

Mauritius on track for removal from European Union's list of high-risk third countries after FATF Plenary

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In May 2020, the European Commission (**EC**) identified Mauritius as a high-risk third country with deficiencies in its Anti Money-Laundering and Counter Financing Terrorism (**AML/CFT**) regime. Such classification by the EC has been made in light of the Financial Action Task Force (**FATF**) classifying Mauritius in February 2020 under its "grey list" (i.e. jurisdiction with strategic deficiencies). The inclusion of Mauritius on the EU AML List of High-Risk Third Countries (the **List**) became applicable on 1 October 2020.

Pursuant to its second Plenary for 2021 held from 21 to 25 June 2021, the FATF has made the initial determination that Mauritius has substantially completed its action plan and warrants an on-site assessment (at the earliest possible opportunity, taking into consideration the current COVID-19 situation) to verify that the implementation of Mauritius' AML/CFT reforms has begun and is being sustained, and that the necessary political commitment remains in place to sustain implementation in the future.

It was further noted that Mauritius has made the following key reforms, including:

- conducting outreach to promote understanding of money laundering and terrorism financing risks and obligations;
- developing effective risk-based supervision plans for the Mauritius Financial Services Commission;
- ensuring access to accurate basic and beneficial ownership information by competent authorities in a timely manner; and
- providing training for law enforcement authorities to ensure that they have the capability to conduct money laundering investigations.

In the event of a positive on-site assessment, Mauritius will be removed from the FATF grey list (potentially in October 2021), which in turn would lead to its removal from the List by the EU. Such removal from the List would be a justified outcome following progress made by Mauritius from a legal, compliance and regulatory perspective for the purposes of addressing issues relating to the level of effectiveness of its AML/CFT system in place.

Mauritius ranks 1st amongst the African countries, 13th globally in the World Bank's Ease of Doing Business 2020 report and remains politically stable and a place of domicile of choice for structuring cross-border investment into Africa and Asia.

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