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Answer given by Ms McGuinness
on behalf of the European Commission
(28.10.2020)

Under Directive (EU) 2015/849¹, the Commission is mandated to identify third-country jurisdictions presenting strategic deficiencies in their Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) regimes (so called “high-risk third countries”) that pose significant threats to the EU’s financial system.

On 7 May 2020, a revised methodology for identifying high-risk third countries was published². It lays down two main ways that could lead to a third country's identification as a high-risk country: 1) countries publicly identified by the Financial Action Task Force (FATF); and 2) countries assessed and identified autonomously by the EU.

Any third country posing a risk to the international financial system, as identified by FATF, is presumed to pose a risk to the EU internal market. Delegated Regulation 2020/855³ updated the EU list of high-risk third countries to take into account the latest developments of FATF lists.

The economic relevance of a third-country jurisdiction for the EU and the systemic impact on the integrity of the EU financial system due to the level of threat are criteria to determine the scope of the EU autonomous assessment. The Commission has made public on its website the list of countries in the scope of EU assessment⁴. The Commission intends to assess all such countries by 2025 based on clear objective criteria, which ensure equal treatment. These criteria are contained in the Methodology referred to above.

The inclusion in the EU list does not entail any sanctions: the principal consequence of the listing is that obliged entities⁵ in the Member States are bound to apply enhanced “know your customer” checks to business relationships or transactions involving high-risk third countries⁶.

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, OJ L 141, 5.6.2015, p. 73–117. See in particular, Article 9.

² Brussels, 7.5.2020 SWD(2020) 99 final.

³ Commission Delegated Regulation (EU) 2020/855 of 7 May 2020 amending Delegated Regulation (EU) 2016/1675, OJ L 195/1, 19.6.2020.

⁴ https://ec.europa.eu/info/files/list-countries-scope-eu-assessment-high-risk-third-countries-under-directive-eu-2015-849-and-list-priority-1-countries-assessment-2018_en

⁵ Obligated entities are defined in article 2 of Directive (EU) 2015/849 (as amended by Directive(EU) 2018/843).

⁶ The list can be found in Commission Delegated Regulation (EU) 2020/855 of 7 May 2020.