



# Stronger EU rules to fight financial crime

*the new proposal of the European Commission on anti-money laundering and countering the financing of terrorism*

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# Package consisting of 4 proposals

Delivers on remaining items of the Commission Action Plan of 7 May 2020 for a comprehensive Union policy on preventing money laundering and terrorism financing

**AML  
Regulation**

**AML  
Directive**

**AML Authority  
Regulation**

**Transfer of Funds  
Regulation**

# AML Regulation: Harmonised rules for the private sector

- AML Regulation governs directly applicable requirements for obliged entities and the private sector:
  - customer due diligence, including requirements in relation to third countries
  - Harmonised beneficial ownership requirements
  - Limits to large cash payments (not higher than 10 000 € , limits set at national level)
- Harmonisation does not mean a one-size-fits-all approach as AML/CFT framework is underpinned by risk
  - ex: wider scope of entities subject to AML/CFT requirements (CASPs, crowdfunding, migration operators) whilst AML Directive allows Member States to extend the requirements of AML Regulation to other sectors exposed to risks at national level

# AML Directive: Stronger mechanisms at national level

- AML Directive governs tasks and powers of supervisors, FIUs, exchange of information, and registers
- Main novelties:
  - Joint analyses by FIUs
  - AML/CFT supervisory colleges
  - Public oversight over self-regulatory bodies
  - Powers for beneficial ownership registers to carry out checks
  - Interconnection of bank account registers

# Focus: third country policy and external risks

- **Alignment with FATF:** a listing by FATF will trigger an EU listing and obligatory enhanced due diligence (EDD) + countermeasures proportionate to the risks stemming from the third country
- A more **granular and risk-based approach:** for grey-listed and autonomously listed countries, the Commission will identify specific mitigating measures in a delegated act
- A more **consistent approach** across the Union: EDD and countermeasures will be harmonised (and no longer left to the discretion of MS)
- The new **AML Authority** will play an important role, including by issuing guidelines on ML/TF risks, trends and methods at global level

# The new AML Authority (AMLA)

- The new Authority will transform the landscape of AML/CFT supervision in the EU, by:
  - Establishing a **single integrated system of AML/CFT supervision** across the Union, based on common supervisory methodologies, and convergence of high supervisory standards;
  - **Directly supervising** some of the most risky financial institutions
  - **Supporting cooperation and joint analyses by national Financial Intelligence Units** and facilitating communication among them, to contribute to better detecting illicit flows of a cross-border nature.
- The Authority will ultimately have a total staff level of around 250; of this total it is estimated that around 100 will work on direct supervision of certain Obligated Entities

# Traceability of crypto-assets

- Currently, only certain categories of Crypto-assets services providers (CASPs) are recognised as obliged entities > AML Regulation will broaden the scope to cover all categories of CASPs recognised at FATF
- The 2015 Regulation on the traceability of transfers of funds is recast to ensure full traceability of crypto-assets transfers and the authentication of their users, in line with FATF standards

# When will the AML/CFT package enter into force?

- The objective is for the Authority to start most of its activities in 2024
- Direct supervision of certain high-risk financial entities only in 2026, as direct supervision can only commence when the harmonised rule book which AMLA will have to enforce is completed and applicable
- New Regulation/Directive will apply in 2026 as AMLA needs to be up and running to prepare regulatory technical standards that will complete the single rule book