



EUROPEAN COMMISSION

PRESS RELEASE

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Anti-Money Laundering: Stronger rules to respond to new threats

The Commission has today adopted two proposals to reinforce the EU's existing rules on anti-money laundering and fund transfers. The threats associated with money laundering and terrorist financing are constantly evolving, which requires regular updates of the rules.

Internal Market and Services Commissioner Michel Barnier said: "The Union is at the forefront of international efforts to combat the laundering of the proceeds of crime. Flows of dirty money can damage the stability and reputation of the financial sector, while terrorism shakes the very foundations of our society. In addition to the criminal law approach, a preventive effort via the financial system can help to stop money-laundering. Our aim is to propose clear rules that reinforce the vigilance by banks, lawyers, accountants and all other professional concerned."

Home affairs Commissioner Cecilia Malmström said: "Dirty money has no place in our economy, whether it comes from drug deals, the illegal guns trade or trafficking in human beings. We must make sure that organised crime cannot launder its funds through the banking system or the gambling sector. To protect the legal economy, especially in times of crisis, there must be no legal loopholes for organised crime or terrorists to slip through. Our banks should never function as laundromats for mafia money, or enable the funding of terrorism."

Today's package, which complements other actions taken or planned by the Commission in respect of fight against crime, corruption and tax evasion, includes:

- A directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing
- A regulation on information accompanying transfers of funds to secure "due traceability" of these transfers

Both proposals fully take into account the latest Recommendations¹ of the Financial Action Task Force (FATF) (see [MEMO/12/246](#)), the world anti-money laundering body, and go further in a number of fields to promote the highest standards for anti-money laundering and counter terrorism financing.

More specifically, both proposals provide for a more targeted and focussed **risk-based approach**.

¹ <http://www.fatf-gafi.org/>

In particular, the new Directive:

- improves clarity and consistency of the rules across the Member States
 - by providing a clear mechanism for identification of beneficial owners. In addition, companies will be required to maintain records as to the identity of those who stand behind the company in reality.
 - by improving clarity and transparency of the rules on **customer due diligence** in order to have in place adequate controls and procedures, which ensure a better knowledge of customers and a better understanding of the nature of their business. In particular, it is important to make sure that simplified procedures are not wrongly perceived as full exemptions from customer due diligence.
 - and by expanding the provisions dealing with **politically exposed persons**, (i.e. people who may represent higher risk by virtue of the political positions they hold) to now also include “domestic” (those residing in EU Member States) (in addition to 'foreign') politically exposed persons and those in international organisations. This includes among others head of states, members of government, members of parliaments, judges of supreme courts.
- extends its scope to address new threats and vulnerabilities
 - by ensuring for instance a coverage of the **gambling sector** (the former directive covered only casinos) and by including an explicit reference to **tax crimes**.
- promotes high standards for anti-money laundering
 - by going beyond the FATF requirements in bringing within its scope all **persons dealing in goods or providing services for cash payment of €7,500 or more**, as there have been indications from certain stakeholders that the current €15,000 threshold was not sufficient. Such persons will now be covered by the provisions of the Directive including the need to carry out customer due diligence, maintain records, have internal controls and file suspicious transaction reports. That said, the directive provides for minimum harmonisation and Member States may decide to go below this threshold.
- strengthens the cooperation between the different national **Financial Intelligence Units** (FIUs) whose tasks are to receive, analyse and disseminate to competent authorities reports about suspicions of money laundering or terrorist financing.

The two proposals foresee a reinforcement of the sanctioning powers of the competent authorities by introducing for instance a set of minimum principle-based rules to strengthen administrative sanctions and a requirement for them to coordinate actions when dealing with cross-border cases.

Background:

Further to the publication of a revised set of international standards in February 2012 ([IP/12/357](#)), the Commission decided to rapidly update the EU legislative framework to incorporate the necessary changes. In parallel, the Commission also undertook a review of the Third Anti-Money Laundering Directive that showed the need to update the existing legislative framework in order to address all identified shortcomings.

The proposed update of the legal rules will have to be adopted by the European Parliament and the Council of Ministers under the ordinary legislative procedure.

More information:

http://ec.europa.eu/internal_market/company/financial-crime/index_en.htm

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