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#### COVER NOTE

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From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	10 January 2022
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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No. Cion doc.:	C(2021) 4335 final
Subject:	COMMISSION DELEGATED REGULATION (EU) .../... of 7.1.2022 on amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Burkina Faso, Cayman Islands, Haiti, Jordan, Mali, Morocco, the Philippines, Senegal, and South Sudan to the table in point I of the Annex and deleting The Bahamas, Botswana, Ghana, Iraq and Mauritius from this table

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Delegations will find attached document C(2021) 4335 final.

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Encl.: C(2021) 4335 final



Brussels, 7.1.2022  
C(2021) 4335 final

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

**of 7.1.2022**

**on amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Burkina Faso, Cayman Islands, Haiti, Jordan, Mali, Morocco, the Philippines, Senegal, and South Sudan to the table in point I of the Annex and deleting The Bahamas, Botswana, Ghana, Iraq and Mauritius from this table**

(Text with EEA relevance)

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE DELEGATED ACT

According to Article 9(1) of Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, as amended by Directive (EU) 2018/843, third-country jurisdictions which have strategic deficiencies in their Anti-Money Laundering / Counter Terrorist Financing (AML/CFT) regimes that pose significant threats to the financial system of the Union ('high-risk third countries') must be identified in order to protect the proper functioning of the internal market. Article 9(2) of the Directive empowers the Commission to adopt delegated acts in order to identify those high-risk third countries, taking into account strategic deficiencies, and laying down the criteria on which the Commission's assessment is to be based. The delegated acts must be adopted within one month after the identification of the strategic deficiencies. Article 18a of Directive (EU) 2015/849 obliges Member States to 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 third countries that have strategic deficiencies in their AML/CFT regimes that pose significant threats to the financial system of the Union. This Delegated Regulation was subsequently amended by Delegated Regulation (EU) 2018/105, Delegated Regulation (EU) 2018/212, Delegated Regulation (EU) 2018/1467, Delegated Regulation (EU) 2020/855 and Delegated Regulation (EU) 2021/37.

A revised methodology for identifying high-risk third countries, which supersedes the previous one, has been published on 7 May 2020<sup>1</sup>. Its key new elements are an increased interaction with the Financial Action Task Force (FATF) listing process; an enhanced engagement with the third countries; and reinforced consultation of Member States and the European Parliament.

Since the last amendments to Regulation (EU) 2016/1675, the FATF updated its list of "Jurisdictions under Increased Monitoring" as follows:

- At its Plenary meeting of February 2021, the FATF added Burkina Faso, Cayman Islands, Morocco, and Senegal to its list;
- At its Plenary meeting of June 2021, the FATF added Haiti, the Philippines and South Sudan and deleted Ghana from its list;
- At its Plenary meeting of October 2021, the FATF added Jordan, Mali and Turkey and deleted Botswana and Mauritius from its list.

In addition, in the fourth quarter 2021 the Commission finalised its assessment of The Bahamas and Iraq in line with its methodology for identifying high risk third countries. In its assessment, the Commission concluded that The Bahamas has addressed the strategic deficiencies previously identified by the Commission in its AML/CFT regime considering the available information. In addition, the Commission identified that Iraq made significant progress to address several strategic deficiencies identified in the Commission's preliminary assessment. The Bahamas and Iraq should therefore also be deleted from the EU's list of high risk third countries.

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<sup>1</sup> Commission Staff Working document, Methodology for identifying high-risk third countries under Directive (EU) 2015/849, SWD(2020) 99.

It is necessary to continue to update the Delegated Regulation in order to take into account information from international organisations and standard setters in the field of AML/CFT, such as FATF public statements, mutual evaluation or detailed assessment reports or published follow-up reports. The changing nature of money laundering and terrorist financing threats, facilitated by a constant evolution of technology and of the means at the disposal of criminals, requires that quick and continuous adaptations of the legal framework as regards high-risk third countries be made in order to efficiently address existing risks and prevent new ones from arising. Considering the level of financial systems' integration, the internal market would be exposed to serious risks of money laundering and terrorist financing if the EU does not add jurisdictions identified by the FATF to the EU list.

