

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) 2021/0239(COD) Regulation</p>	Awaiting Council's 1st reading position
<p>Prevention of the use of the financial system for the purposes of money laundering or terrorist financing</p>	
<p>Subject 2.50.04.02 Electronic money and payments, cross-border credit transfers 2.50.10 Financial supervision 7.30.20 Action to combat terrorism 7.30.30.08 Capital outflow, money laundering</p>	
<p>Legislative priorities Joint Declaration 2021 Joint Declaration 2022 Joint Declaration 2023-24</p>	

Key players			
European Parliament	Joint Committee Responsible	Rapporteur	Appointed
	 Economic and Monetary Affairs		25/11/2021
	Civil Liberties, Justice and Home Affairs	 HEINÄLUOMA Eero	25/11/2021
		 CARÊME Damien	
		Shadow rapporteur	
		 BRAUNSBERGER-REINHOLD Karolin	
		 SEEKATZ Ralf	
		 ROBERTI Franco	
		 PÎSLARU Dragoș	
		 STRUGARIU Ramona	
		 PETER-HANSEN Kira Marie	
		 BECK Gunnar	
		 GARRAUD Jean-Paul	
		 WIŚNIEWSKA Jadwiga	



[ZILE Roberts](#)



[DALY Clare](#)



[SCHIRDEWAN Martin](#)

LIBE [Economic and Monetary Affairs](#)

[Civil Liberties, Justice and Home Affairs](#)

Committee for opinion

Rapporteur for opinion

Appointed

JURI [Legal Affairs](#)

The committee decided not to give an opinion.

Council of the European Union
European Commission

Commission DG

Commissioner

[Financial Stability, Financial Services and Capital Markets Union](#)

MCGUINNESS Mairead

European Economic and Social Committee

Key events			
20/07/2021	Legislative proposal published	COM(2021)0420	Summary
04/10/2021	Committee referral announced in Parliament, 1st reading		
16/12/2021	Referral to joint committee announced in Parliament		
28/03/2023	Vote in committee, 1st reading		
28/03/2023	Committee decision to open interinstitutional negotiations with report adopted in committee		
14/04/2023	Committee report tabled for plenary, 1st reading	A9-0151/2023	Summary
17/04/2023	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
19/04/2023	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
19/03/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE759.083 GEDA/A/(2024)000995	
19/03/2024	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE759.083 PE759.085	
24/04/2024	Debate in Parliament		
24/04/2024	Decision by Parliament, 1st reading	T9-0366/2024	

Technical information	
Procedure reference	2021/0239(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the EU TFEU 114-p1; Rules of Procedure EP 58
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	CJ12/9/07896

Documentation gateway					
Legislative proposal		COM(2021)0420	20/07/2021	EC	Summary
Document attached to the procedure		SEC(2021)0391	22/07/2021	EC	
Document attached to the procedure		SWD(2021)0190	22/07/2021	EC	
Document attached to the procedure		SWD(2021)0191	22/07/2021	EC	
Document attached to the procedure		N9-0001/2022	22/09/2021	EDPS	
Economic and Social Committee: opinion, report		CES2524/2021	08/12/2021	ESC	
European Central Bank: opinion, guideline, report		CON/2022/0005 OJ C 210 25.05.2022, p. 0015	16/02/2022	ECB	
Committee draft report		PE719.945	15/03/2022	EP	
Amendments tabled in committee		PE734.116	05/07/2022	EP	
Amendments tabled in committee		PE734.117	05/07/2022	EP	
Amendments tabled in committee		PE734.118	05/07/2022	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0151/2023	14/04/2023	EP	Summary
Text agreed during interinstitutional negotiations		PE759.083	13/02/2024	EP	
Coreper letter confirming interinstitutional agreement		GEDA/A/(2024)000995	14/02/2024	CSL	
Text adopted by Parliament, 1st reading/single reading		T9-0366/2024	24/04/2024	EP	

Additional information		
Research document	Briefing	20/12/2021

Prevention of the use of the financial system for the purposes of money laundering or terrorist financing

PURPOSE: to lay down rules on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (Single EU Rulebook).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

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

BACKGROUND: money laundering and terrorist financing pose a serious threat to the integrity of the EU economy and financial system and the security of its citizens. Europol estimated that around 1% of the EU's annual Gross Domestic Product is detected as being involved in suspect financial activity. The fight against money laundering and terrorist financing is vital for financial stability and security in Europe.

