

Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) 2021/0241(COD) Regulation</p>	Awaiting Parliament's position in 1st reading
<p>Information accompanying transfers of funds and certain crypto-assets</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</p>	

Key players			
European Parliament	Joint Committee Responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs		25/11/2021
		 URTASUN Ernest	25/11/2021
		 KANKO Assita	
		Shadow rapporteur	
		 MANDL Lukas	
		 PEREIRA Lídia	
		 LALUCQ Aurore	
		 TANG Paul	
		 KOVAŘÍK Ondřej	
		 DELBOS-CORFIELD Gwendoline	
		 BECK Gunnar	
		 VANDENDRIESSCHE Tom	
		 MOŹDŹANOWSKA Andželika Anna	
		 DALY Clare	

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

Committee for opinion on the recast technique

Rapporteur for opinion

Appointed

JURI [Legal Affairs](#)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)0422	Summary
04/10/2021	Committee referral announced in Parliament, 1st reading		
16/12/2021	Referral to joint committee announced in Parliament		
31/03/2022	Vote in committee, 1st reading		
31/03/2022	Committee decision to open interinstitutional negotiations with report adopted in committee		
04/04/2022	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 71)		
06/04/2022	Committee report tabled for plenary, 1st reading	A9-0081/2022	
06/04/2022	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
09/10/2022	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE737.215 GEDA/A/(2022)006310	

Forecasts

17/04/2023	Indicative plenary sitting date
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Technical information

Procedure reference	2021/0241(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Recast
Legislative instrument	Regulation
Legal basis	Rules of Procedure EP 58; Treaty on the Functioning of the EU TFEU 114-p1; Rules of Procedure EP 110
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	CJ12/9/07897

Documentation gateway					
Legislative proposal		COM(2021)0422	20/07/2021	EC	Summary
Document attached to the procedure		N9-0001/2022	22/09/2021	EDPS	
European Central Bank: opinion, guideline, report		CON/2021/0037 OJ C 068 09.02.2022, p. 0002	30/11/2021	ECB	
Economic and Social Committee: opinion, report		CES2524/2021	08/12/2021	ESC	
Committee draft report		PE704.888	09/02/2022	EP	
Specific opinion	JURI	PE729.818	02/03/2022	EP	
Amendments tabled in committee		PE719.852	08/03/2022	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0081/2022	06/04/2022	EP	
Coreper letter confirming interinstitutional agreement		GEDA/A/(2022)006310	05/10/2022	CSL	
Text agreed during interinstitutional negotiations		PE737.215	05/10/2022	EP	

Information accompanying transfers of funds and certain crypto-assets

PURPOSE: to extend the scope of Regulation 2015/847 on information accompanying transfers of funds to include transfers of crypto-assets made by Crypto-Asset Service Providers (CASPs).

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: until now, transfers of virtual assets, such as Bitcoins, have remained outside of the scope of EU legislation on financial services, exposing holders of crypto-assets to money laundering and financing of terrorism risks, as flows of illicit money can be done through transfers of crypto-assets and damage the integrity, stability and reputation of the financial sector. Money laundering, terrorist financing and organised crime remain significant problems which should be addressed at Union level.

Given that virtual assets transfers are subject to similar money laundering and terrorist financing risks as wire funds transfers, it is logical to use the same legislative instrument to address these common issues. Regulation (EU) 2015/847 on information accompanying transfers of funds

must therefore now be complemented to also cover virtual assets transfers adequately. Since further significative amendments are to be made to reach this goal, Regulation (EU) 2015/847 should now be recasted in the interests of maintaining its clarity.

The [EUs Security Union Strategy](#) for 2020-2025 highlighted the importance of enhancing the EUs 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 EUs anti-money laundering and countering the financing of terrorism (AML/CFT) rules. It is part of the Commissions 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 proposed Regulation aims to extend the scope of Regulation 2015/847 on information accompanying transfers of fund to include full transparency and traceability of transfers of crypto-assets made by Crypto-Asset Service Providers (CASPs) in addition to the current provisions on transfer of funds. It lays down rules on the information on payers and payees, accompanying transfers of funds, in any currency, and the information on originators and beneficiaries, accompanying transfers of crypto-assets, for the purposes of preventing, detecting and investigating money laundering and terrorist financing, where at least one of the payment or crypto-asset service providers involved in the transfer of funds or crypto-assets is established in the EU.

The requirements of this regulation apply to CASPs whenever their transactions, whether in fiat currency or a crypto-asset, involve:

- a traditional wire transfer, or;
- a crypto-asset transfer between a CASP and another obliged entity (e.g, between two CASPs or between a CASP and another obliged entity, such as a bank or other financial institution).

New obligations on crypto-asset service providers

The proposal provides for new obligations concerning the origin of transfers. Service provider exchanging crypto on behalf of a customer

would have to record their name, address, date of birth and account number, as well as the name of the intended recipient of the transfer. The crypto-asset service provider of the beneficiary must implement effective procedures to detect whether the information on the originator is included in, or follows, the transfer of crypto-assets. The crypto-asset service provider of the beneficiary must also implement effective procedures, including, where appropriate, ex-post monitoring or real-time monitoring, in order to detect whether the required information on the originator or the beneficiary is missing.

Information accompanying transfers of funds and certain crypto-assets

The Committee on Economic and Monetary Affairs and the Committee on Civil Liberties, Justice and Home Affairs jointly adopted the report by Ernest URTASUN (Greens/EFA, ES) and Assita KANKO (ECR, BE) on the proposal for a regulation of the European Parliament and of the Council on information accompanying transfers of funds and certain crypto-assets (recast).