Delegated Regulation (EU) 2016/1675 should therefore be amended by adding third countries which have been identified as having strategic deficiencies as well as by removing those that no longer present strategic deficiencies on the basis of the criteria laid down in Directive (EU) 2015/849.

#### **A. Addition to the list of Delegated Regulation (EU) 2016/1675**

The Commission took into account, as appropriate, information from international organisations and standard setters in the field of AML/CFT, the recent FATF Public Statements, FATF list of “Jurisdictions under Increased Monitoring”, FATF reports of the International Cooperation Review Group, and mutual evaluation reports carried out by the FATF and the FATF-Style Regional Bodies (FSRBs) in relation to strategic deficiencies of individual third countries, in line with Article 9(4) of Directive (EU) 2015/849.

In particular, it considered Burkina Faso, Cayman Islands, Haiti, Jordan, Mali, Morocco, the Philippines, Senegal, and South Sudan as having strategic deficiencies in their AML/CFT regime, also based on the fact that these countries were identified in the FATF list of “Jurisdictions under Increased Monitoring” in February, June or October 2021.

Consequently, the Commission considers that Burkina Faso, Cayman Islands, Haiti, Jordan, Mali, Morocco, the Philippines, Senegal, and South Sudan meet the criteria set in article 9(2) of Directive (EU) 2015/849. These countries should be added to the list of the Delegated Regulation (EU) 2016/1675 as countries presenting strategic deficiencies in their AML/CFT regime that pose significant threats to the financial system of the Union.

Burkina Faso, Cayman Islands, Haiti, Jordan, Mali, Morocco, the Philippines, Senegal, South Sudan and Turkey provided a written high-level political commitment to address the identified deficiencies and developed an action plan with the FATF for this purpose. The Commission welcomes these commitments and calls on these jurisdictions to complete the implementation of the action plan expeditiously and within the proposed timeframes. The implementation of the action plans will be closely monitored by the FATF. In order to take into account the level of commitment that has been demonstrated in the context of the FATF, these high-risk third countries are listed in the table in point I of the Annex to the Delegated Regulation (“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 FATF”).

According to article 18a of Directive (EU) 2015/849, obliged entities in all Member States will be bound to apply enhanced customer due diligence measures with respect to business relationships or transactions involving countries included in Delegated Regulation (EU) 2016/1675.

#### **B. Deletion from the list of Delegated Regulation (EU) 2016/1675**

In 2020, the FATF congratulated The Bahamas for the significant progress it has made in improving its AML/CFT regime. The Bahamas has strengthened the effectiveness of its AML/CFT system and addressed related technical deficiencies to meet the commitments in its action plan and remedy the strategic deficiencies identified by the FATF in October 2018. Therefore the FATF de-listed The Bahamas from the list of Jurisdictions under Increased Monitoring in December 2020. The Bahamas is therefore no longer subject to the FATF's increased monitoring process. In April 2021, the Commission established additional benchmarks, which The Bahamas has now addressed. The Bahamas has implemented measures which are sufficiently comprehensive and that meet the necessary requirements to consider that strategic deficiencies identified under article 9 of the Directive (EU) 2015/849 have been removed.

In June 2018, the FATF de-listed Iraq from the list of Jurisdictions under Increased Monitoring, further to actions undertaken by Iraq to strengthen its AML/CFT system and address related technical deficiencies to meet the commitments in its action plan and remedy the strategic deficiencies identified by the FATF in October 2013. However, despite no longer being subject to the FATF's increased monitoring process, Iraq was not delisted from the EU list. In January 2019, the Commission shared a preliminary assessment of Iraq's AML/CFT regime with the authorities, identifying key strategic deficiencies. Since then, there have been several meetings between Commission officials and the Iraqi authorities. The Commission has also received additional information from Iraq on a constant basis to understand better the progress made by the country. According to the progress made, the Commission acknowledges that Iraq has implemented measures which are sufficiently comprehensive and that meet the necessary requirements to consider that strategic deficiencies identified under Article 9 of the Directive (EU) 2015/849 have been removed. The FATF welcomed significant progress made by Botswana, Ghana and Mauritius in improving its AML/CFT regime and noted that Botswana, Ghana and Mauritius have established the legal and regulatory framework to meet the commitments in their action plans regarding the strategic deficiencies that the FATF had identified.

