

# Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) <a href="#">2016/0208(COD)</a> Directive</p>	Procedure completed
<p>Prevention of the use of the financial system for the purposes of money laundering or terrorist financing; transparency of financial transactions and of corporate entities</p> <p>Amending Directive 2009/101/EC <a href="#">2008/0022(COD)</a> Amending Directive (EU) 2015/849 <a href="#">2013/0025(COD)</a></p> <p>Subject 2.50.04 Banks and credit 2.50.04.02 Electronic money and payments, cross-border credit transfers 2.50.08 Financial services, financial reporting and auditing 2.80 Cooperation between administrations 3.45.01 Company law 7.30.20 Action to combat terrorism 7.30.30.08 Capital outflow, money laundering</p> <p>Legislative priorities <a href="#">Joint Declaration 2017</a> <a href="#">Joint Declaration 2018-19</a></p>	

Key players			
European Parliament	Joint Committee Responsible	Rapporteur	Appointed
	<b>ECON</b> Economic and Monetary Affairs		15/06/2016
	Civil Liberties, Justice and Home Affairs	 <a href="#">KARIŅŠ Krišjānis</a>	15/06/2016
		 <a href="#">SARGENTINI Judith</a>	
		Shadow rapporteur	
		 <a href="#">RADEV Emil</a>	
		 <a href="#">GOMES Ana</a>	
		 <a href="#">SIMON Peter</a>	
		 <a href="#">LUCKE Bernd</a>	
		 <a href="#">MACOVEI Monica</a>	
		 <a href="#">JEŽEK Petr</a>	
		 <a href="#">TORVALDS Nils</a>	
		 <a href="#">GIEGOLD Sven</a>	



[MEUTHEN Jörg](#)



[VALLI Marco](#)

**LIBE** Economic and Monetary Affairs  
Civil Liberties, Justice and Home Affairs

Committee for opinion

Rapporteur for opinion

Appointed

**DEVE** Development

21/10/2016



[SCHLEIN Eily](#)

**INTA** International Trade

12/10/2016



[MAUREL Emmanuel](#)

**JURI** Legal Affairs

Committee for opinion on the legal basis

Rapporteur for opinion

Appointed

**JURI** Legal Affairs

10/01/2018



[VOSS Axel](#)

Council of the European Union

Council configuration

Meeting

Date

[General Affairs](#)

[3615](#)

14/05/2018

[Economic and Financial Affairs ECOFIN](#)

[3549](#)

16/06/2017

[Economic and Financial Affairs ECOFIN](#)

[3506](#)

06/12/2016

[Economic and Financial Affairs ECOFIN](#)

[3495](#)

08/11/2016

[Economic and Financial Affairs ECOFIN](#)

[3480](#)

12/07/2016

European Commission

Commission DG

Commissioner

[Economic and Financial Affairs](#)

MOSCOVICI Pierre

European Economic and  
Social Committee

## Key events

05/07/2016	Legislative proposal published	<a href="#">COM(2016)0450</a>	Summary
12/07/2016	Debate in Council	<a href="#">3480</a>	
12/09/2016	Committee referral announced in Parliament, 1st reading		
06/10/2016	Referral to joint committee announced in Parliament		
08/11/2016	Debate in Council	<a href="#">3495</a>	
06/12/2016	Debate in Council	<a href="#">3506</a>	
28/02/2017	Vote in committee, 1st reading		
28/02/2017	Committee decision to open interinstitutional negotiations with report		

	adopted in committee		
09/03/2017	Committee report tabled for plenary, 1st reading	<a href="#">A8-0056/2017</a>	
13/03/2017	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
15/03/2017	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
16/06/2017	Debate in Council	<a href="#">3549</a>	
29/01/2018	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	<a href="#">PE616.577 GEDA/A/(2017)011914</a>	
18/04/2018	Debate in Parliament		
19/04/2018	Results of vote in Parliament		
19/04/2018	Decision by Parliament, 1st reading	<a href="#">T8-0178/2018</a>	Summary
14/05/2018	Act adopted by Council after Parliament's 1st reading		
23/05/2018	End of procedure in Parliament		
30/05/2018	Final act signed		
19/06/2018	Final act published in Official Journal		

## Technical information

Procedure reference	2016/0208(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
	Amending Directive 2009/101/EC <a href="#">2008/0022(COD)</a> Amending Directive (EU) 2015/849 <a href="#">2013/0025(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 050; Treaty on the Functioning of the EU TFEU 114; Rules of Procedure EP 58
Mandatory consultation of other institutions	<a href="#">European Economic and Social Committee</a>
Stage reached in procedure	Procedure completed
Committee dossier	CJ12/8/08086

