

# EU AML List of High-Risk Jurisdictions Adds BVI – Practical Implications for BVI Entities

On 4 December 2025, the European Union ("EU") announced its updated list of high-risk third countries for anti-money laundering and counter-terrorist financing ("AML/CFT") (the "EU AML List"), including adding the British Virgin Islands ("BVI"). BVI's addition represents an automatic step taken to ensure the EU's alignment with the Financial Action Task Force ("FATF") decision in June 2025 to add BVI to its 'grey-list' of jurisdictions under increased monitoring for AML purposes ("Monitoring List"), rather than a separate qualitative assessment by the EU.

The BVI is seeking swift removal from the FATF's list, which should in turn lead to a removal from the EU AML List. BVI has already made considerable progress against FATF's recommendations and in October 2025 the Caribbean FATF rated BVI as compliant or largely compliant with all 40 of FATF's Recommendations for technical compliance.

This legal update considers:

- (a) the impact of the BVI's addition to the EU AML List, in particular for BVI funds being marketed into the EU under the EU

- Alternative Investment Fund Managers Directive ("AIFMD"); and
- (b) considers the limited practical consequences for clients using BVI vehicles more generally, following the inclusion of the BVI on the EU AML List and the FATF Monitoring List<sup>1</sup>.

## Implications for EU Marketing of BVI Funds under AIFMD

The inclusion of the BVI on the EU AML List has material consequences for marketing BVI alternative investment funds ("AIFs") in the EU/European Economic Area ("EEA") under the national private placement regime ("NPPR"), once AIFMD 2.0 is transposed.

AIFMD 2.0 amends the NPPR conditions under Articles 36 and 42 of AIFMD to introduce an express AML/CFT country condition: marketing in an EU/EEA Member State is permitted only if the relevant third country where the AIF is established is not identified by the EU as a high-risk third country for AML/CFT.

AIFMD 2.0 has a transposition deadline of **16 April 2026**. Member States may implement

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<sup>1</sup>For further information on BVI's addition to the FATF Monitoring List and the BVI Government's response, [read our June 2025 legal update](#).

earlier. Consequently, the operative restrictions may come into effect at different times across the EU/EEA.

#### *New BVI Funds*

From the relevant national transposition date and while the BVI remains on the EU AML List, new BVI AIFs will not satisfy Articles 36(1)(c) / 42(1)(c) and therefore will not be eligible to register for NPPR marketing in an EU/EEA Member State.

This is an absolute prohibition on registering for marketing, not a discretionary factor for local Member States to consider. Alternative structuring will be required if EU NPPR marketing is needed on or after the transposition date in a given EU/EEA Member State.

#### *Existing BVI Funds*

For BVI AIFs already registered and actively marketing under NPPR prior to the relevant transposition date in a Member State, once AIFMD 2.0 is implemented locally, ongoing active marketing to professional investors in that Member State will need to cease.

'Marketing' should be read in line with how this term is defined in AIFMD and may also be contingent on local implementing guidance. At the least, this captures any direct or indirect offering or placement of units in the AIF to, or at the initiative of, the AIFM or its intermediaries.

Managers of BVI funds should plan to wind down "active marketing" activities in each Member State ahead of the local implementation date while monitoring for further guidance or clarification from relevant National Competent Authorities ("NCAs").

On servicing existing investors, the changes introduced by AIFMD 2.0 do not explicitly purport to require termination of existing investor relationships solely because the third country is designated high risk. Absent specific local measures to the contrary, it should remain permissible to continue operating the fund in the ordinary course for existing investors.

Pending further guidance from NCAs in each Member State, it is unclear how the ongoing reporting aspects involved with registration will be affected. These may include Annex IV (Article 24) reporting to NCAs, periodic investor disclosures, and material change notifications. Managers may need to verify, in each Member State, whether de-registration terminates reporting duties prospectively or whether residual reporting applies.

#### *Reverse Solicitation*

The AML/CFT condition constrains marketing. It does not, as a matter of EU law, prohibit investments made at the sole initiative of the investor (reverse solicitation). However, reverse solicitation has been narrowly construed by many NCAs, is highly fact-sensitive, and is subject to strict evidentiary expectations. Reliance on reverse solicitation as a systematic distribution strategy for a BVI AIF would carry legal and supervisory risk and should be considered only on a carefully documented, case-specific basis.

#### *EU / Member State Dynamics*

While the restriction is an EU-level rule, supervisory approaches may differ across NCAs on several operational points including the timing and whether existing NPPR notifications lapse automatically or whether NCAs will require formal de-registration. Some NCAs may proactively revoke marketing

notifications; others may expect the AIFM to file a cessation notice.

There is no meaningful precedent for NPPR permissions becoming unavailable due to a third country's risk designation. Given the likelihood of divergent national timelines and practices, a jurisdiction-by-jurisdiction plan is advisable.

If the BVI is removed from the EU AML List, the AML/CFT condition would cease to be a barrier from that point, subject to any local re-notification requirements. Conversely, if EU/EEA Member States adopt stricter local measures, additional constraints could apply.

### Other Potential Areas of Impact

The addition of BVI to the EU AML List may have implications across a number of other areas, including: (i) the use of BVI special purpose vehicles in EU securitisation structures; (ii) the marketing of BVI investment funds into the EU under national private placement regimes; and (iii) other EU-related tax and regulatory reporting considerations.

The nature and extent of any impact will depend on the specific circumstances of the entity and structure in question. A detailed analysis of these implications falls outside the scope of this general update. Clients who wish to understand the effect of the listing on their particular arrangements should contact their usual Maples Group representative.

## Practical Consequences of FATF Monitoring for BVI Vehicles

### *AML / CFT: Enhanced Customer Due Diligence*

The FATF does not require enhanced due diligence measures to be applied to jurisdictions under increased monitoring, but it encourages member jurisdictions to take the listing into account when conducting their risk analysis. The measures to be applied will vary but may result in (a) a requirement to perform more comprehensive due diligence on the customer / client's source of funds and source of wealth (e.g. further information may need to be provided to financial intermediaries such as correspondent banks); and / or (b) increased internal controls on business acceptance and ongoing monitoring.

When the Monitoring List is updated, based on prior practice:

- (a) the Financial Crimes Enforcement Network issues an advisory to US financial institutions to inform them of the update, and to remind them that they should consider the FATF's statements when reviewing their obligations and risk-based policies, procedures, and practices with respect to the jurisdictions on the Monitoring List. This advisory was issued on 23 June 2025 regarding the BVI<sup>2</sup>; and
- (b) the EU Commission take the addition to the Monitoring List into account when updating its EU AML List, as detailed above.

<sup>2</sup>Financial Action Task Force Identifies Jurisdictions with Anti-Money Laundering, Countering the Financing of Terrorism, and Counter-Proliferation Finance Deficiencies | FinCEN.gov

### *Tax Implications*

The BVI's addition to the EU AML List and the Monitoring List should not impact any existing representations or commitments made by tax authorities (as well as regulatory authorities) under agreements with the BVI in the area of international mutual tax cooperation. Equally, the listings are not a tax measure so would not, for example, have any impact on dealings with BVI counterparties under the EU's DAC6 tax reporting regime.

If you would like further information, please reach out to your usual Maples Group contact or any of the persons listed below.

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