Legislative gaps in one Member State have an impact on the EU as a whole.

It is therefore necessary that rules on matters currently covered in Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing which may be directly applicable by the obliged entities concerned are addressed in a new Regulation in order to achieve the desired uniformity of application.

The [EU's Security Union Strategy](#) for 2020-2025 highlighted the importance of enhancing the EU's framework for anti-money laundering and countering terrorist financing in order to protect Europeans from terrorism and organised crime.

Furthermore, on 20 July 2021, the European Commission presented an ambitious package of legislative proposals to strengthen the EU's anti-money laundering and countering the financing of terrorism (AML/CFT) rules. It is part of the Commission's commitment to protect EU citizens and the EU's financial system from money laundering and terrorist financing. The aim is to improve the detection of suspicious transactions and activities, and close loopholes used by criminals to launder illicit proceeds or finance terrorist activities through the financial system.

CONTENT: the Commission proposal aims to lay down rules on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing with the objective of setting up a single EU rulebook for AML/CFT which will harmonise AML/CFT rules across the EU, including, for example, more detailed rules on customer due diligence, beneficial ownership and the powers and task of supervisors and Financial Intelligence Units (FIUs). Existing national registers of bank accounts will be connected, providing faster access for FIUs to information on bank accounts and safe deposit boxes.

The Commission will also provide law enforcement authorities with access to this system, speeding up financial investigations and the recovery of criminal assets in cross-border cases.

The proposed regulation makes a number of changes to the existing AML/CFT Directive in order to bring about a greater level of harmonisation and convergence in the application of AML/CFT rules across the EU:

- in order to mitigate new and emerging risks, the list of obliged entities is expanded to include crypto-asset service providers but also other sectors such as crowdfunding platforms and migration operators;
- to ensure consistent application of rules across the internal market, requirements in relation to internal policies, controls and procedures are clarified, including in the case of groups, and customer due diligence measures are made more granular, with clearer requirements according to the risk level of the customer;
- the requirements in relation to third countries are reviewed to ensure that enhanced due diligence measures are applied to those countries that pose a threat to the Union's financial system;
- requirements in relation to politically exposed persons are subject to minor clarifications, particularly as regards the definition of a politically exposed person;
- beneficial ownership requirements are streamlined to ensure an adequate level of transparency across the Union, and new requirements are introduced in relation to nominees and foreign entities to mitigate risks that criminals hide behind intermediate levels;
- to guide more clearly reporting of suspicious transactions, red flags raising suspicion are clarified, whereas disclosure requirements and private-to-private sharing of information remain unaltered;
- in order to ensure full consistency with EU data protection rules, requirements for the processing of certain categories of personal data are introduced and a shorter time-limit is provided for retention of personal data;
- provisions preventing traders in goods or services from accepting cash payments of over EUR 10 000 for a single purchase, while allowing Member States to maintain in force lower ceilings for large cash transactions.

Prevention of the use of the financial system for the purposes of money laundering or terrorist financing

The Committee on Economic and Monetary Affairs and the Committee on Civil Liberties, Justice and Home Affairs jointly adopted the report by Eero HEINÄLUOMA (S&D, FI) and Damien CARÈME (Greens/EFA, FR) on the proposal for a regulation of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter

Members stated that the proposed Regulation should lay down rules concerning:

- measures to be applied by obliged entities to mitigate and manage the risks of non-implementation and evasion of targeted financial sanctions;
- measures to prevent money laundering and terrorist financing in Member States which allow for citizenship or residence rights in exchange for any kind of investment, including capital transfers, purchase or renting of property, investment in government bonds, investment in corporate entities, donation or endowment of an activity contributing to the public good and contributions to the state budget;
- measures to mitigate risks deriving from anonymous instruments and limit the misuse of bearer instruments.

Obliged entities

The amended text adds wealth managers to the list of entities subject to AML/CFT rules, as well as high-level football clubs, agents in the football sector and Member States football associations.

Moreover, the report stressed that the risks of ML/FT involving works of art and other high value goods are well known. Therefore, it proposed to reduce the value of goods from which due diligence obligations apply from EUR 10 000 to EUR 5 000.

