



The new Union AML framework

Commission legislative proposals

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Background of the proposals: July 2019 package and May 2020 Action Plan

Supranational risk assessment (SNRA) of the money laundering and terrorist financing risks affecting the Union.

Report assessing the framework for **Financial Intelligence Units'** (FIUs) cooperation with third countries and obstacles and opportunities to enhance cooperation between Financial Intelligence Units within the EU.

Report assessing **recent alleged money-laundering cases** involving EU credit institutions (aka “post-mortem report”).

Report assessing the conditions and the technical specifications and procedures for ensuring secure and efficient **interconnection of central bank account registers** and data retrieval system.



20 July 2021: Package consisting of 4 proposals

Delivers on 3 pillars 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**

**Transfer of Funds
Regulation**

**AML Authority
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
 - Clear reporting obligations
- Harmonisation does not mean a one-size-fits-all approach as the AML/CFT framework is underpinned by risk.
 - Scope of OEs: 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.

Focus: cash

- **EU-wide limit of €10 000 on large cash payments**
 - Limits are already set in about two-thirds of Member States, but amounts vary
 - National limits under €10 000 can remain but all Member States will have to introduce at least a limit of €10 000 on large cash payments
 - Review clause to further decrease that ceiling, where appropriate
- Provision of services for anonymous crypto-assets wallets will be prohibited, just as anonymous bank accounts were already prohibited by EU AML/CFT rules.

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

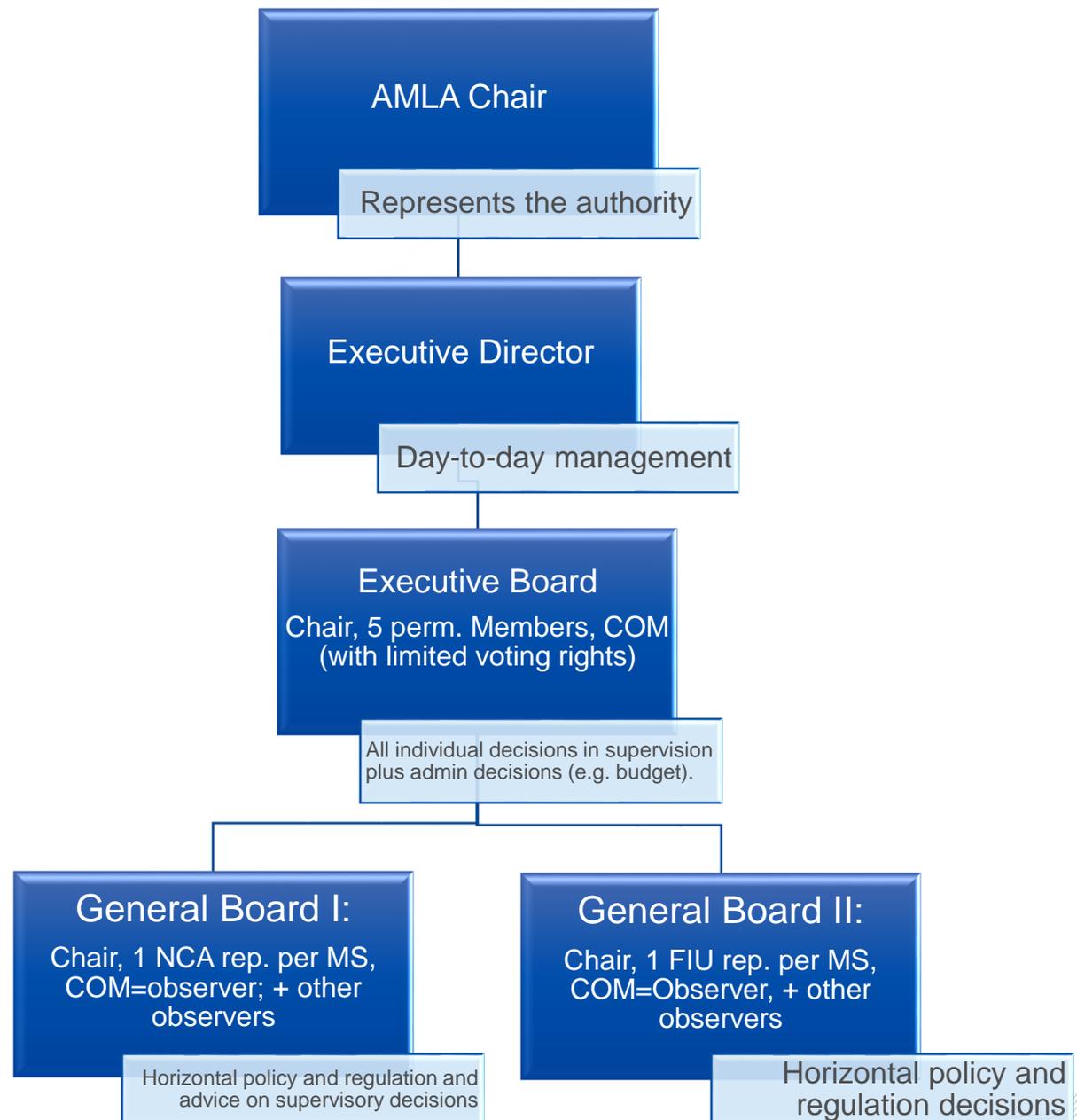
TFR: ensuring traceability of crypto-assets

- 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.

