



**CENTRAL BANK OF THE TURKISH REPUBLIC
OF NORTHERN CYPRUS
HEAD OFFICE
Nicosia – TRNC**

January 23, 2024

**JOINT PRESS RELEASE BY THE MINISTRY OF FINANCE AND THE
CENTRAL BANK OF TRNC REGARDING THE LAW ON THE
PREVENTION OF LAUNDERING PROCEEDS OF CRIME, FINANCING
OF TERRORISM AND PROLIFERATION OF WEAPONS OF MASS
DESTRUCTION**

The Law on the Prevention of Laundering Proceeds of Crime, Financing of Terrorism, and the Proliferation of Weapons of Mass Destruction was unanimously adopted by the Assembly of the Republic of TRNC in its 25th session on December 22, 2023, and entered into force following its publication in the Official Gazette on January 4, 2024, numbered 1/2024.

This Law, formulated on the basis of European Union directives, FATF recommendations, and other relevant international regulations, marks the beginning of a new phase aimed at enhancing the scope and effectiveness of our country's efforts against the laundering of crime proceeds, terrorism financing, and the proliferation of weapons of mass destruction.

It is our belief that combating the laundering of crime proceeds requires not just the endeavors of official authorities but also the active participation of individuals and entities across various business lines and professions. A collective approach and widespread awareness about the importance of this fight are essential.

Accordingly, the newly enacted Law broadens the definitions of obligors and their liabilities, introducing comprehensive regulations for their supervision. It specifies administrative fines, offenses, and penalties for breaches of obligations in detail. Notably, inspections of obligations—encompassing regulations on customer identification principles, training, registration, and suspicious transaction reporting—will now be conducted by the Competent Supervisory Authorities as defined by the Law, in addition to the Department of Foreign Exchange and Insolvency Affairs and the Financial Information Unit (MABEB).

Entities and individuals deemed liable under the new Law No. 1/2024 include:

1. Banks

2. Financial Institutions

- Entities, other than banks, that engage in one or more of the following activities or transactions:



**CENTRAL BANK OF THE TURKISH REPUBLIC
OF NORTHERN CYPRUS
HEAD OFFICE
Nicosia – TRNC**

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- All types of borrowing or lending activities, including consumer credit, mortgage lending, factoring services and leasing services
 - Payment services, including sending or transferring money
 - Issuing traveler’s checks, bank checks, and other similar payment instruments, excluding those used for providing payment services such as sending, transferring, or withdrawing money.
 - Collateral and guarantee transactions
 - Buying and selling activities, either on its own account or on behalf of customers, in the following areas:
 - ✓ Money market instruments such as checks, bills, bonds, certificates of deposit
 - ✓ Futures and options
 - ✓ All kinds of foreign exchange, precious metals and other assets to be determined by the competent authority on an electronically leveraged platform (forex transactions)
 - ✓ Transferable securities and other financial instruments
 - Participating in securities and financial instruments through pledging and selling, or providing ancillary services related to these transactions
 - Offering advisory services on capital structure, business strategy, mergers and acquisitions, and other related areas, including comprehensive consultancy for corporate undertakings
 - Providing portfolio management and consulting services
 - Safeguarding and administration of financial instruments
 - Acting as intermediaries in securities trading in the interbank market
 - Offering safe deposit box storage and rental services
 - Issuing electronic money
- Insurance, reinsurance companies, and insurance intermediaries.
 - Financial investment companies and investment consulting firms
 - Currency exchange offices
 - Branches or agencies of the aforementioned financial institutions located in the Turkish Republic of Northern Cyprus, with head offices based abroad
3. The following natural or legal persons acting within the framework of their professional activities:
- Accountants, auditors and tax advisors
 - Lawyers acting for or on behalf of their clients in any financial or real estate transaction, or assisting the client in the planning or execution of the transaction, in the following circumstances:
 - Purchase or sale of real estate or businesses,



**CENTRAL BANK OF THE TURKISH REPUBLIC
OF NORTHERN CYPRUS
HEAD OFFICE
Nicosia – TRNC**

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- In the management of clients' money, securities or other assets,
 - Opening or managing a deposit or securities account with a bank,
 - Regulation of transactions necessary for the establishment, operation or management of companies,
 - In the creation, operation or management of Trusts.
- Trust and company service providers
 - Real estate agents and/or real estate companies and/or real or legal persons who make, sell or broker real estate for commercial purposes
4. Jewellery stores
5. Gambling halls
6. Betting service providers
7. Public institutions and organizations
8. Crypto asset service providers and crypto asset issuers
9. Custodial wallet service providers
10. Motor vehicle dealers and/or car dealerships

The basic obligations under Law No. 1/2024 require compliance with the following regulations:

- Establish corporate policies and procedures.
- Assess risks of money laundering, terrorism financing, or proliferation of weapons of mass destruction related to customers, business relationships, transactions, and products.
- Implement measures as required by the Know Your Customer principle.
- Report suspicious transactions.
- Notify authorities about transactions exceeding specified cash limits.
- Ensure the preservation, protection, and retention of data records.
- Appoint a compliance officer and deputy compliance officer, notify MABEB of their names, roles, and responsibilities, and provide the necessary conditions for them to fulfill their duties.
- Offer employee training opportunities and conduct regular internal audits.

In addition to the above-mentioned obligations for banks, financial institutions, gambling halls, betting service providers, crypto asset service providers, crypto asset issuers and custodial wallet service providers, the following obligations are also introduced:



**CENTRAL BANK OF THE TURKISH REPUBLIC
OF NORTHERN CYPRUS
HEAD OFFICE
Nicosia – TRNC**

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- Notifying the Unit of new suspicious transaction criteria and customer profile that they have identified in their own fields of activity, other than the suspicious transaction criteria in the regulation on laundering proceeds of crime or financing terrorism or financing the proliferation of weapons of mass destruction
 - Establishing an information system to ensure that in the event that the unit and/or authorized supervisory authorities request information about any natural or legal person, they immediately and completely inform whether they have a business relationship at the requested date or in the past and, if any, the nature of this relationship
 - Implementing training and internal audit activities at least once a year

We would like to emphasize the great importance of ensuring that all members of the public, particularly those deemed liable under the Law on Prevention of Laundering Proceeds of Crime, Financing of Terrorism, and Proliferation of Weapons of Mass Destruction, are informed about the regulations and obligations imposed by the law. It is essential that they carefully follow the announcements made by MABEB and/or authorized supervisory authorities.

We hope that the new Law, anticipated to make a significant contribution to our country's long-term and sustainable development, as well as to public order and security, will yield the desired positive results and meet the public's expectations for a long time. This can be achieved through the effective participation of all stakeholders and the support of the public.

Respectfully announced to the public.

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