

II

(Non-legislative acts)

REGULATIONS

COMMISSION DELEGATED REGULATION (EU) 2018/1467

of 27 July 2018

amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards adding Pakistan to 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 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 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) The Commission should review the list of high risk third countries listed in Delegated Regulation (EU) 2016/1675 ⁽²⁾ 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 ('AML/CFT'). The Commission should take account in its assessments of new information from international organisations and standard setters, such as those issued by the Financial Action Task Force (FATF). In light of this information, the Commission should also identify additional high-risk third countries presenting strategic deficiencies in their AML/CFT regime.
- (3) In line with the criteria set out in Directive (EU) 2015/849, the Commission took into account the recent available information, in particular recent FATF Public Statements, 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 in line with Article 9(4) of Directive (EU) 2015/849.
- (4) The FATF identified Pakistan as having strategic deficiencies in its anti-money laundering and counter-terrorist financing ('AML/CFT') regime that pose a risk to the international financial system, for which it has developed an action plan with the FATF.

⁽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).

- (5) The AML/CFT framework in force in Pakistan and the manner in which that framework is applied reveal strategic deficiencies. The deficiencies include the supervision and enforcement of AML/CFT controls by financial institutions, including money service businesses; insufficient measures to prevent illicit cross-border transportation of currency; no robust track record of terrorist financing investigations and prosecutions, including the lack of necessary coordination between various authorities; insufficient implementation of targeted financial sanctions and of United Nations Security Council Resolutions 1267 (1999) and 1373 (2001); insufficient enforcement of prohibition of funds and financial services.
- (6) 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 considers that any AML/CFT threat posed to the international financial system also represents a threat for the Union financial system.
- (7) In accordance with the latest relevant information, the Commission's analysis has concluded that Pakistan should be considered as a 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, this country has provided a written high-level political commitment to address the identified deficiencies and has developed an action plan with the FATF, which would allow the requirements laid down in Directive (EU) 2015/849 to be met. The Commission will reassess this country's status in the light of the implementation of that commitment.
- (8) 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 in point I the following line is added:

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| '14 | Pakistan' |
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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, 27 July 2018.

For the Commission
The President
 Jean-Claude JUNCKER