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COVER NOTE

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Delegations will find attached document C(2025) 8435 final.

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Brussels, 3.12.2025
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COMMISSION DELEGATED REGULATION (EU) .../...

of 3.12.2025

**amending Delegated Regulation (EU) 2016/1675 to add Russia to the list of high-risk
third countries with strategic deficiencies**

(Text with EEA relevance)

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE DELEGATED ACT

Under Article 9(1) of Directive (EU) 2015/849¹, third-country jurisdictions having strategic deficiencies in their anti-money laundering / countering the financing of terrorism (AML/CFT) regimes that pose significant threats to the EU's financial system ('high-risk third countries') must be identified in order to protect the proper functioning of the internal market.

Article 9(2) of Directive (EU) 2015/849 empowers the Commission to adopt delegated acts to identify these high-risk third countries, taking into account strategic deficiencies. It also lays down the criteria for the Commission's assessment. The delegated acts must be adopted within 1 month after the strategic deficiencies were identified.

Article 18a of Directive (EU) 2015/849 states that Member States must require obliged entities to apply enhanced customer due diligence measures when establishing business relationships or carrying out transactions involving high-risk third countries identified by the Commission.

On 14 July 2016, the Commission adopted Delegated Regulation (EU) 2016/1675, which identified a number of such high-risk third countries. This delegated regulation has subsequently been amended by Delegated Regulation (EU) 2018/105, Delegated Regulation (EU) 2018/212, Delegated Regulation (EU) 2018/1467, Delegated Regulation (EU) 2020/855, Delegated Regulation (EU) 2021/37, Delegated Regulation (EU) 2022/229, Delegated Regulation (EU) 2023/410, Delegated Regulation (EU) 2023/1219, Delegated Regulation (EU) 2023/2070, Delegated Regulation (EU) 2024/163, and Delegated Regulation (EU) 2025/1184.

The Commission published a revised methodology for identifying high-risk third countries ('the Methodology') on 7 May 2020². This revised methodology emphasises increased interaction with the Financial Action Task Force (FATF) listing process, strengthened engagement with third countries and improved consultation of Member States and the European Parliament.

Countries that are not publicly identified as subject to calls for action or increased monitoring by FATF might still pose a threat to the integrity of the Union financial system. Where FATF membership of such countries is suspended because of gross violations of the core principles upon which that standard-setter is built, the threat to the Union financial system is likely to increase. The Commission should therefore take decisive action to preserve the integrity of the Union financial system and bring to completion an autonomous assessment of whether such countries are high-risk third countries as referred to in Article 9 of Directive (EU) 2015/849. Based on these considerations, Delegated Regulation 2025/1393³ introduced an obligation for the Commission to conclude by the end of 2025 the assessment of third countries not listed by the FATF but suspended from that organisation.

¹ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

² Commission staff working document on a methodology for identifying high-risk third countries under Directive (EU) 2015/849 (SWD(2020) 99 final).

³ Commission Delegated Regulation (EU) 2025/1393 of 8 July 2025 amending Delegated Regulation (EU) 2025/1184 to introduce a review clause (OJ L, 2025/1393, 21.8.2025).

The Russian Federation (Russia) falls under the scope of this review. The Commission has taken into account relevant information from various sources, which indicate circumstances raising serious concerns regarding the state of Russian's system for combatting money laundering and terrorist financing and pointing to strategic deficiencies in the same.

As provided for in the Methodology, the Commission has carried out a preliminary analysis of the immediately available information on money laundering and terrorist financing risks emerging from Russia and has identified three categories of strategic deficiencies in the Russian AML/CFT regime.

First, Russia's Financial Intelligence Unit lacks independence. It is directly subordinated to the President⁴, and its actions taken over the last few years demonstrate this fact. Moreover, the Russian government is no longer part of the relevant international agreements and fora for cooperation. It has furthermore unilaterally restricted cooperation with "unfriendly countries" which includes many Member States. A functioning, independent FIU which is able to cooperate with international counterparts is a cornerstone of an effective AML/CFT system, and this is absent in the present Russian context.

Second, Russia has undertaken substantial reforms over the past few years as regards the transparency of beneficial ownership. However, rather than increasing transparency, the reforms undertaken by Russia have resulted in an increased opacity of the system, to the effect that Russia no longer meets the requirements set out in the relevant FATF Recommendations, and that beneficial ownership information with regard to legal persons and arrangements cannot be considered to be accurate, nor to be available to a satisfying extent. Furthermore, the little beneficial ownership information available cannot be exchanged between competent authorities in a timely and constructive manner, as the possibilities for cooperation have been restricted. Transparency of beneficial ownership is another cornerstone of an effective AML/CFT system, which is also absent in the present Russian context.

