Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: adding Nigeria and South Africa to the table in point I of the Annex and deleting Cambodia and Morocco from that table

2023/2713(DEA) - 17/05/2023 - Non-legislative basic document

This **Delegated Regulation** amends Delegated Regulation (EU) 2016/1675 by adding third countries that have been identified as having strategic deficiencies and removing those that no longer have strategic deficiencies, in accordance with the criteria set out in Directive 2015/849/EU on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing.

Background

Under Directive (EU) 2015/849, third countries with strategic deficiencies in their anti-money laundering and counter-terrorist financing (AML/CFT) arrangements that pose a significant threat to the Union's financial system ("high-risk third countries") must be identified in order to protect the proper functioning of the internal market. The Commission is empowered to adopt delegated acts to identify high-risk third countries.

On 14 July 2016, the Commission adopted Delegated Regulation (EU) 2016/1675, which identified several third countries with strategic deficiencies in their AML/CFT arrangements that pose a significant threat to the EU financial system. This delegated regulation was subsequently amended several times.

The Financial Action Task Force (FATF) has amended its list of jurisdictions to be subject to enhanced supervision since the latest amendments to Delegated Regulation (EU) 2016/1675. At its February 2023 plenary meeting, the FATF added Nigeria and South Africa to its list and removed Cambodia and Morocco.

It is therefore necessary to continue to update the Delegated Regulation to take account of information provided by international organisations and standard-setting bodies in the field of anti-money laundering and combating the financing of terrorism, such as the FATF's public statements.

Content

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

(***1) Addition of Nigeria and South Africa to the list in Delegated Regulation (EU) 2016/1675***

The Commission considers that Nigeria and South Africa have strategic deficiencies in their respective AML/CFT regimes and proposes that they be added to the list in Delegated Regulation (EU) 2016/1675 of countries with strategic deficiencies in their AML/CFT regimes which pose a significant threat to the EU financial system.

Nigeria and South Africa have made high-level written political commitments to address the identified deficiencies and have developed action plans with the FATF to this end. The Commission calls on these

countries to implement their action plans rapidly and within the proposed timeframe. The FATF will closely monitor the implementation of these plans.

(2) Removal of Cambodia and Morocco from the list in Delegated Regulation (EU) 2016/1675

The Commission considers that Cambodia and Morocco no longer present strategic deficiencies in their respective AML/CFT regimes and do not pose a significant threat to the EU financial system.

Following the measures implemented to address the action plans agreed with the FATF, Cambodia and Morocco have remedied the strategic deficiencies in their respective AML/CFT regimes and no longer pose a significant AML/CFT threat to the international financial system. These two jurisdictions no longer have strategic deficiencies in their respective AML/CFT frameworks and do not pose a significant threat to the financial system of the EU.