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DU GRAND-DUCHÉ DE LUXEMBOURG
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AML/CFT NEWSLETTER

January 2020

This Newsletter of January 2020, aims to inform professionals falling under the supervision of the AED in AML/CFT matters about:

- The results of the NRA (National Risk Assessment)
- Professional obligations in AML/CFT
- The necessary registration to the GoAML portal

1) The NRA (National Risk Assessment)

Under the FATF Recommendations, the Grand Duchy of Luxembourg is required to submit a nationwide risk assessment identifying and assessing the AML/CFT risks existing on Luxembourg's territory, for which mitigation measures shall be taken, so that the identified inherent risks can ultimately be qualified as residual low-scoring risks.

With regard to the professionals falling under the scope of the AED supervision, known as DNFBP's (Designated Non-Financial Businesses and Professions), the findings, resulting from the risk assessment of the various sectors of activity, are final.

Indeed, as shown in the table below:

- For **professional service providers** the inherent risk **is high**:

Accounting professionals and tax advisors	high
Company and trust service providers	high

- For the **real estate sector**, the inherent risk **is high**:

Real estate agents and developers	high
Other real estate activities	high

- For **high-value dealers**, the inherent risk is medium except for **automobile dealers** for whom the inherent risk **is high**:

Automobile dealer	high
Art/antiquities	medium
Luxury goods (e.g. leather goods)	medium
Precious metals, jewellery, watches and old gold	medium

- For **Freeport operators**, the inherent risk **is high**:

Freeport operators	high
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- For the **casino**, the inherent risk **is medium**:

Casino	medium
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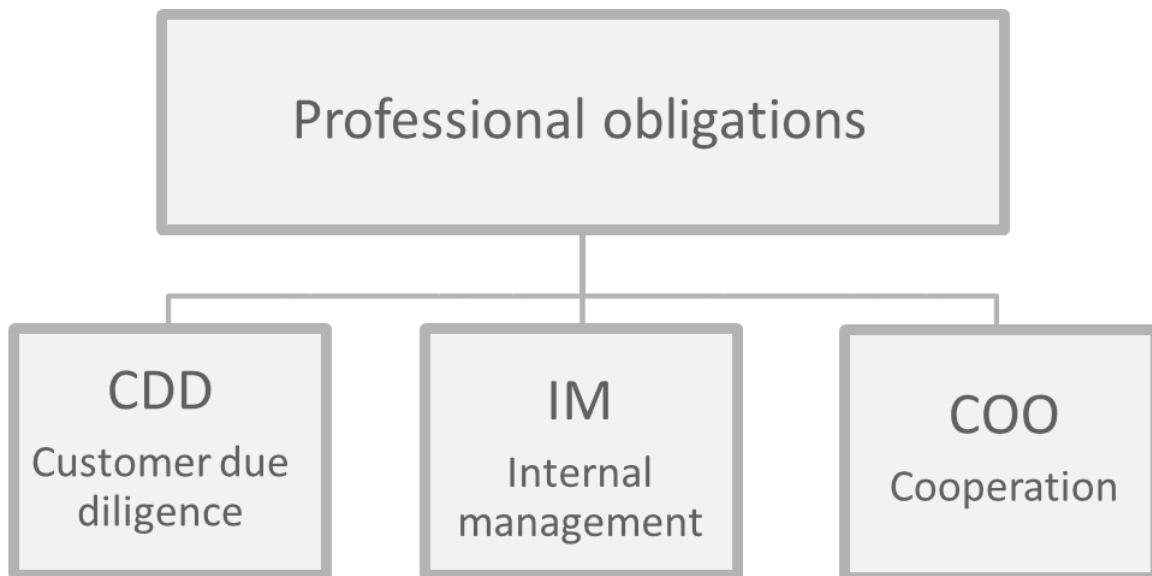
In view of the above, the business sectors concerned are asked to take into account the results of the NRA when drawing up an internal risk assessment.

