

II

(Non-legislative acts)

REGULATIONS

COMMISSION DELEGATED REGULATION (EU) 2021/37

of 7 December 2020

on amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards deleting Mongolia from 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) (1), 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. 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) Commission Delegated Regulation (EU) 2016/1675 (2) identifies high-risk third countries with strategic deficiencies. This Regulation should be reviewed where appropriate 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/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.

(1) OJ L 141, 5.6.2015, p. 73.

(2) 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, FATF documents 'Improving Global AML/CFT Compliance: Ongoing Process Statement', and FATF reports of the International Cooperation Review Group in relation to the risks posed by individual third countries, in accordance with Article 9(4) of Directive (EU) 2015/849.
- (5) In October 2019, the FATF identified Mongolia as a jurisdiction having strategic AML/CFT deficiencies for which Mongolia had developed an action plan with the FATF. On this basis and in accordance with the latest relevant information, the Commission's assessment in May 2020 concluded that Mongolia should be considered as a third-country jurisdiction which had strategic deficiencies in its AML/CFT regime that posed 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 was also noted that Mongolia had provided written high-level political commitments to address the identified deficiencies and had developed an action plan with the FATF.
- (6) 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 regime, with a view to updating the Annex of Delegated Regulation (EU) 2016/1675.
- (7) The FATF welcomed significant progress made by Mongolia in improving its AML/CFT regime and noted that this country has established the legal and regulatory framework to meet the commitments in its action plan regarding the strategic deficiencies that the FATF had identified. This country is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. This country will continue to work with the FATF-Style Regional Bodies to further improve its AML/CFT regime.
- (8) The Commission assessed the information relating to the progress in addressing strategic deficiencies of Mongolia.
- (9) The Commission's assessment concluded that, considering the available information, Mongolia no longer has strategic deficiencies in its AML/CFT regime. Mongolia has strengthened the effectiveness of its AML/CFT regime and addressed related technical deficiencies to meet the commitments in its action plan regarding the strategic deficiencies that the FATF had identified. 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 addressed.
- (10) 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 line is deleted:

10	Mongolia
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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, 7 December 2020.

For the Commission
The President
Ursula VON DER LEYEN