## Documentation gateway

Legislative proposal	<a href="#">COM(2016)0450</a>	05/07/2016	EC	Summary
Document attached to the procedure	<a href="#">SWD(2016)0223</a>	06/07/2016	EC	
Document attached to the procedure	<a href="#">SWD(2016)0224</a>	06/07/2016	EC	
European Central Bank: opinion, guideline, report	<a href="#">CON/2016/0049</a> <a href="#">OJ C 459 09.12.2016, p. 0003</a>	12/10/2016	ECB	Summary
Economic and Social Committee: opinion,	<a href="#">CES4274/2016</a>	19/10/2016	ESC	

report					
Committee draft report		<a href="#">PE593.836</a>	07/11/2016	EP	
Committee opinion	DEVE	<a href="#">PE594.116</a>	01/12/2016	EP	
Committee opinion	INTA	<a href="#">PE594.132</a>	08/12/2016	EP	
Amendments tabled in committee		<a href="#">PE595.610</a>	19/12/2016	EP	
Amendments tabled in committee		<a href="#">PE595.747</a>	19/12/2016	EP	
Committee opinion	JURI	<a href="#">PE594.003</a>	18/01/2017	EP	
Document attached to the procedure		<a href="#">N8-0013/2017</a> <a href="#">OJ C 085 18.03.2017, p. 0003</a>	02/02/2017	EDPS	Summary
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A8-0056/2017</a>	09/03/2017	EP	Summary
Coreper letter confirming interinstitutional agreement		<a href="#">GEDA/A/(2017)011914</a>	20/12/2017	CSL	
Text agreed during interinstitutional negotiations		<a href="#">PE616.577</a>	20/12/2017	EP	
Specific opinion	JURI	<a href="#">PE616.787</a>	30/01/2018	EP	
Text adopted by Parliament, 1st reading/single reading		<a href="#">T8-0178/2018</a>	19/04/2018	EP	Summary
Draft final act		<a href="#">00072/2017/LEX</a>	30/05/2018	CSL	
Commission response to text adopted in plenary		<a href="#">SP(2018)350</a>	06/06/2018	EC	
Follow-up document		<a href="#">COM(2022)0087</a>	09/03/2022	EC	

#### Additional information

Research document

[Briefing](#)

#### Final act

[Directive 2018/843](#)

[OJ L 156 19.06.2018, p. 0043](#) Summary

Final legislative act with provisions for delegated acts

## Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: transparency of financial transactions and of corporate entities

**PURPOSE:** to enhance transparency in order to fight against terrorist financing, tax evasion money laundering.

**PROPOSED ACT:** Directive of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides following the ordinary legislative procedure on an equal footing with Council.

**BACKGROUND:** [Directive \(EU\) 2015/849](#) of the European Parliament and the Council constitutes the main legal instrument in the prevention of the use of the Union's financial system for the purposes of money laundering and terrorist financing. That Directive must be transposed by 26 June 2017.

Recent terrorist attacks have brought to light emerging new trends, in particular regarding the way terrorist groups finance and conduct their operations.

Currently, gaps still exist in the oversight of the many financial means used by terrorists, from cash and trade in cultural artefacts to virtual currencies and anonymous pre-paid cards.

In addition to terrorist financing issues, offshore jurisdictions are often used as locations of intermediary entities that distance the real owner from the assets owned, often to avoid or evade tax.

On 2 February 2016, the Commission presented an [action plan](#) for strengthening the fight against terrorist financing which underscores the need to adapt to new threats and to improve the present framework to that effect.

On 22 April 2016 the informal ECOFIN Council also called for action in particular to: (i) enhance the accessibility of beneficial ownership registers, (ii) clarify the registration requirements for trusts, (iii) speed up the interconnection of national beneficial ownership registers, (iv) promote automatic exchange of information on beneficial ownership, and (v) strengthen customer due diligence rules

In its [resolution of 16 December 2015](#), the European Parliament had already stressed that improved transparency, coordination and convergence in relation to corporate tax policies provides an effective framework to guarantee fair competition between firms in the Union and protect state budgets from adverse outcomes.

IMPACT ASSESSMENT: the Impact Assessment draws on relevant reports issued by Union and international organisations such as the European Banking Authority (EBA), the European Central Bank (ECB), Europol, the Bank for International Settlements (BIS), and the FATF.

The need to formulate specific regulatory provisions was retained as essential and as being the most appropriate option.

CONTENT: the proposal sets out a series of measures to better counter the financing of terrorism and to ensure increased transparency of financial transactions and of corporate entities under the preventive legal framework in place in the Union, namely Directive (EU) 2015/849 (the "4AMLD"). It also sets out certain consequential changes to the relevant company law rules under [Directive 2009/101/EC](#).