The Commission's analysis concludes that The Bahamas, Botswana, Ghana, Iraq and Mauritius no longer have strategic deficiencies in their AML/CFT regime considering the available information. The Bahamas, Botswana, Ghana, Iraq and Mauritius have strengthened the effectiveness of their AML/CFT regime. These measures are sufficiently comprehensive and meet the necessary requirements to consider that strategic deficiencies identified under article 9 of the Directive (EU) 2015/849 have been removed.

### **C. Other third countries publicly identified by the FATF**

In October 2021, the FATF publicly identified Turkey as having strategic deficiencies in its AML/CFT regime. Turkey made a high-level political commitment to work with the FATF to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its Mutual Evaluation Report (MER) in October 2019, Turkey has made progress on a number of the Mutual Evaluation Report's recommended actions to improve its system, including by: promulgating an overarching national strategy for authorities in charge of combatting ML and TF; establishing a beneficial ownership registry; developing the strategic analysis capacity within the FIU; increasing the level of seizures of smuggled cash across borders; revising sentences available for terrorist financing to ensure there is an incentive for law enforcement to investigate TF activity independently and alongside terrorism offences; and eliminating the delays in implementing targeted financial sanctions under UNSCRs related to terrorist financing and proliferation financing.

Turkey is working to implement its FATF action plan by: (1) dedicating more resources at the FIU to supervision of AML/CFT compliance by high-risk sectors and increasing on-site inspections overall; (2) applying dissuasive sanctions for AML/CFT breaches, in particular for unregistered money transfer services and exchange offices and in relation to the requirements of adequate, accurate, and up-to-date beneficial ownership information; (3) enhancing the use of financial intelligence to support ML investigations and increasing proactive disseminations by the FIU; (4) undertaking more complex money laundering investigations and prosecutions; (5) setting out clear responsibilities and measurable performance objectives and metrics for the authorities responsible for recovering criminal assets and pursuing terrorism financing cases and using statistics to update risk assessments and inform policy; (6) conducting more financial investigations in terrorism cases, prioritising TF investigations and prosecutions related to UN-designated groups and ensuring TF investigations are extended to identify financing and support networks; (7) concerning targeted financial sanctions under UNSCRs 1373 and 1267, pursuing outgoing requests and domestic designations related to UN-designated groups, in line with Turkey's risk profile; (8) to fully implement a risk-based approach to supervision of non-profit organisations to prevent their abuse for terrorist financing, conducting outreach to a broad range of NPOs in the sector and engaging with their feedback, ensuring that sanctions applied are proportionate to any violations, and taking steps to ensure that supervision does not disrupt or discourage legitimate NPO activity, such as fundraising.

As provided by the revised methodology, with respect to candidate countries, the Commission, in its assessment, may consider mitigating measures included in the accession negotiations that address the identified strategic deficiencies. In this context, the Commission has developed further mitigating measures with Turkey in order to ensure alignment with Directive (EU) 2015/849. Subject to the implementation of the commitments taken by Turkey, the Commission considers that those additional mitigating measures allow addressing sufficiently the remaining deficiencies. Therefore, there is no need to adopt further measures under article 9 of Directive (EU) 2015/849 at this stage.

## **2. CONSULTATIONS PRIOR TO THE ADOPTION OF THE ACT**

On 21/12/2021, the Expert Group on Money Laundering and Terrorist Financing (EGMLTF) was consulted on the draft Delegated Regulation by written procedure.

## **3. LEGAL ELEMENTS OF THE DELEGATED ACT**

This Delegated Regulation amends the Annex of Delegated Regulation (EU) 2016/1675.

The legal effects of the publication of this Delegated Regulation are governed by the basic act, Directive (EU) 2015/849.

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

Furthermore, Article 155 (2) of the Financial Regulation<sup>2</sup> prohibits persons and entities implementing Union funds or budgetary guarantees from entering into new or renewed

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<sup>2</sup> Regulation (EU, Euratom) 2018/1046 of 18 July 2018 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU)

operations with entities incorporated or established in countries included in 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. Implementing partners must transpose those requirements also in their own contracts with selected financial intermediaries.

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No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018).