Third, Russia remains non-compliant with the FATF Standards on the regulation of crypto assets. This vulnerability, combined with the high level of threats in this area, leads to high ML/TF risks, yet the Russian authorities have not taken appropriate measures to mitigate such risks. While certain ancillary services are subject to regulation, the limited regulation that is in place does not meet FATF Standards. In a situation where the majority of the countries in the world are taking steps to implement the FATF Standards in this area, the Russian situation creates a vacuum that hostile actors are exploiting for ML/TF and other purposes such as sanctions evasion.

The Commission's prima facie analysis of the ML/TF risks identified points to a threat to the integrity of the Union's financial system. As provided for in the Methodology, in order to mitigate these risks, Russia should be added to the Annex to Delegated Regulation (EU) 2016/1675.

Finally, the risk to the integrity of the international financial system posed by Russia's close cooperation with the Democratic People's Republic of Korea (DPRK), the latter being listed both by the FATF and the EU, in the context of Russia's war of aggression against Ukraine, has attracted international attention. The DPRK is subject to comprehensive UN sanctions. Despite this, Russian authorities seem to have increased their cooperation with the DPRK, creating sources of income, supply and technology transfer for the DPRK, furthering their

⁴ See Council Regulation (EU) 2023/2875 of 18 December 2023 implementing Regulation (EU) No 269/2014 concerning restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine, http://data.europa.eu/eli/reg_impl/2023/2875/oj

programme of weapons of mass destruction and creating an acute proliferation financing risk⁵. While the currently applicable Directive (EU) 2015/849 does not provide a legal basis for combatting proliferation financing, this situation will change as of July 2027 with the application of Regulation (EU) 2024/1624⁶. The Commission will keep monitoring the situation.

Having assessed the immediately available information, the Commission considers that, in light of the money laundering and terrorist financing risks that it poses to the Union's financial system, Russia should be added to the list of high-risk third country jurisdictions based on the criteria laid down in Directive (EU) 2015/849.

Therefore, Delegated Regulation (EU) 2016/1675 should be amended. As Russia does not fit into any of the existing categories contained in the Annex to Delegated Regulation (EU) 2016/1675, a new table listing high-risk third countries that are not identified as being subject to calls for action or increased monitoring by the FATF, but whose membership in that international standard-setter is suspended, is to be added.

2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT

On 18 November 2025, the Commission consulted the Expert Group on Money Laundering and Terrorist Financing on the draft delegated regulation by written procedure.

3. LEGAL ELEMENTS OF THE DELEGATED ACT

This delegated regulation amends the Annex to Delegated Regulation (EU) 2016/1675.

The legal effects of publishing this delegated regulation are governed by the basic act, Directive (EU) 2015/849.

Under Article 18 of Directive (EU) 2015/849, Member States must require obliged entities in all Member States to apply enhanced customer due diligence measures to manage and mitigate risks appropriately. Article 18a of that Directive sets out the enhanced customer due diligence measures that Member States must require obliged entities to apply with respect to business relationships or transactions involving high-risk third countries identified under Article 9(2) of that Directive.

As a direct consequence of the adoption of this delegated regulation, obliged entities in all Member States must apply enhanced customer due diligence measures in line with Article 18a of Directive (EU) 2015/849 with respect to business relationships or transactions involving countries that are included in the Annex to Delegated Regulation (EU) 2016/1675.

Furthermore, Article 158(2) of the Financial Regulation⁷ prevents persons and entities implementing EU funds or budgetary guarantees from entering into new or renewed operations with entities incorporated or established in countries included in the Annex to Delegated Regulation (EU) 2016/1675. However, this does not apply if the action is physically implemented in these countries and if there are no other risk factors. Implementing

⁵ This has been expressed in public by many, e.g. the head of NATO: see [NATO - Opinion: "North Korean troops in Europe marks turning point" - Op-ed article by NATO Secretary General Mark Rutte, 6 November 2024, https://www.nato.int/cps/en/natohq/opinions_230278.htm](https://www.nato.int/cps/en/natohq/opinions_230278.htm)

⁶ Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (OJ L, 2024/1624, 19.6.2024).

⁷ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) (OJ L, 2024/2509, 26.9.2024).

partners must also include these requirements in their own contracts with selected financial intermediaries.