Ban on citizenship by investment and minimum requirements regarding citizenship and residence by investment schemes

Member States should not put in place schemes under national law which allow for citizenship rights in exchange for any kind of investment, including capital transfers, the purchase or renting of property, investment in government bonds, investment in corporate entities, donation or endowment of an activity contributing to the public good and contributions to the state budget, and without a genuine link with the Member States concerned.

Register the beneficial owner of these entities in the Union

The concept of beneficial ownership is crucial to increase transparency of complex corporate structures and ease compliance with AML/CFT rules. In this regard, the beneficial ownership (BO) register is a key instrument to grant sufficient transparency and assist obliged entities in their customer due diligence obligations as well as competent authorities in their tasks. However, to reduce the chances to circumvent this tool, it is important to reduce the percentage threshold that serves as indication of ownership of a legal entity from 25% to 15%.

Reporting of suspicions

Members considered that obliged entities should report all suspicions of money laundering, terrorist financing or predicate offences to the FIU, including suspicious attempted transactions. They should reply to a request for information by the FIU within five working days, unless the FIU determines a different deadline.

By three years from the entry into force of this Regulation, AMLA should develop an electronic filing system, (FIU.net one-stop-shop), to be used by obliged entities to submit to the FIU of the Member State in whose territory the obliged entity transmitting the information is established, and to any other concerned FIU, reports of suspicion of money laundering, predicate offences and terrorist financing, including on attempted transactions. The FIU.net one-stop-shop should provide a single access point for reporting of suspicions through protected channels of communications and via a standardised form.

Exchange of data under partnerships for information sharing in AML/CFT field

To combat money laundering and terrorist financing, the amended text suggested that obliged entities and public authorities may participate in partnerships for information sharing in AML/CFT field established under national law in one or across several Member States.

Each Member State may lay down in its national law that, to the extent that is necessary and proportionate, obliged entities, and where applicable, public authorities that are party to the partnership for information sharing in AML/CFT field, may share personal data collected in the course of performing customer due diligence obligations and process that data within the partnership for the purposes of the prevention of money laundering and terrorist financing, provided that at a minimum of requirements are respected.

Limits to large cash payments

The amended text proposed that persons trading in goods or providing services may accept or make a payment in cash only up to an amount of EUR 7 000 (as opposed to EUR 10 000) or equivalent amount in national or foreign currency, whether the transaction is carried out in a single operation or in several operations which appear to be linked. Member States should not discriminate between residents and non-residents with regard to the limits applicable for cash payments.

Payments in crypto-assets without the involvement of a crypto-asset service provider

The report stated that persons trading in goods or providing services may accept or make a transfer in crypto-assets from a selfhosted address only up to an amount equivalent to EUR 1 000 whether the transaction is carried out in a single operation or in several operations which appear to be linked, unless the customer or beneficial owner of such self-hosted address can be identified.

Member States should ensure that appropriate measures, including sanctions, are taken against natural or legal persons acting in their professional capacity which are suspected of a breach of the limit.

Transparency				
HEINÄLUOMA Eero	Rapporteur	ECON	03/05/2023	European Central Bank (ECB)
SEEKATZ Ralf	Shadow rapporteur	ECON	28/02/2023	Deutscher Lottverband e.V. LOTTO Hamburg GmbH LOTTO Rheinland-Pfalz GmbH
BRAUNSBERGER-REINHOLD Karolin	Shadow rapporteur	LIBE	07/02/2023	mafianeindanke e.V.
SEEKATZ Ralf	Shadow rapporteur	ECON	07/02/2023	Bundessteuerberaterkammer Deutscher Steuerberaterverband e.V.
SEEKATZ Ralf	Shadow rapporteur	ECON	25/01/2023	Verband der Privaten Bausparkassen e.V. Debeka Bausparkasse AG

PETER-HANSEN Kira Marie	Shadow rapporteur	ECON	30/11/2022	Transparency International
SEEKATZ Ralf	Shadow rapporteur	ECON	15/11/2022	Verband der Privaten Bausparkassen e.V.
SEEKATZ Ralf	Shadow rapporteur	ECON	12/10/2022	Österreichischer Sparkassenverband
RESSLER Karlo	Shadow rapporteur	LIBE	12/10/2022	Raiffeisen Bank International AG
CARÊME Damien	Rapporteur	LIBE	27/09/2022	Délégation des Barreaux de France
BOYER Gilles	Member	12/10/2022	Fédération bancaire française	
BOYER Gilles	Member	17/05/2022	Onfido	