Institutional reform: 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.
- Underpinned by an adequate governance structure and mixed funding model allowing for efficient and independent decision-making, and reflecting diversity of the tasks

AMLA Governance

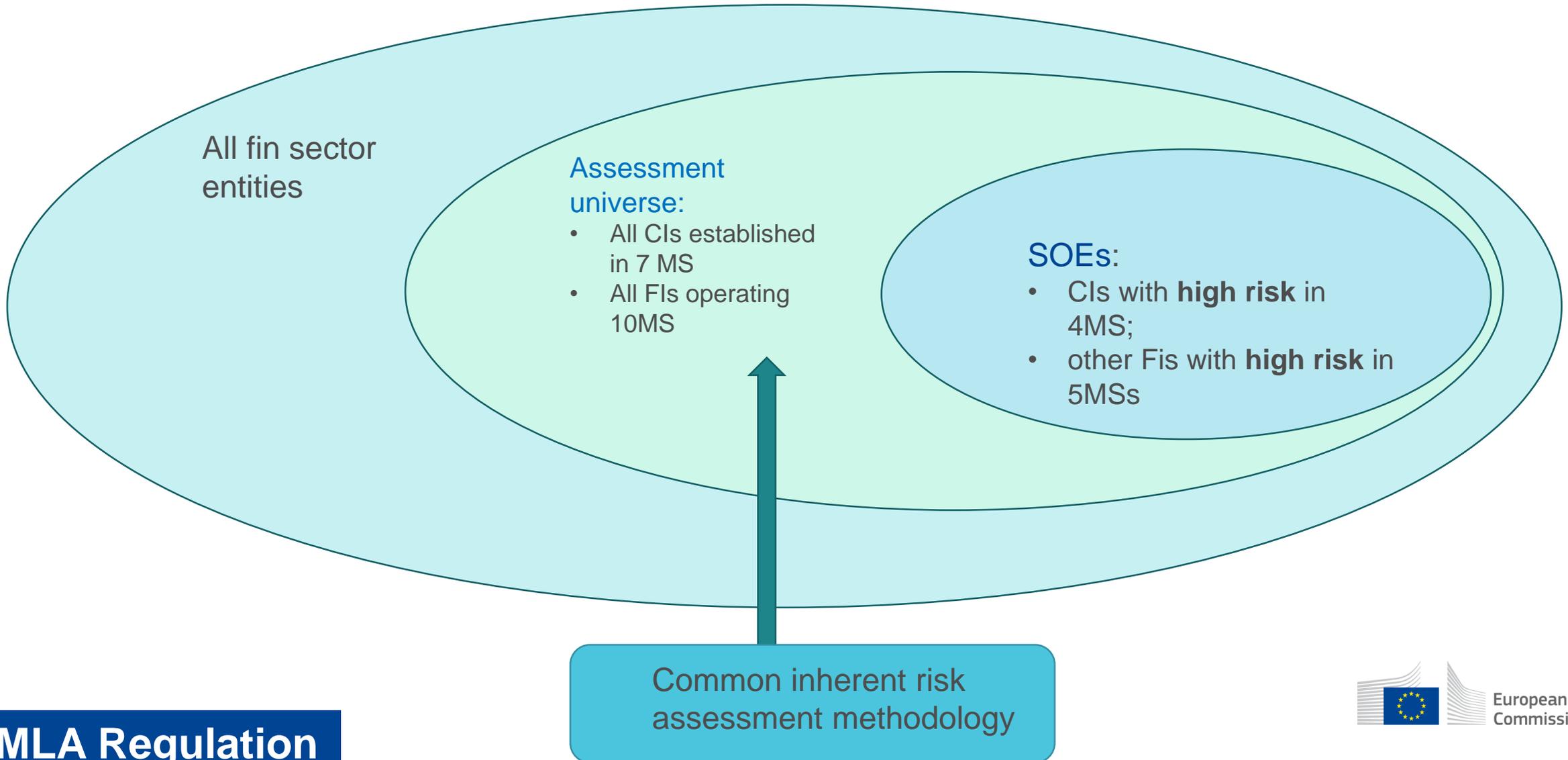


Focus: supporting the work of FIUs

The new tools:

- **Common template and standards** to harmonise the work of FIUs and to make information exchange simpler
- A support structure to **facilitate common strategic work**, including joint detection of ML/TF trends
- Support to **joint operational analyses** (e.g. analyses of transactions reported in several countries with possible links to organised crime groups)
- A structure allowing **exchanges of experiences** and **peer reviews, trainings, staff exchanges**, and FIUs having their own “antennas” at the Authority
- A **stable hosting for FIU.net**, the system for exchanges of analyses/reports

Focus: direct supervision *regular* selection process visualised



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.



Thank you