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

**of 7.1.2022**

**on amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Burkina Faso, Cayman Islands, Haiti, Jordan, Mali, Morocco, the Philippines, Senegal, and South Sudan to the table in point I of the Annex and deleting The Bahamas, Botswana, Ghana, Iraq and Mauritius from this table**

(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/EC (1)<sup>3</sup>, and in particular Article 9(2) thereof,

Whereas:

- (1) The Union has to ensure an effective protection of the integrity and proper functioning of its financial system and the internal market from money laundering and terrorist financing. Hence, Directive (EU) 2015/849 provides that the Commission should identify countries which present strategic deficiencies in their regimes on anti-money laundering and countering terrorist financing ("AML/CFT") that pose significant threats to the financial system of the Union.
- (2) Delegated Regulation (EU) 2016/1675<sup>4</sup> identifies high-risk third countries with strategic deficiencies. This Regulation should be reviewed at appropriate times in light of the progress made by those high-risk third countries in removing the strategic deficiencies in their regime on anti-money laundering and countering terrorist financing. The Commission should take into account in its assessments new information from international organisations and standard setters, such as those issued by the Financial Action Task Force (FATF).
- (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, as well as the degree of market openness, it is therefore considered that any AML/CFT threat posed to the international financial system also represents a threat to the financial system of the Union.

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<sup>3</sup> OJ L 141, 5.6.2015, p. 73.

<sup>4</sup> 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).



- (4) In line with the criteria set out in Directive (EU) 2015/849, the Commission takes into account the recent available information, in particular recent FATF Public Statements, the FATF list of " Jurisdictions under Increased Monitoring ", and FATF reports of the International Cooperation Review Group in relation to the risks posed by individual third countries, in line with Article 9(4) of Directive (EU) 2015/849.
- (5) In February 2021, Burkina Faso made a high-level political commitment to work with the FATF and West Africa Money Laundering Group (GIABA) to strengthen the effectiveness of its AML/CFT regime. Since the completion of its Mutual Evaluation Report (MER) in 2019, Burkina Faso has made progress on a number of its MER recommended actions to improve technical compliance and effectiveness, including by adopting a national AML/CFT strategy in December 2020. Burkina Faso will work to implement its action plan, including by: (1) adopting and implementing follow-up mechanisms for monitoring actions in the national strategy; (2) seeking mutual legal assistance (MLA) and other forms of international cooperation in line with its risk profile; (3) strengthening of resource capacities of all AML/CFT supervisory authorities and implementing risk based supervision of financial institutions and Designated Non Financial Businesses and Professions (DNFBPs); (4) maintaining comprehensive and updated basic and beneficial ownership information and strengthening the system of sanctions for violations of transparency obligations; (5) increasing the diversity of Suspicious Transaction Report (STR) reporting; (6) enhancing the Financial Intelligence Unit's (FIU) human resources through additional hiring, training and budget; (7) conduct training for law enforcement authorities (LEAs), prosecutors and other relevant authorities; (8) demonstrating that authorities are pursuing confiscation as a policy objective; (9) enhancing capacity and support for LEAs and prosecutorial authorities involved in combatting terrorist financing (TF), in line with the TF National Strategy; and (10) implementing an effective targeted financial sanctions regime related to terrorist financing and proliferation financing as well as risk-based monitoring and supervision of non profit organisations (NPOs). On this basis, Burkina Faso should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.
- (6) In February 2021, the Cayman Islands made a high-level political commitment to work with the FATF and Caribbean Financial Action Task Force (CFATF) to strengthen the effectiveness of its AML/CFT regime. The Cayman Islands should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) imposing adequate and effective sanctions in cases where relevant parties (including legal persons) do not file accurate, adequate and up-to-date beneficial ownership information in line with those requirements; and (2) demonstrating that they are prosecuting all types of money laundering cases in line with the jurisdiction's risk profile and that such prosecutions are resulting in the application of dissuasive, effective, and proportionate sanctions. On this basis, Cayman Islands should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.
- (7) In June 2021, Haiti made a high-level political commitment to work with the FATF and CFATF to strengthen the effectiveness of its AML/CFT regime. Haiti will work to implement its action plan, including by: (1) developing its ML/TF risk assessment process and disseminating the findings; (2) facilitating information sharing with relevant foreign counterparts; (3) addressing the technical deficiencies in its legal and regulatory framework that impede the implementation of AML/CFT preventive measures and implementing risk-based AML/CFT supervision for all financial

