





# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2005/2065(INI)</a>	Procedure completed
The fight against terrorist financing		
Subject 7.30.20 Action to combat terrorism		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Civil Liberties, Justice and Home Affairs		25/11/2004
		IND/DEM <a href="#">BORGHEZIO Mario</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Economic and Monetary Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Justice and Home Affairs (JHA)</a>	<a href="#">2696</a>	01/12/2005
	<a href="#">General Affairs</a>	<a href="#">2667</a>	13/06/2005
	<a href="#">Justice and Home Affairs (JHA)</a>	<a href="#">2664</a>	02/06/2005

Key events			
30/03/2005	Non-legislative basic document published	<a href="#">B6-0221/2005</a>	
28/04/2005	Committee referral announced in Parliament		
24/05/2005	Vote in committee		Summary
26/05/2005	Committee report tabled for plenary	<a href="#">A6-0159/2005</a>	
02/06/2005	Debate in Council	<a href="#">2664</a>	
07/06/2005	Results of vote in Parliament		
07/06/2005	Debate in Parliament		
07/06/2005	Decision by Parliament	<a href="#">T6-0222/2005</a>	Summary
07/06/2005	End of procedure in Parliament		
13/06/2005	Debate in Council	<a href="#">2667</a>	
01/12/2005	Debate in Council	<a href="#">2696</a>	

Technical information	
Procedure reference	2005/2065(INI)
Procedure type	INI - Own-initiative procedure
Legal basis	Rules of Procedure EP 134o-p3

Stage reached in procedure	Procedure completed
Committee dossier	LIBE/6/26129

Documentation gateway					
Non-legislative basic document		<a href="#">B6-0221/2005</a>	31/03/2005	EP	
Committee draft report		PE357.634	14/04/2005	EP	
Amendments tabled in committee		<a href="#">PE357.846</a>	04/05/2005	EP	
Committee report tabled for plenary, single reading		<a href="#">A6-0159/2005</a>	26/05/2005	EP	
Text adopted by Parliament, single reading		<a href="#">T6-0222/2005</a> <a href="#">OJ C 124 25.05.2006, p. 0023-0254 E</a>	07/06/2005	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2005)2882</a>	13/07/2005	EC	

## The fight against terrorist financing

The committee adopted the own-initiative report by Mario BORGHEZIO (IND/DEM, IT) looking at steps the EU could take to prevent the financing of terrorism. MEPs highlighted the fact that, "in some cases, terrorists have been able to use the proceeds of charitable fund collections", at times without the donors and managers of the NGO knowing about this, and other times with the NGOs providing "cover and logistical support both for terrorist operations and for transfers of the arms used by terrorist networks". To prevent this, the EU should adopt a minimum standard for regulations "to ensure that the not-for-profit organisations afford maximum transparency (...) by exclusively using official bank accounts for fund deposits and formal channels for fund transfers".

## The fight against terrorist financing

The European Parliament adopted a resolution based on the own-initiative report drafted by Mario BORGHEZIO (IND/DEM, IT) stating that minimum standards should be adopted to prevent organisations being used by terrorists to channel funds. (Please see the summary of 24/05/2005.) Parliament stated that such minimum standards should be formulated for rules on transparency in the charity sector to ensure that banks, credit institutions, insurance and finance companies and not-for-profit organisations achieve maximum transparency in their own management, financial and accounting procedures. They should exclusively use official bank accounts for fund deposits and standard and formal channels for fund transfers, and publish balance sheets which include information on the precise identity of the recipients and on the intended use of the funds.

Other recommendations include the following:

- establish cooperation and exchange structures, including at technical level, to facilitate structured exchanges of information between EU intelligence services, including Europol and Eurojust;
- implement, via the urgent adoption of suitable legislation, measures to ensure the monitoring and traceability of international banking transactions, since these are major means of payment for supplies of weapons and drugs and the proceeds may be used for terrorist ends;
- implementation of all the FATF (Financial Action Task Force on Money Laundering) recommendations;
- introduce measures to monitor transfers of funds initiated outside the official channels and prevent the use and infiltration of not-for-profit associations and charities by terrorist organisations, while also supporting the proposal for a European code of conduct and for the charitable sector which would require the publication of balance sheets and institute common rules for auditing and monitoring of accounts;
- establish the requirement that financial institutions, and any other entities subject to obligations relating to the prevention of money laundering, urgently communicate all useful information to the competent public authorities when there is reason to suspect that certain funds might be channelled into terrorist activities or, more generally, to terrorist networks.

It should be noted that the most urgent measure to combat the financing of terrorism is the revised directive on money laundering, which includes provisions against financial transactions suspected of being used to finance terrorist activities.

This recommendation is part of a package of seven recommendations to the Council suggesting the next steps to be taken as part of the Action Plan against Terrorism, which is to be reviewed by the European Council at the summit on 16-17 June. (See also CNS/2004/0812, CNS/2004/0069, INI/2004/2214, INI/2005/2044, INI/2005/2198, and INI/2005/2046.)