COMMISSION DELEGATED REGULATION (EU) .../...

of 3.12.2025

amending Delegated Regulation (EU) 2016/1675 to add Russia to the list of high-risk third countries with strategic deficiencies

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC⁸, and in particular Article 9(2) thereof,

Whereas:

- (1) The Union must effectively protect the integrity and proper functioning of its financial system and the internal market against money laundering and terrorist financing. Directive (EU) 2015/849 therefore provides that the Commission is to identify third country jurisdictions that have strategic deficiencies in their anti-money laundering and countering the financing of terrorism (AML/CFT) regimes that pose significant threats to the Union's financial system ('high-risk third countries').
- (2) Commission Delegated Regulation (EU) 2016/1675⁹ identifies such high-risk third countries.
- (3) Considering the high level of integration of the international financial system, the close connection of market operators, the high volume of cross-border transactions to and from the Union, and the degree of market openness, any AML/CFT threat posed to the international financial system is also a threat to the Union's financial system.
- (4) Commission Delegated Regulation (EU) 2025/1393¹⁰ recognises that third countries which are not publicly identified as subject to calls for action or increased monitoring by the Financial Action Task Force (FATF) might still pose a threat to the integrity of the Union's financial system, especially where membership of such countries in FATF is suspended because of gross violations of the core principles upon which FATF is built. Pursuant to Article 1a of Commission Delegated Regulation (EU) 2025/1184¹¹,

⁸ OJ L 141, 5.6.2015, p. 73, ELI: <http://data.europa.eu/eli/dir/2015/849/oj>.

⁹ Commission Delegated Regulation (EU) 2016/1675 of 14 July 2016 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies (OJ L 254, 20.9.2016, p. 1, ELI: http://data.europa.eu/eli/reg_del/2016/1675/oj).

¹⁰ Commission Delegated Regulation (EU) 2025/1393 of 8 July 2025 amending Delegated Regulation (EU) 2025/1184 to introduce a review clause (OJ L, 2025/1393, 21.8.2025, ELI: http://data.europa.eu/eli/reg_del/2025/1393/oj).

¹¹ Commission Delegated Regulation (EU) 2025/1184 of 10 June 2025 amending Delegated Regulation (EU) 2016/1675 to add Algeria, Angola, Côte d'Ivoire, Kenya, Laos, Lebanon, Monaco, Namibia,

the Commission is to conclude the review of such third countries by 31 December 2025, to assess whether to amend the Annex to Delegated Regulation (EU) 2016/1675 accordingly.

- (5) The FATF membership of the Russian Federation ('Russia') was suspended on account of its gross violation of the FATF's core principles. Thus, Russia falls within the criteria of the assessment pursuant to Article 1a of Delegated Regulation (EU) 2025/1184. Considering that the weaknesses in the Russian AML/CFT regime might pose a serious threat to the Union's financial system, the Commission, in cooperation with the European External Action Service, and Member States' authorities, has completed a prima facie assessment of the country's AML/CFT regime.
 - (6) The assessment has identified a number of strategic deficiencies, notably relating to Russia's laws and policies in the area of the independence of the Financial Intelligence Unit and its ability to cooperate with counterparts in other countries, Russia's laws and policies in the area of beneficial ownership transparency and information availability and accuracy, and Russia's laws and policies in the area of applying AML/CFT regulation to crypto-assets. Such deficiencies expose the Single Market to ML/TF risks which should be mitigated.
 - (7) The Commission therefore concludes that Russia is to be identified as a high-risk third country and should be added to the Annex to Delegated Regulation (EU) 2016/1675. As Russia does not fit into any of the categories of high-risk third countries set out in the Annex to Delegated Regulation (EU) 2016/1675, a new category should be added to that Annex for high-risk third countries which are not identified as being subject to calls for action or increased monitoring by the FATF, but whose membership in that international standard-setter is suspended.
 - (8) Delegated Regulation (EU) 2016/1675 should therefore be amended accordingly,
- HAS ADOPTED THIS REGULATION:

Article 1

The Annex to Delegated Regulation (EU) 2016/1675 shall be amended in accordance with the Annex to this Regulation.

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Nepal and Venezuela to the list of high-risk third countries which have provided a written high-level political commitment to address the identified deficiencies and have developed an action plan with the FATF, and to remove Barbados, Gibraltar, Jamaica, Panama, the Philippines, Senegal, Uganda and the United Arab Emirates from that list (OJ L, 2025/1184, 16.7.2025, ELI: http://data.europa.eu/eli/reg_del/2025/1184/oj).

This Regulation shall be binding in its entirety and directly applicable in the Member States in accordance with the Treaties.

Done at Brussels, 3.12.2025

For the Commission
The President
Ursula VON DER LEYEN