The amendments to the 4AMLD relate to the following points:

- Designate virtual currency exchange platforms as obliged entities: in order to improve the detection of suspicious virtual currency transactions, it is proposed to include virtual currency exchange platforms as well as custodian wallet providers within the scope of the Directive.
- Set lower maximum transaction limits for certain pre-paid instruments: it is proposed to suppress anonymity for the online use of reloadable and non-reloadable prepaid cards, and reduce the existing EUR 250 threshold for anonymous prepaid cards to EUR 150 when used face-to-face.
- Enable Financial Intelligence Units (FIUs) to request information on money laundering and terrorist financing from any obliged entity: the proposal clarifies the FIUs' mandate to request supplementary information from any obliged entity and have direct access to information held by obliged entities.
- Enable FIUs and competent authorities to identify holders of bank and payment accounts: the Commission proposes to require Member States to set up automated centralised mechanisms - such as a central registry or an electronic data retrieval system - at Member State level, allowing for the swift identification of account holders. This mechanism would be directly accessible to national FIUs and potentially other competent authorities active in the field of anti-money laundering or counter-terrorist financing.
- Harmonise the EU approach towards high-risk third countries: it is proposed to modify the 4AMLD by providing a prescriptive list of enhanced customer due diligence measures to be applied by obliged entities, combined with an illustrative list of countermeasures that could be applied when dealing with high-risk third countries designated by the Commission.
- Improve access to the beneficial ownership registers: Member States will make public certain information of the beneficial ownership registers on companies and business-related trusts. Information on all other trusts will be included in the national registers and available to parties who can show a legitimate interest. The beneficial owners who have 10% ownership in certain companies that present a risk of being used for money laundering and tax evasion will be included in the registries. The threshold remains at 25% for all other companies.
- Interconnection of the registers: the proposal provides for the direct interconnection of the registers to facilitate cooperation between Member States.

Extending the information available to authorities: the Commission proposes that existing, as well as new, accounts should be subject to due diligence controls.

## Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: transparency of financial transactions and of corporate entities

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Opinion of the European Central Bank (ECB) on a proposal for a directive of the European Parliament and of the Council amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directive 2009/101/EC.

The European Central Bank received requests from the Council (on 19 August 2016) and the European Parliament (on 23 September 2016) respectively for an opinion on the abovementioned proposal.

The ECB made the following observations:

Regulation of virtual currency exchange platforms and custodian wallet providers: the proposed directive expands the list of obliged entities to which Directive (EU) 2015/849 of the European Parliament and of the Council applies in order to include providers engaged primarily and professionally in exchange services between virtual currencies and fiat currencies and wallet providers offering custodial services of credentials necessary to access virtual currencies.

The ECB strongly supported these provisions, which are in line with the Financial Action Task Force (FATF) Recommendations, given that terrorists and other criminal groups are currently able to transfer money within virtual currency networks by concealing the transfers or by benefiting from a certain degree of anonymity on such exchange platforms.

The ECB recognised that the technological advances relating to the distributed ledger technology underlying alternative means of payment, such as virtual currencies, may have the potential to increase the efficiency, reach and choice of payment and transfer methods. It considered

that while it is appropriate for the Union legislative bodies, consistent with the FATF's recommendations, to regulate virtual currencies from the anti-money laundering and counter-terrorist financing perspectives, they should not seek in this particular context to promote a wider use of virtual currencies.

The ECB suggested adapting the definition of virtual currencies under the proposed directive by making it clear that virtual currencies are not legally established currencies. It also referred to other possible uses of virtual currencies such as store-of-value products for savings or investment purposes.

Central registers of bank and payment accounts: the proposed directive requires Member States to put in place centralised automated mechanisms or central electronic data retrieval systems, which would allow the identification, in a timely manner, of any natural or legal persons holding or controlling payment accounts and bank accounts held by a credit institution within their territory.

The ECB considered the task of establishing a central register to clearly be a government task since its purpose is to combat money laundering and the financing of terrorism. It emphasised that, in taking up the task of operating a central register of accounts, the national legislation implementing the proposed directive should include a cost recovery mechanism with explicit procedures for monitoring, allocating and invoicing all costs incurred by the national central banks (NCBs) that are associated with operating and granting access to the central register.

## Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: transparency of financial transactions and of corporate entities

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Opinion of the European Data Protection Supervisor on a Commission Proposal amending Directive (EU) 2015/849 and Directive 2009/101/EC - Access to beneficial ownership information and data protection implications.

