Commission Delegated Regulation (EU) 2018/105 of 27 October 2017 amending Delegated Regulation (EU) 2016/1675, as regards adding Ethiopia to the list of high-risk third countries in the table in point I of the Annex (Text with EEA relevance)

COMMISSION DELEGATED REGULATION (EU) 2018/105

of 27 October 2017

amending Delegated Regulation (EU) 2016/1675, as regards adding Ethiopia to the list of high-risk third countries in the table in point I of the Annex

(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], and in particular Article 9(2) thereof,

Whereas:

(1) The Union must 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 high-risk third countries which present strategic deficiencies in their regimes on anti-money laundering and countering terrorist financing that pose significant threats to the financial system of the Union.

(2) In identifying high-risk third countries it is necessary to take into account the recent available information, in particular FATF Public Statements and FATF document 'Improving Global AML/CFT Compliance: ongoing process', and FATF reports of the International Cooperation Review Group in relation to the risks posed by individual third countries.

(3) The FATF identified Ethiopia as having strategic AML/CFT deficiencies in its anti-money laundering and countering terrorist financing ('AML/CFT') regime that pose a risk to the international financial system.

(4) 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 or from the Union, as well as the degree of market opening, the Commission hence considers that any AML/CFT threat posed to the international financial system also represents a threat to the financial system of the Union.

(5) In accordance with the latest relevant information, the Commission's analysis has concluded that Ethiopia should be considered third-country jurisdiction which has strategic deficiencies in its 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. However, Ethiopia has provided a written high-level political commitment to address the identified deficiencies and has developed an action plan with FATF, which would allow the requirements laid down in Directive (EU) 2015/849 to be met. Ethiopia should therefore be added to the table in point I of the Annex to Commission Delegated Regulation (EU) 2016/1675[(2)]. The Commission will reassess that country's status in the light of the implementation of the above commitment.

(6) Delegated Regulation (EU) 2016/1675 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

In the table in point I of the Annex to Delegated Regulation (EU) 2016/1675, the following line is added:

10	Ethiopia

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*.

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

Done at Brussels, 27 October 2017.

For the Commission

The President

Jean-Claude JUNCKER