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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. Cion doc.:	C(2019)1326
Subject:	Commission Delegated Regulation (EU) of 13.2.2019 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies C(2019)1326

1. On 13 February 2019, the Commission submitted to the Council the above regulation supplementing Directive (EU) 2015/849 of the European Parliament and of the Council by identifying high-risk third countries with strategic deficiencies¹.
2. According to Article 64(5) of Directive (EU) No 2015/849, a delegated act adopted pursuant to Article 9 shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of one month of notification of the act to the European Parliament and the Council or if, before the expiry of that period, both Institutions have informed the Commission that they will not object.

¹ ST 6483 (+ADD1 +COR1).

3. On 15 February 2019, the Council secretariat invited delegations (financial attachés) to examine the delegated act and inform whether they intended to object to this delegated act or to request an extension of the period for objection.
4. The consultation ended on 28 February 2019, with the required majority of delegations having declared their intention to object to the delegated act in question, in particular on the basis that the act was not established in a sufficiently transparent way.
5. On 1 March 2019, the Financial Attachés Working Party met to discuss the delegated act in question. There is now unanimity on the intention to object to the delegated act.
6. On 5 March 2019, Financial Attachés agreed on the text of the Council statement as set out in the Annex.
7. In view of the above, it is suggested that the Committee of Permanent Representatives invites the Council to:
 - object to the delegated act as set out in ST 6483 (+ADD1 +COR1),
 - inform the Commission and the European Parliament thereof, and,
 - enter into the Council minutes the statement set out in the Annex to this note.

STATEMENT BY THE COUNCIL

United with the European Commission, the Council is strongly committed to the fight against money laundering and terrorist financing. In order to advance this fight, the Council, together with the Commission, strengthened EU rules and worked tirelessly to improve measures combatting money laundering and terror financing worldwide.

Further progress is needed in our joint fight. The delegated regulation identifying high-risk third countries with strategic deficiencies represents an element of this important and ongoing work. To achieve the full impact of this instrument and to ensure its quality we need to introduce the list in an orderly process.

Therefore, in order to establish a strong and effective instrument, the Council cannot support the current proposal that was not established in a transparent and resilient process that actively incentivises affected countries to take decisive action while also respecting their right to be heard. The Council calls for an EU listing, in line with the 5th Anti Money Laundering Directive, that meets our high standards and thereby further strengthens anti-money laundering and the combat against terrorist financing.
