level of guidance to be issued to licensees and type of awareness raising initiatives necessary to ensure that adequate and appropriate risk management frameworks are adopted by the institutions under FSA's regulatory purview.

The FSA trusts in the cooperation of all licensees and calls for the commitment of all licensees in the fight against ML/TF.

Financial Services Authority