As a reminder, the Commission proposal seeks to amend the anti-money laundering Directive and Directive 2009/101/EC in the fight against tax evasion, protection of investors and fight against abuses of the financial system. New amendments aim to bring the AML Directive up to speed with technical and financial innovation and new means to perform money laundering and terrorism financing.

The amendments, in particular, raise questions as to why certain forms of invasive personal data processing, acceptable in relation to anti-money laundering and fight against terrorism, are necessary out of those contexts and on whether they are proportionate.

The EDPS was not consulted before the adoption of the proposal. Its opinion was subsequently requested by the Council, which adopted on 19 December 2016 a compromise text on the proposal.

After having reviewed the impact of the proposal on fundamental rights as regards the respect for privacy and data protection, the EDPS considered that the proposal should:

- ensure that any processing of personal data serve a legitimate, specific and well identified purpose and be linked to it by necessity and proportionality. The data controller performing personal data processing shall be identified and accountable for the compliance with data protection rules;
- ensure that any limitation on the exercise of the fundamental rights to privacy and data protection be provided for by law, respect their essence and, subject to the principle of proportionality, enacted only if necessary to achieve objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others;
- ensure a proper assessment of the proportionality of the policy measures proposed in relation to the purposes sought, as emergency-based measures that are acceptable to tackle the risk of terrorist attacks might result excessive when applied to prevent the risk of tax evasion;
- put into place safeguards that would have granted a certain degree of proportionality (for example, in setting the conditions for access to information on financial transactions by FIUs);
- design access to beneficial ownership information in compliance with the principle of proportionality, inter alia, ensuring access only to entities who are in charge of enforcing the law.

## Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: transparency of financial transactions and of corporate entities

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The European Parliament adopted by 574 votes to 13, with 60 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and amending Directive 2009/101/EC.

The European Parliaments position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

Scope: Directive (EU) 2015/849 shall also apply to: (i) all forms of tax consultancy services, (ii) estate agents including when acting as intermediaries in the letting of immovable property, but only in relation to transactions for which the monthly rent amounts to EUR 10 000 or more; (iii) dealers of art where the value of the transaction amounts to EUR 10,000 or more.

For criminal activities within the meaning of the Directive, any type of criminal involvement in the commission of terrorist or terrorist offences, as well as the activities of criminal organisations, shall be considered to be criminal activities within the meaning of the Council Framework Decision 2008/841/JHA.

Risk assessment: the risk assessment report prepared by the Commission shall cover the risks associated with each relevant sector, including estimates of the money laundering volumes provided by Eurostat for each of these sectors, as well as the most widespread means used by criminals to launder illicit products.

Each Member States shall report the institutional structure and broad procedures of their anti-money laundering and anti-terrorist financing framework regime, including inter alia the Financial Intelligence Unit (FIU), tax authorities and prosecutors, as well as the allocated human and

financial resources to the extent that this information is available.

Member States shall make the results of their risk assessments, including their updates, available to the Commission, the ESAs and the other Member States. A summary of the assessment shall be made publicly available.

Policy towards third countries: the Commission may adopt delegated acts to identify high-risk third countries, taking into account their strategic deficiencies, in particular as regards the legal and institutional framework of the third country in the fight against money laundering and terrorist financing.

Customer due diligence obligations: Member States shall prohibit their banks from keeping anonymous accounts, anonymous passbooks or anonymous safe-deposit boxes. Holders and beneficiaries of existing anonymous accounts shall be subject to customer due diligence measures at the latest six months after the date of entry into force of the amending Directive.

The amending Directive provides for a reduction of the identification threshold for prepaid cardholders from the current EUR 250 to EUR 150. In addition, national FIUs would be able to obtain information enabling them to associate the addresses corresponding to the virtual currency with the identity of the owner of the virtual currency.

Whenever entering into a new business relationship with a corporate or other legal entity, or a trust or a legal arrangement having a structure or functions similar to trusts (?similar legal arrangement?) which are subject to the registration of beneficial ownership information, the obliged entities shall collect proof of registration or an excerpt of the register.

Enhanced due diligence obligations: Member States shall require obliged entities to examine, as far as reasonably possible, the background and purpose of all transactions that fulfil at least one of the following conditions: (i) they are complex transactions; (ii) they are unusually large transactions; (iii) they are conducted in an unusual pattern; (iv) they do not have an apparent economic or lawful purpose.

Information on beneficial owners: this information should be accessible in all cases to: (i) competent authorities and FIUs, without any restriction; (ii) obliged entities, in the context of customer due diligence; and (iii) any member of the general public.

The information accessible to natural or legal persons shall consist of the name, the month and year of birth and the country of residence and nationality of the beneficial owner, as well as nature and extent of beneficial interest held.