<https://mfin.gouvernement.lu/en/publications/Divers/NRA/NRA.html>

2) Professional obligations in AML/CFT matters

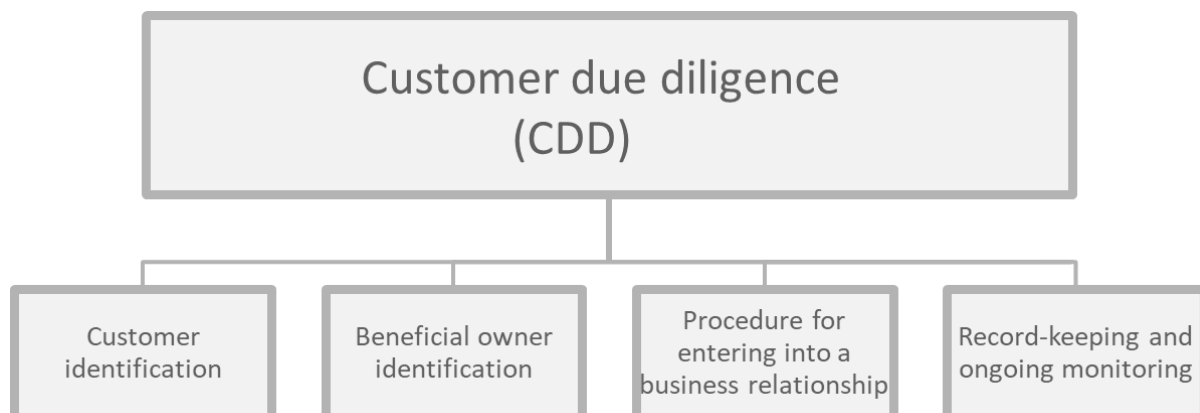
The amended “AML/CFT” Law of 12 November 2004 provides for 3 main professional obligations:

- **Customer due diligence (simple/enhanced)**
- **Adequate internal management requirements**
- **Cooperation requirements**



For each of these professional obligations, legal requirements shall be met.

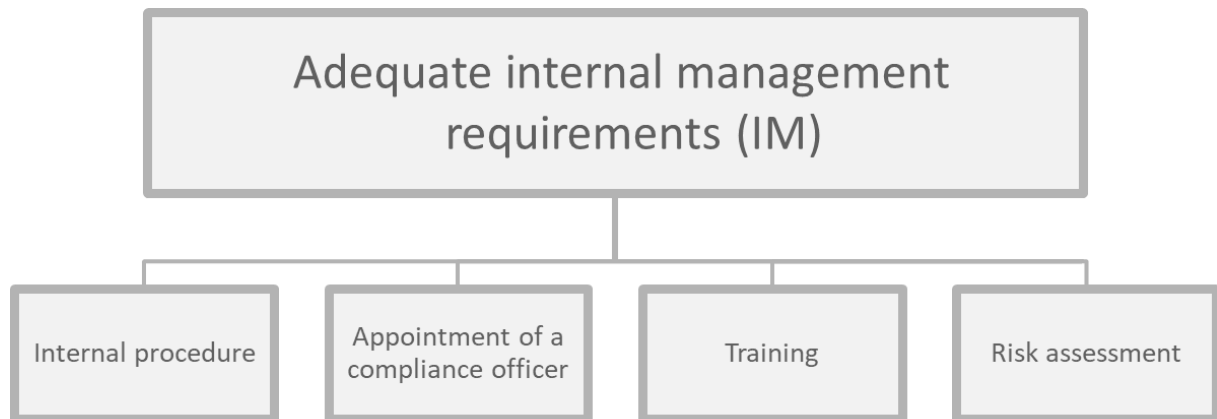
- **The customer due diligence requirements include 4 sub-pillars.**



For the customer due diligence, it should also be noted that the professional shall:

- Adapt his due diligence behaviour
- Materially demonstrate compliance with customer due diligence

