Kenya and Côte D'Ivoire Added to European Commission's AML High-Risk Third Country List—Implications for UK and European

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On 10 June 2025 the European Commission (the "Commission") updated its list of "high-risk" third countries to include (among other countries) Kenya and Côte D'Ivoire. The update has been made by way of a Delegated Regulation.

The Delegated Regulation identifies third countries with strategic deficiencies in their anti-money laundering ("AML") and counter-terrorist financing ("CFT") regimes that pose significant threats to the financial system of the EU. The Commission's press release notes that this updated list takes into account publications by the Financial Action Task Force ("FATF"), a body which sets the global standard for AML and CFT by identifying jurisdictions with inadequacies in their AML and CFT regimes.

Both Kenya and Côte D'Ivoire have committed to swiftly resolving the identified strategic deficiencies within their AML and CFT regimes, making high level commitments to bodies such as FATF, Eastern and Southern Africa Anti-Money Laundering Group and Groupe Intergouvernemental d'Action contre le Blanchiment d'Argent en Afrique de l'Ouest to strengthen the effectiveness of their AML/CFT regimes, including by resolving technical compliance shortcomings identified by FATF.

Consequences for European and UK Businesses transacting with entities in Kenya and Cote D'Ivoire

In practical terms, EU obliged entities (which include EU-regulated asset managers, insurers, brokers, etc) that transact with Kenyan or Côte D'Ivoirian counterparties (in particular holding companies), will need to apply enhanced due diligence checks before entering into any such relationship, to protect against any underlying risks. This will likely entail such EU firms obtaining additional information on Kenyan or Côte D'Ivoirian entities, including on their beneficial owners and the source of their funds, to ensure the Kenyan or Côte D'Ivoirian vehicle is not used for money laundering purposes. In addition, EU firms must obtain approval of senior management to establish a relationship with a client or counterparty in a high-risk jurisdiction, and some EU firms may be restricted, as a matter of policy, from establishing subsidiaries in high-risk jurisdictions.

Additionally, we understand from external sources and informal conversations that entities or individuals utilising funds from the EU may be prohibited from entering new or renewed operations with entities incorporated or established in Kenya or Côte D'Ivoire. This means that while EU-domiciled development finance institutions may continue with their obligations within Kenya or Côte D'Ivoire, they will avoid investing in new Kenyan or Côte D'Ivoirian structures (or through entities incorporated in those jurisdictions) until the identified shortcomings within their AML/CFT regimes have been resolved. Fund managers looking to raise funding from EU DFIs may therefore need to house any commitments received in parallel funds located in other acceptable, non-high risk jurisdictions.

The UK similarly has a list of high-risk countries for AML purposes, which mirrors the FATF list. This means that entities operating in both the UK and the EU will in any case need to apply similar measures to remain compliant in both jurisdictions.

High risk countries may take steps to address their identified weaknesses and/or adopt relevant AML/CFT measures to tackle this, thereby reducing their level of risk. In such case, the Commission will regularly review the specific enhanced due diligence measures which these countries are subject to and ensure that they remain proportional. As previously noted, Kenya and Côte D'Ivoire have made such commitments and have begun implementing measures to improve their respective AML/CFT regimes. A recently published article by Enact Africa, an EU-funded initiative focused on analysing transnational organized crime, notes that Kenya has made significant progress in tackling the deficiencies in its AML regime through the enactment of its Anti-Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act, 2025.

Given these developments, the EU's grey list country list includes the following countries: Algeria, Angola, Bolivia, Bulgaria, Burkina Faso, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Haiti, Kenya, Lao PDR, Lebanon, Monaco, Mozambique, Namibia, Nepal, Nigeria, South Africa, South Sudan, Syria, Venezuela, Vietnam, Virgin Islands (UK), and Yemen.

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