

# Mauritius relieved from the European Union and FATF AML/CTF shackles

By Nicola Taljaard and Joshua Eveleigh

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On the 22<sup>nd</sup> of December 2021 at the meeting of the European Commission College of Commissioners, a gathering was held for purposes of updating the European Commission's anti-money laundering/combating terrorism financing list. At this meeting it was decided that, *inter alia*, Mauritius would be removed from the list of Third Countries classified as 'High-Risk' according to the European Union ("EU"). Once the European Commission has accordingly adopted it, the list (also known as the "EU Blacklist") shall be submitted to the European Council and European Parliament for scrutiny. Thereafter, Mauritius will be formally delisted once the updated list of High-Risk Third Countries of the EU is published.<sup>[1]</sup> As of 7 January 2022, the European Commission has confirmed that Mauritius has been removed from the EU Blacklist.

The EU Blacklist is given effect by Article 9 of EU Directive 2015/849 which mandates the identification of countries which have inherent and strategic deficiencies in its anti-money laundering and combating of financing of terrorism ("AML/CFT") legislation and aims to protect the EU's financial system and the proper functioning of the internal market. In determining whether a country would be identified as 'High-Risk', the level of risk to which a particular country is exposed is identified and an assessment into the following spheres of the country's legal framework is conducted: (i) criminalization of money laundering and countering the financing of terrorism; (ii) customer due diligence requirements, record keeping and reporting of suspicious transactions in the financial sector; (iii) the same requirements in the non-financial sector; (iv) the existence of dissuasive, proportionate and effective sanctions in case of breaches; (v) the powers and procedures of competent authorities; (vi) their practice



**Joshua Eveleigh**

[j.eveleigh@primerio.international](mailto:j.eveleigh@primerio.international)



**Nicola Taljaard**

[n.taljaard@primerio.international](mailto:n.taljaard@primerio.international)

## Contact details

### Johannesburg, South Africa

John Oxenham, Michael-James Currie  
[j.oxenham@primerio.international](mailto:j.oxenham@primerio.international)  
[m.currie@primerio.international](mailto:m.currie@primerio.international)  
135 Daisy Street Sandton, Johannesburg, 2031

### Nairobi, Kenya

Ruth Mosoti, Fidel Mwaki  
[r.mosoti@primerio.international](mailto:r.mosoti@primerio.international)  
[f.mwaki@primerio.international](mailto:f.mwaki@primerio.international)  
Kalson Towers, 2nd Floor, The Crescent,  
Off Parklands Road, Nairobi

### Port Louis, Mauritius

Gilbert Noël  
[g.noel@primerio.international](mailto:g.noel@primerio.international)  
Suite 401, St James Court, St Denis Street, Port Louis

Email: [info@primerio.international](mailto:info@primerio.international)  
Tel: +27 (0) 11 083 2411



in international cooperation; (vii) the availability and exchange of information on beneficial ownership of legal persons and legal arrangements; and (viii) implementation of targeted financial sanctions.[\[2\]](#)

Following the work done by the relevant authorities of Mauritius, the Financial Action Task Force (“**FATF**”), in its Plenary Session of June 2021, validated the considerable and efficient progress the country had made in consolidating its AML/CFT regime. In addition, the jurisdiction was listed as either ‘Compliant’ or ‘Largely Compliant’ with 39 of the 40 FATF recommendations following an on-site inspection done by the FATF delegation in September 2021.[\[3\]](#) In its October 2021 Plenary meeting, the FATF had finally removed Mauritius from its ‘grey-list’ and noted the following areas of reform leading to its delisting: (i) conducting of initiatives to promote the understanding of money laundering and terrorist financing risks and obligations; (ii) the development of risk-based supervision plans for the Financial Services Commission; (iii) ensuring that the competent authorities have timeous access to accurate basic and beneficial ownership information; and (iv) the training of law enforcement authorities, ensuring that they have the capability to conduct money laundering investigations.

This development, following the country’s delisting from the Grey List in October of 2021, generated positive responses from regulators and experts in Mauritius’ financial industry. Until recently, the country’s financial sector was heavily impacted by the challenges concomitant to the FATF attempting to combat the various risks it highlighted via its 2017 assessments.[\[4\]](#) Shortly thereafter, various national-level working groups were created for purposes of improving the efficacy of and implementing the measures designed to combat the deficiencies highlighted from the Mauritian Action Plan.[\[5\]](#)

The outcome of these developments for Mauritius is certainly a positive one, as it restores the country to the position it once held as a leading jurisdiction in the international financial industry. According to the World Bank economy rankings of 2020/2021, Mauritius held the top position for ease of doing business in Africa and was placed 13<sup>th</sup> in terms of the Bank’s global rankings.[\[6\]](#) For those interested in structuring cross border investment into Africa and Asia, the delisting serves as a comparably favourable outlook for investments.[\[7\]](#) . For example, in the late 2020 case of *The SIU v Ledla Structural Development (Pty) Ltd and 43 Others* (GP07/2020), the Special Tribunal ordered the SIU to execute an order and recover the value of over R10 million held in the bank accounts of approximately 20 companies and entities, to the state, following a finding that there had been an irregularly awarded PPE contract with inflated prices.

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