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Amendment of CBC Directive for the prevention of money laundering and terrorist financing

The Central Bank of Cyprus (CBC) has amended its Directive on the prevention of money laundering and terrorist financing (4th issue) after completion of the consultation process with credit institutions operating in Cyprus.

The main provisions of the amended Directive can be summarised as follows:

Strengthening of the “know your customer” principle and clarification of the credit institutions' obligation to ensure, through their own procedures, the verification of the identity and economic profile of their customers.

Strengthening of the requirements regarding the handling of business relationships with third parties, on which the credit institutions depend for the execution of the identification procedures and due diligence of their customers.

The CBC points out that, as agreed with the International Monetary Fund, the European Commission and the European Central Bank in March 2013, an Action Plan was launched for the prevention of money laundering and terrorist financing, with a specific schedule for the years 2013 to 2016. At the same time, it upgraded the relevant legal and regulatory framework and further action was taken in relation to the administrative implementation capacity of the credit institutions and, in general, by the parties involved.

The current amendment is part of the continuous effort to further strengthen the regulatory framework with the aim of zero tolerance for deficiencies or weaknesses that might lead to money laundering and terrorist financing.

The amendment of the Directive is available [here](#).