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TEXTS ADOPTED

*Provisional edition*

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**P8\_TA-PROV(2017)0213**

**Objection to a delegated act: Identifying high-risk third countries with strategic deficiencies**

**European Parliament resolution of 17 May 2017 on the Commission delegated regulation of 24 March 2017 amending Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 of the European Parliament and of the Council, as regards deleting Guyana from the table in point I of the Annex and adding Ethiopia to that table (C(2017)01951 – 2017/2634(DEA))**

*The European Parliament,*

- having regard to the Commission delegated regulation (C(2017)01951) ('the amending delegated regulation'),
- having regard to Article 290 of 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<sup>1</sup> (4AMLD), and in particular Articles 9(2) and 64(5) thereof,
- having regard to 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<sup>2</sup>, in particular the Annex thereto,
- having regard to its resolution of 19 January 2017 on the Commission delegated regulation of 24 November 2016 amending Commission Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 by identifying high-risk third countries with strategic deficiencies<sup>3</sup>,
- having regard to the Commission's letter of 24 March 2017 accompanying the

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<sup>1</sup> OJ L 141, 5.6.2015, p. 73.

<sup>2</sup> OJ L 254, 20.9.2016, p. 1.

<sup>3</sup> Texts adopted, P8\_TA(2017)0008.

amending delegated regulation,

- having regard to the work performed and the conclusions reached so far by Parliament’s two special committees – the Committee on Tax Rulings and Other Measures Similar in Nature or Effect and the Committee of Inquiry into Money Laundering, Tax Avoidance and Tax Evasion,
  - having regard to the motion for a resolution by the Committee on Economic and Monetary Affairs and the Committee on Civil Liberties, Justice and Home Affairs,
  - having regard to Rule 105(3) of its Rules of Procedure,
- A. whereas the delegated regulation, its annex and the amending delegated regulation are meant to identify high-risk third countries with strategic deficiencies as regards anti-money laundering and countering terrorist financing (AML/CTF), which represent a threat to the EU financial system and for which enhanced customer due diligence measures are necessary at EU obliged entities under 4AMLD;
  - B. whereas the most recent Commission Delegated Regulation (EU) 2016/1675 supplementing Directive (EU) 2015/849 by identifying high-risk third countries with strategic deficiencies has been in force since 23 September 2016;
  - C. whereas Commission Delegated Regulation (EU) 2016/1675 will remain in force even if the amending delegated regulation is rejected;
  - D. whereas the list of countries, including after the amendments introduced in the amending delegated regulation adopted by the Commission on 24 March 2017, matches those identified by the Financial Action Task Force (FATF) at their 29th plenary meeting from 20 to 24 February 2017;
  - E. whereas, as stipulated in recital 28 of 4AMLD and repeated in the explanatory memorandum (C(2016)04180) to Commission Delegated Regulation (EU) 2016/1675, the Commission assessment is an autonomous process; whereas the Commission is thus free to move beyond FATF standards, either by keeping a third country on its list even if delisted by FATF, or by including additional third countries as long as this is in line with the specific criteria set out in Article 9(2) of 4AMLD;
  - F. whereas the Commission assessment is an autonomous process which has to be carried out in a comprehensive and unbiased manner, assessing all third countries based on the same criteria defined in Article 9(2) of 4AMLD;
  - G. whereas Parliament rejected an earlier amending delegated regulation (C(2016)07495) on the grounds that the Commission’s process was not sufficiently autonomous and did not recognise the non-exhaustive nature of the list of criteria (‘in particular’) in Article 9(2) of 4AMLD, thereby excluding predicate offences for money laundering, such as tax crimes;
  - H. whereas Parliament remains of the view that AML/CTF deficiencies may persist as regards several aspects of Article 9(2) in certain countries that are not included in the list of high-risk third countries in the amending delegated regulation;
  - I. whereas Parliament has duly taken note of the Commission’s letter of 24 March 2017

that refers to the Commission's ongoing stock-taking exercise of possibilities to reduce its reliance on external information sources; whereas the establishment of an autonomous evaluation process for the EU list of high-risk third countries, as requested by Parliament, is one of the options being assessed;

- J. whereas Parliament appreciates the time and resources that the development of an autonomous evaluation process may take, especially given the extremely limited amount of staff and resources available to the Commission in order to prevent financial crimes, but expects a firmer commitment from the Commission with fixed and ambitious milestones (such as a roadmap) in order to provide a clear message on the institutions' joint commitment towards combating money laundering, tax evasion and terrorist financing;
- K. whereas Parliament's Committee on Economic and Monetary Affairs and Committee on Civil Liberties, Justice and Home Affairs have jointly requested the Commissioner in charge of this delegated act to appear before them in order to hold a proper discussion on the proposal and Parliament's objection to it;
  - 1. Objects to the Commission delegated regulation;
  - 2. Instructs its President to forward this resolution to the Commission and to notify it that the delegated regulation cannot enter into force;
  - 3. Calls on the Commission to submit a new delegated act which takes account of the concerns set out above, including its recommendation to adopt a roadmap to come to an autonomous evaluation process;
  - 4. Instructs its President to forward this resolution to the Council and to the governments and parliaments of the Member States.