

Identifying high-risk third countries with strategic deficiencies: adding Democratic Republic of the Congo, Gibraltar, Mozambique, Tanzania and United Arab Emirates to the table I of the Annex and deleting Nicaragua, Pakistan and Zimbabwe from that table

2022/3026(DEA) - 19/12/2022 - Non-legislative basic document

This Commission Delegated Regulation amends [Delegated Regulation \(EU\) 2016/1675](#) as regards adding Democratic Republic of the Congo, Gibraltar, Mozambique, Tanzania and United Arab Emirates to the table I of the Annex to Delegated Regulation (EU) 2016/1675 and deleting Nicaragua, Pakistan and Zimbabwe from that table.

Context

According to [Directive \(EU\) 2015/849](#) on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, third-country (i.e. non-EU country) jurisdictions which have strategic deficiencies in their anti-money laundering and countering the financing of terrorism (AML/CFT) regimes that pose significant threats to the financial system of the European Union ('high-risk third countries') must be identified in order to protect the proper functioning of the internal market.

Directive (EU) 2015/849 empowers the Commission to adopt delegated acts to identify those high-risk third countries, taking strategic deficiencies into account, and lays down the criteria on which the Commission's assessment is to be based.

Commission Delegated Regulation (EU) 2016/1675 identifies high-risk third countries with strategic deficiencies. This Delegated Regulation was subsequently amended by Delegated Regulations (EU) 2018/105, (EU) 2018/212, (EU) 2018/1467, (EU) 2020/855, (EU) 2021/37 and (EU) 2022/229.

Since the last amendment to Delegated Regulation (EU) 2016/1675, the Financial Action Task Force (FATF) has **updated its list** of 'Jurisdictions under Increased Monitoring' as follows:

- at its plenary meeting in March 2022, it added United Arab Emirates to its list and deleted Zimbabwe from its list;
- at its plenary meeting in June 2022, it added Gibraltar to its list;
- at its Plenary meeting of October 2022, it added Democratic Republic of the Congo, Mozambique and Tanzania to its list and deleted Nicaragua and Pakistan from its list.

It is necessary to **continue to update Delegated Regulation (EU) 2016/1675** in order to take into account information from international organisations and standard setters in the field of anti-money laundering and countering the financing of terrorism (AML/CFT) regimes (e.g. the FATF's public statements, mutual evaluation or detailed assessment reports, and published follow-up reports).

It is necessary to amend Delegated Regulation (EU) 2016/1675 by adding third countries which have been identified as having strategic deficiencies and by removing those that no longer have strategic deficiencies on the basis of the criteria laid down in Directive (EU) 2015/849.

Content

This Delegated Regulation amends the Annex to Delegated Regulation (EU) 2016/1675 as follows:

1. Additions to the list of Delegated Regulation (EU) 2016/1675

Taking into account the information provided by the relevant international organisations and standard-setting bodies in the field of anti-money laundering and combating the financing of terrorism and the FATF list of 'Jurisdictions under Increased Monitoring', the Commission concluded that the Democratic Republic of Congo, Gibraltar, Mozambique, Tanzania and the United Arab Emirates have strategic deficiencies in their anti-money laundering and combating the financing of terrorism arrangements.

These countries must therefore be **added to the list** in the Delegated Regulation (EU) 2016/1675 of countries with strategic deficiencies in their AML/CFT regimes that pose significant threats to the financial system of the European Union.

Democratic Republic of the Congo, Gibraltar, Mozambique, Tanzania and United Arab Emirates have made written high-level political commitments to address the identified deficiencies and developed action plans with the FATF for this purpose.

According to Directive (EU) 2015/849, Member States must require obliged entities to apply enhanced customer due diligence measures to manage and mitigate those risks appropriately with respect to business relationships or transactions involving countries included in Delegated Regulation (EU) 2016/1675.

Furthermore, Article 155(2) of the Financial Regulation prohibits persons and entities implementing European Union funds or budgetary guarantees from entering into new or renewed operations with entities incorporated or established in countries included in the Annex to this Delegated Regulation pursuant to Directive (EU) 2015/849, except when an action is physically implemented in these countries and subject to the absence of other risk factors.

2. Deletions from the list of Delegated Regulation (EU) 2016/1675

Since the last amendment to Regulation (EU) 2016/1675, the FATF removed **Zimbabwe** from its list of 'Jurisdictions under Increased Monitoring' in March 2022. It also removed **Nicaragua and Pakistan** in October 2022, following the implementation of their respective action plans agreed with the FATF.

Based on these elements, the Commission has reviewed progress in addressing the strategic deficiencies of Nicaragua, Pakistan and Zimbabwe, based on the requirements of Directive (EU) 2015/849. The Commission considers that these jurisdictions no longer have strategic deficiencies in their respective AML/CFT regimes and do not pose a significant threat to the EU financial system.