institutions and DNFBPs deemed to constitute a higher ML/TF risk; (4) ensuring basic and beneficial ownership information are maintained and accessible in a timely manner; (5) ensuring a better use of financial intelligence and other relevant information by competent authorities for combatting ML and TF; (6) addressing the technical deficiencies in its ML offence and demonstrating authorities are identifying, investigating and prosecuting ML cases in a manner consistent with Haiti's risk profile; (7) demonstrating an increase of identification, tracing and recovery of proceeds of crimes; (8) addressing the technical deficiencies in its TF offence and targeted financial sanctions regime; (9) conducting appropriate risk-based monitoring of NPOs vulnerable to TF abuse without disrupting or discouraging legitimate NPO activities. On this basis, Haiti should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.

- (8) In October 2021, Jordan made a high-level political commitment to work with the FATF and Middle East and North Africa Financial Action Task Force (MENAFATF) to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its MER in November 2019, Jordan has made progress on a number of the MER's recommended actions to improve its system, including by finalising their National Risk Assessment (NRA). Jordan will work to implement its FATF action plan by: (1) completing and disseminating the ML/TF risk assessments of NPOs, legal persons and virtual assets; (2) improving risk based supervision and applying effective, proportionate, and dissuasive sanctions for noncompliance; (3) conducting training and awareness raising programmes for DNFBPs on their AML/CFT obligations, particularly with regard to filing and submitting STRs; (4) maintaining comprehensive and updated basic and beneficial ownership information on legal persons and legal arrangements; (5) pursuing money laundering investigations and prosecutions, including through parallel financial investigations, for predicate offences in line with the risk identified in the NRA; (6) creating a legal obligation for confiscating instrumentalities used or intended to be used in ML crimes; (7) developing and implementing a legal and institutional framework for targeted financial sanctions; and (8) developing and implementing a risk-based approach for supervision of the NPO sector to prevent abuse for TF purposes. On this basis, Jordan should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.
- (9) In October 2021, Mali made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime. Since the adoption of its MER in November 2019, Mali has made progress on a number of the MER's recommended actions to improve its system, including by adopting its National Risk Assessment (NRA). Mali will work to implement its FATF action plan by: (1) disseminating the results of the NRA to all relevant stakeholders including by conducting awareness raising activities with the highest risk sectors; (2) developing and starting to implement a risk based approach for the AML/CFT supervision of all FIs and higher risk DNFBPs and demonstrating effective, proportionate and dissuasive sanctions for noncompliance; (3) conducting a comprehensive assessment of ML/TF risks associated with all types of legal persons; (4) increasing the capacity of the FIU and the LEAs and enhancing their cooperation on the use of financial intelligence; (5) ensuring relevant competent authorities are involved in investigation and prosecution of ML; (6) strengthening the capacities of relevant authorities responsible for investigation and prosecution of TF cases; (7) establishing a legal framework and procedures to implement targeted financial sanctions; and (8) implementing a risk-based approach for supervision of the NPO sector to prevent abuse for TF purposes.

On this basis, Mali should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.

