



CENTRAL BANK OF SEYCHELLES

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Ref: FSD/GEN/AMLCFT

Date: May 12, 2021

To all Banks

Directive to have in place a Communication Mechanism with Correspondent Banks

A correspondent banking arrangement involves one bank (the correspondent) providing a deposit account or other liability account, and related services, to another bank (the respondent). This arrangement is generally used by numerous banks to provide access to the international financial markets for its clients. In order to establish a relationship with a correspondent bank, the respondent bank should have in place the necessary procedures and controls, such as an adequate Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework. To ensure that its correspondent banks are kept abreast of all the AML/CFT developments in the institutions, it is advisable that respondent banks have a communication mechanism in place. This mechanism can be used to bring any concerns, developments and any other matters that are deemed an important contribution towards the AML/CFT framework of an institution, to the attention of the correspondent banks. This Directive is being issued pursuant to section 57(2) of the AML/CFT Act, 2020 and applies to all banks.

It is hereby directed that a communication mechanism be established, whereby all banks meet with their correspondent banks, at a minimum, on an annual basis. The meetings should at the least entail the below discussion points:

- Any AML/CFT issues/concerns from the correspondent bank(s) and vice versa;
- Updates from the correspondent and/or respondent bank in relation to issues raised in previous meetings and/or during the period between meetings;
- Any changes in the AML/CFT processes and procedures of the respondent bank which is believed to be of importance to the correspondent bank's knowledge and vice versa;
- A brief on issues raised, closed and actions implemented during the period between meetings. This includes discussions through other communication channels such as electronic mails.

All banks are required to submit the minutes of meetings, with their correspondent banks, to CBS, no later than 14 working days following the finalisation of same.

The Directive does not apply to branches and subsidiaries who are not in direct communication with their correspondent banks. Further to same, all branches and

subsidiaries to whom the Directive does not apply, shall submit a formal letter in writing, informing CBS of same, 14 working days following receipt of the Directive.

CBS counts on your usual co-operation.

Yours sincerely,



Caroline Abel
May 12 2021 4:31 PM

C. Abel (Ms)
Governor

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