Access to beneficial ownership information of trusts and similar legal arrangements should be granted to any person that can demonstrate a legitimate interest.

Whistleblowers: individuals, including employees and representatives of the obliged entity who report suspicions of money laundering or terrorist financing internally or to the FIU, are legally protected from being exposed to threats, retaliatory or hostile action, and in particular from adverse or discriminatory employment actions.

## Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: transparency of financial transactions and of corporate entities

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PURPOSE: to enhance EU rules to prevent money laundering and terrorist financing.

LEGISLATIVE ACT: Directive (EU) 2018/843 of the European Parliament and of the Council amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU.

CONTENT: this Directive amending [Directive \(EU\) 2015/849](#) is part of a Commission action plan to combat terrorist financing, drawn up in 2016 following a wave of terrorist attacks in Europe. It aims (i) to prevent the use of the financial system to finance criminal activities; (ii) to strengthen transparency rules to prevent the concealment of funds on a large scale.

The main amendments made to Directive (EU) 2015/849 concern in particular the following points:

Scope: the revised Directive shall also apply to: (i) all forms of tax consultancy services, (ii) estate agents including when acting as intermediaries in the letting of immovable property, but only in relation to transactions for which the monthly rent amounts to EUR 10 000 or more; (iii) dealers of art where the value of the transaction amounts to EUR 10 000 or more.

For criminal activities within the meaning of the Directive, any type of criminal involvement in the commission of terrorist or terrorist offences, as well as the activities of criminal organisations, shall be considered to be criminal activities within the meaning of the Council Framework Decision 2008/841/JHA.

Risk assessment: the risk assessment report prepared by the Commission shall cover the risks associated with each relevant sector, including estimates of the money laundering volumes provided by Eurostat for each of these sectors, as well as the most widespread means used by criminals to launder illicit products.

Customer due diligence obligations: In particular, the revised Directive provides for customer due diligence obligations:

- prohibiting their credit institutions and financial institutions from keeping anonymous accounts, anonymous passbooks or anonymous safe-deposit boxes. Member States shall, in any event, require that the owners and beneficiaries of existing anonymous accounts, anonymous passbooks or anonymous safe-deposit boxes be subject to customer due diligence measures no later than 10 January 2019;
- reducing the identification threshold for prepaid cardholders from the current EUR 250 to EUR 150. Member States may decide not to accept payments made using anonymous prepaid cards on their territory;
- regarding virtual currency exchange platforms and storage portfolio providers. National financial intelligence units (FIUs) shall be able to obtain information allowing them to associate virtual currency addresses to the identity of the owner of virtual currency;
- enhancing due diligence obligations, for example in the case of transactions involving high-risk third countries as well as in other cases of higher risk: reporting entities will be required to examine, to the extent reasonable, the background and purpose of any transaction (i) if it is a complex transaction; (ii) if it is an unusually large transaction; (iii) it is carried out in an unusual pattern; (iv) it does not have an apparent economic or lawful purpose.

Information on beneficial owners: Member States shall ensure that corporate and other legal entities incorporated within their territory obtain and hold adequate, accurate and current information on their beneficial ownership.

The Directive provides for enhanced access to the registers of beneficial owners in order to increase transparency in the ownership of companies and trusts. The registers will also be interconnected to facilitate cooperation between Member States. Access to information on beneficial owners is provided as follows:

- public access to information on beneficial owners concerning enterprises;
- access on the basis of legitimate interest to information on beneficial owners concerning trusts and similar legal arrangements;
- to any person that files a written request in relation to a trust or similar legal arrangement which holds or owns a controlling interest in any corporate or other legal entity incorporated outside the Union.

Policy towards third countries: the Commission may adopt delegated acts to identify high-risk third countries, taking into account their strategic deficiencies in particular in the legal and institutional AML/CFT framework of the third country and the criminalisation of money laundering and terrorist financing.

Whistleblowers: individuals, including employees and representatives of the obliged entity who report suspicions of money laundering or terrorist financing internally or to the FIU, are legally protected from being exposed to threats, retaliatory or hostile action, and in particular from adverse or discriminatory employment actions.

Cooperation between FIUs: the Directive aims to improve the effectiveness of national FIUs by clearly clarifying their powers and cooperation between them. FIUs should have access to information and be able to exchange it without impediment, in particular through appropriate cooperation with law enforcement authorities. In all cases of suspected criminality and, in particular, in cases of terrorist financing, information should flow directly and promptly without undue delay.

ENTRY INTO FORCE: 9.7.2018.

TRANSPOSITION: no later than 10.1.2020.