- (10) In February 2021, Morocco made a high-level political commitment to work with the FATF and MENAFATF to strengthen the effectiveness of its AML/CFT regime. Morocco has taken steps towards improving its AML/CFT regime, including by providing FIU with financial and human resources to enhance analytical capabilities in order to fulfil its core mandate of operational and strategic analysis. Morocco should continue to work to implement its action plan to address its strategic deficiencies, including by: (1) improving risk-based supervision and taking remedial actions and applying effective, proportionate and dissuasive sanctions for non-compliance; (2) ensuring that beneficial ownership information, including information of legal persons and foreign legal arrangements is adequate, accurate and verified; (3) increasing the diversity of suspicious transactions reporting; (4) prioritising the identification, investigation and prosecution of all types of ML in accordance with the country's risk profile; and (5) monitoring and effectively supervising the compliance of FIs and DNFBPs with targeted financial sanctions obligations. On this basis, Morocco should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.
- (11) In June 2021, the Philippines made a high-level political commitment to work with the FATF and Asia/Pacific Group on Money Laundering (APG) to strengthen the effectiveness of its AML/CFT regime. Since then, the Philippines has taken steps towards improving its AML/CFT regime, by developing and implementing guidance on delistings and the unfreezing of assets for targeted financial sanctions related to PF. The Philippines should work to implement its action plan, including by: (1) demonstrating that effective risk-based supervision of DNFBPs is occurring; (2) demonstrating that supervisors are using AML/CFT controls to mitigate risks associated with casino junkets; (3) implementing the new registration requirements for MVTs and applying sanctions to unregistered and illegal remittance operators; (4) enhancing and streamlining LEA access to BO information and taking steps to ensure that BO information is accurate and up-to-date; (5) demonstrating an increase in the use of financial intelligence and an increase in ML investigations and prosecutions in line with risk; (6) demonstrating an increase in the identification, investigation and prosecution of TF cases; (7) demonstrating that appropriate measures are taken with respect to the NPO sector (including unregistered NPOs) without disrupting legitimate NPO activity; and (8) enhancing the effectiveness of the targeted financial sanctions framework for both TF and PF. On this basis, the Philippines should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.
- (12) In February 2021, Senegal made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime. Senegal should continue to work on implementing its action plan to address its strategic deficiencies, including by: (1) ensuring consistent understanding of ML/TF risks (in particular related to the DNFBP sector) across relevant authorities through training and outreach; (2) seeking MLA and other forms of international cooperation in line with its risk profile; (3) ensuring that Financial Institutions and DNFBPs are subject to adequate and effective supervision; (4) updating and maintaining comprehensive beneficial ownership information on legal persons and arrangements and strengthening the system of sanctions for violations of transparency obligations; (5) continuing to enhance the FIU's human resources to ensure that it maintains effective operational

analysis capacities; (6) demonstrating that efforts aimed at strengthening detection mechanisms and reinforcing the capability to conduct ML/predicate offences investigations and prosecutions activities are sustained consistently in line with the Senegal's risk profile; (7) establishing comprehensive and standardised policies and procedures for identifying, tracing, seizing and confiscating proceeds and instrumentalities of crime in line with its risk profile; (8) strengthening the authorities understanding of TF risks and enhancing capacity and support for LEAs and prosecutorial authorities involved in TF in line with the 2019 TF National Strategy; and (9) implementing an effective targeted financial sanctions regime related to terrorist financing and proliferation financing as well as risk-based monitoring and supervision of NPOs. On this basis, Senegal should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.

- (13) In June 2021, South Sudan made a high-level political commitment to work with the FATF to strengthen the effectiveness of its AML/CFT regime. South Sudan will work to implement its action plan, including by: (1) applying and engaging with the Eastern & Southern Africa Anti-Money Laundering Group (ESAAMLG) for membership and committing to undergo a mutual evaluation by ESAAMLG or other assessment body; (2) conducting a comprehensive review of the AML/CFT Act (2012), with the support of international partners, including technical assistance, to comply with the FATF Standards; (3) designating an authority/authorities in charge of coordinating the national ML/TF risks assessments; (4) becoming a party to and implementing the 1988 Vienna Convention, the 2000 Palermo Convention, and the 1999 Terrorist Financing Convention; (5) competent authorities should be suitably structured and capacitated to implement a risk-based approach to AML/CFT supervision for financial institutions; (6) developing a comprehensive legal framework to collect and verify the accuracy of beneficial ownership information for legal persons; (7) operationalising a fully functioning and independent FIU; (8) establishing and implementing the legal and institutional framework to implement targeted financial sanctions in compliance with United Nations Security Council Resolutions on terrorism and proliferation financing; and (9) commencing implementation of targeted risk-based supervision/monitoring of NPOs at risk of TF abuse. On this basis, South Sudan should be considered as a country having strategic deficiencies in its AML/CFT regime under Article 9 of Directive (EU) 2015/849.
- (14) In accordance with the latest relevant information, the Commission's assessment concluded that Burkina Faso, Cayman Islands, Haiti, Jordan, Mali, Morocco, the Philippines, Senegal, and South Sudan should be considered as third-country jurisdictions which have strategic deficiencies in their AML/CFT regime that pose significant threats to the financial system of the Union, in accordance with the criteria set out in Article 9 of Directive (EU) 2015/849. It is noted that these countries have provided written high-level political commitments to address the identified deficiencies and have developed action plans with the FATF.
- (15) It is of the utmost importance that the Commission conducts a permanent monitoring of third countries and assesses developments in their legal and institutional frameworks, the powers and procedures of competent authorities, and the effectiveness of their AML/CFT regimes, with a view to updating the Annex of Delegated Regulation (EU) 2016/1675.