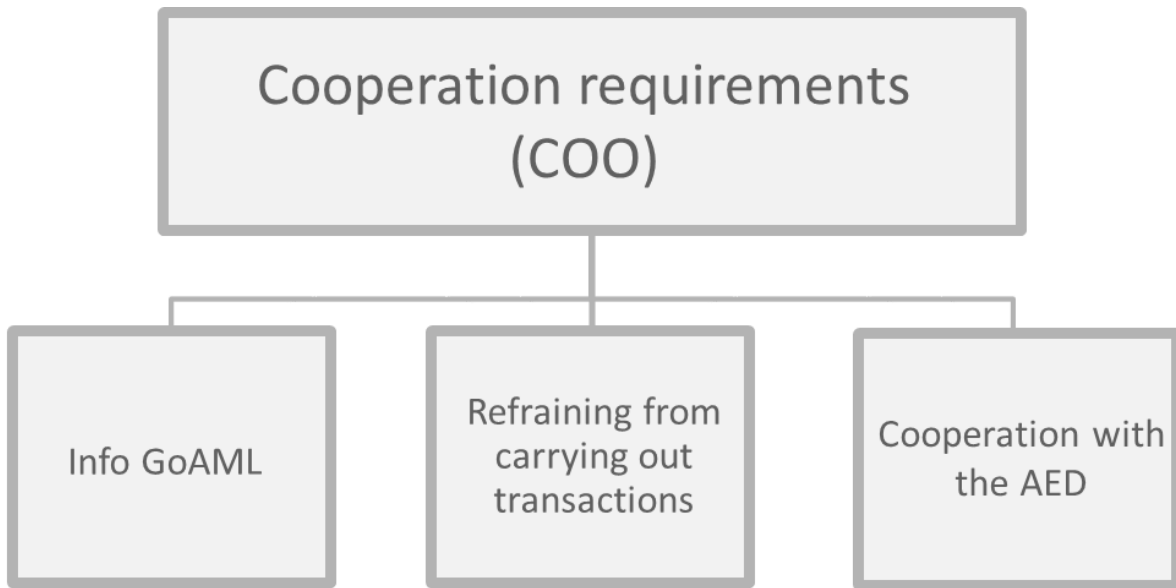
- **The adequate internal management requirements include 4 sub-pillars.**



For the adequate internal management requirements, it should also be remembered that the professional shall:

- Materially demonstrate the existence of an internal procedure, the appointment of an AML/CFT officer, of training, of a risk assessment, etc.
- Mention a risk assessment in his internal procedure
- Describe his behaviour towards his customers in his internal procedure
- Mention the compliance officer in his internal procedure, and
- A training course is only valid if it takes into account the legal developments of the AML/CFT Law
- A risk assessment SHALL be adapted to the sector of activity, to the professional's own activity, to the type of product, to the encountered customer
- The risk assessment is not to be confused with the determination of the risk arising from the customer

- The cooperation requirements include 3 sub-pillars.



For the cooperation requirements, it should also be noted that:

- The reporting of suspicious transactions is A LEGAL OBLIGATION!
- A STR does not imply the existence of evidence but only an intuition, a negative impression.
- It is not up to the professional to qualify suspicious behaviour as a money laundering offence.
- Cooperation with the AED involves the transmission of any requested document in the context of an AML/CFT on-site an on-desk inspections.

3) The invitation to register to the GoAML portal

In line with the above developments, and in view of the conclusions drawn in the FIU's 2018 Annual Report, the AED wishes to invite professionals under its supervision to proactively register on the GoAML portal.

Indeed, to support this request, the attention is drawn to the statistics below.

- For **service providers**, a total of 6 STRs¹ were made for all of the sectors falling under AED's supervision.

Year	2017	2018
Accountanting professionals	10	2
Tax and economic advisors	4	4
Company and trust service providers	0	0

- As far as the **real estate sector**, only 13 real estate agents are registered on the GoAML portal and the number of reports remains extremely low.

Year	2017	2018
Real estate agents	2	4

- For **dealers in goods**, only 8 professionals are registered on the GoAML portal, of which only one performed a STR in 2018.

Year	2017	2018
Dealers in goods	5	1

¹ Includes suspicious activity and suspicious transaction reports

- Two Freeport operators are registered on the GoAML portal, through whose initiative 3 STRs have been identified.

Year	2017	2018
Freeport operators	5	2

- The only **Casino** in the Grand Duchy of Luxembourg is registered on the GoAML portal and made 25 STRs in 2018.

Year	2017	2018
Casino	26	25

In view of the above statistics, we ask professionals to register on the GoAML portal in order to ensure that the FIU is notified, **without delay**, of any suspicious behaviour, as provided for in Article 5 of the amended AML/CFT Law.