- (16) The Commission is committed to provide technical assistance, where appropriate, to third countries included in the Annex of Delegated Regulation (EU) 2016/1675 in order to assist them to remedy the identified strategic deficiencies.
- (17) The Commission reviewed progress in addressing strategic deficiencies of countries listed in Regulation (EU) 2016/1675 that have been delisted in June or October 2021 by the FATF or reviewed by the Commission in line with its revised methodology to identify high risk third countries based on the new requirements of Directive (EU) 2015/849, as amended by Directive (EU) 2018/843. The Commission concluded the review of progress made by The Bahamas, Botswana, Ghana, Iraq and Mauritius.
- (18) The Commission's assessment concluded that The Bahamas has addressed the strategic deficiencies in its AML/CFT regime identified by the Commission in line with its methodology for identifying high risk third countries. The Bahamas has recently taken a number of measures in order to reinforce its AML/CFT framework and in particular the transparency aspects of its beneficial ownership regime. These measures address the additional benchmarks set by the Commission. The Commission will continue to work in collaboration with the FATF and CFATF to monitor the evolution of The Bahamas' AML/CFT regime.
- (19) The Commission's assessment concluded that Iraq has made sufficient progress in addressing the strategic deficiencies in its AML/CFT regime identified by the Commission in line with its methodology for identifying high risk third countries. Iraq has recently taken a number of measures in order to reinforce its AML/CFT framework. These measures address the concerns identified by the Commission in its preliminary assessment. The Commission will continue to work in collaboration with the FATF and MENAFATF to monitor the evolution of Iraq's AML/CFT regime.
- (20) The FATF welcomed significant progress made by Botswana, Ghana and Mauritius in improving their AML/CFT regime and noted that Botswana, Ghana and Mauritius have established the legal and regulatory framework to meet the commitments in their action plans regarding the strategic deficiencies that the FATF had identified. Botswana, Ghana and Mauritius are therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Botswana, Ghana and Mauritius will continue to work with the FATF Style Regional Bodies to improve further their AML/CFT regime.
- (21) The Commission's analysis concluded that The Bahamas, Botswana, Ghana, Iraq and Mauritius do not have strategic deficiencies in their AML/CFT regime anymore considering the available information. The Bahamas, Botswana, Ghana, Iraq and Mauritius have strengthened the effectiveness of their AML/CFT regime and addressed related technical deficiencies to meet the commitments in their action plan regarding the strategic deficiencies that the FATF identified and the additional benchmarks or preliminary concerns set by the Commission.
- (22) Delegated Regulation (EU) 2016/1675 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

#### *Article 1*

In the Annex to Delegated Regulation (EU) 2016/1675, in the table under point "I. 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 FATF", the following lines are added:

Burkina Faso
Cayman Islands
Haiti
Jordan
Mali
Morocco
Philippines
Senegal
South Sudan

*Article 2*

In the Annex to Delegated Regulation (EU) 2016/1675, in the table under point “I. 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 FATF”, the following lines are deleted:

The Bahamas
Botswana
Ghana
Iraq
Mauritius

*Article 3*

In the Annex to Delegated Regulation (EU) 2016/1675, the table under point “I. 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 FATF” is replaced by the following:

No	High-risk third country
1	Afghanistan
2	Barbados
3	Burkina Faso

4	Cambodia
5	Cayman Islands
6	Haiti
7	Jamaica
8	Jordan
9	Mali
10	Morocco
11	Myanmar
12	Nicaragua
13	Pakistan
14	Panama
15	Philippines
16	Senegal
17	South Sudan
18	Syria
19	Trinidad and Tobago
20	Uganda
21	Vanuatu
22	Yemen
23	Zimbabwe

*Article 4*

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

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 7.1.2022

*For the Commission*  
*Mairead McGUINNESS*  
*Member of the Commission*