Currently, there are no rules in the EU allowing crypto-asset transfers to be traced and providing information on the originator/beneficiary of such crypto-asset transfers. Therefore, a loophole has been created enabling the use of crypto-assets to facilitate, fund and hide criminal activities and launder proceeds, since illicit flows can move easily and anonymously without any geographical limitations across jurisdictions, with a better chance of remaining unhindered and undetected.

The recast proposal intends to close this loophole by extending the current regime applied to wire transfers to transfers of crypto-assets.

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:

Scope

The Regulation will apply to transfers of funds, irrespective of currency, or of crypto-assets, which are sent or received by a payment service provider, a crypto-asset transfer provider or an intermediary payment service provider established in the Union.

The Regulation should not apply to providers of ancillary infrastructure that enables another entity to provide services related to the transfer of crypto-assets. It should not apply to transfers of crypto-assets that fulfil any of the following conditions: (i) both the originator and the beneficiary are providers of crypto-asset transfers acting on their own behalf; (ii) the transfers constitute person-to-person transfers of crypto-assets carried out without the involvement of a provider of crypto-asset transfers or obliged entity.

Increased transparency of information accompanying transfers of crypto-assets

Members suggested that transfers of crypto-assets should be accompanied by information on the originator such as inter alia: (i) the name of the originator; (ii) the originators wallet address, where a transfer of crypto-assets is registered on a network using distributed ledger technology or similar technology, and the crypto-asset account of the originator, where an account is used to process the transaction; (iii) the originators crypto-asset account, where a transfer of crypto-assets is not registered on a network using distributed ledger technology or similar technology; (iv) the originators address, country, official personal document number, customer identification number or date and place of birth.

Moreover, the following information on the beneficiary should be provided: (i) the name of the beneficiary; (ii) the beneficiarys wallet address, where a transfer of crypto-assets is registered on a network using distributed ledger technology or similar technology, and the beneficiarys crypto-asset account, where such an account exists and is used to process the transaction; (iii) the beneficiarys crypto-asset account, where a transfer of crypto-assets is not registered on a network using distributed ledger technology or similar technology.

Unique transaction identifier

In the case of a transfer not made from or to an account, the provider of crypto-asset transfers of the originator should ensure that the transfer of crypto-assets is accompanied by a unique transaction identifier and record the originator and beneficiary address identifiers on the distributed ledger. To that end, providers of crypto-asset transfers should rely on suitable tools, including innovative technological solutions, to ensure that the transfer of crypto-assets can be individually identified.

In particular crypto-asset service providers should establish effective procedures to detect suspicious crypto-assets, in particular any link with illegal activities, including fraud, extortion, ransomware or darknet marketplaces, or whether the crypto-asset has passed through mixers or tumblers or other anonymizing services.

Unhosted wallet

Where there is a transfer of crypto-assets from an unhosted wallet, the provider of crypto-asset transfers of the beneficiary should collect and retain the relevant information from its customer, verify the accuracy of that information, make such information available to competent authorities upon request, and ensure that the transfer of crypto-assets can be individually identified.

For transfers of crypto-assets from unhosted wallets which are already verified and have a known originator, providers of crypto-asset transfers should not be required to verify the information of the originator accompanying each transfer of crypto-assets.

The provider of crypto-asset transfers should maintain a record of all transfers of crypto-assets from unhosted wallets and notify the competent authority of any customer having received an amount of EUR 1 000 or more from unhosted wallets.

Specific high-risk factors in relation to transfers of crypto-assets

Providers of crypto-asset transfers should refrain from executing or facilitating transfers associated with a high risk of money-laundering, terrorist financing and other criminal activities.

The provider of crypto-asset transfers should also determine on a risk sensitive basis whether to reject any future transfers of crypto-assets from or to, or restrict or terminate its business relationship with, a provider of crypto-asset transfers associated with a high risk of money-laundering, terrorist financing and other criminal activities.

Public register of non-compliant crypto-asset service providers

In order to facilitate the identification of illicit actors that pose a great risk from a AML/CFT perspective, the European Banking Authority (EBA) should maintain a public register of non-compliant crypto-asset service providers, consisting of entities which cannot be linked to any

recognised jurisdictions, do not apply any identification measures on their customer and offer anonymising services, given their role in undermining the effectiveness of AML/CFT systems and controls.

Increased speed of adoption

Lastly, Members stressed that in order to speed up its adoption and ensure that crypto-asset service providers and other obliged entities put in place effective mechanisms to comply with the travel rule for combatting money laundering and terrorism financing, the current recast proposal should be decoupled from the rest of the new AML package and should be linked to the existing AMLD framework until the entry into force of the new regime, while preserving the alignment with the upcoming Regulation on Markets in Crypto-assets [MiCA].

Transparency				
DELBOS-CORFIELD Gwendoline	Shadow rapporteur	LIBE	06/09/2022	Open Dialogue Foundation
KOVAŘÍK Ondřej	Shadow rapporteur	LIBE	22/06/2022	Blockchain and virtual currencies stakeholders
KOVAŘÍK Ondřej	Shadow rapporteur	LIBE	14/06/2022	ČAK (CZECH BAR ASSOCIATION)
LALUCQ Aurore	Shadow rapporteur	ECON	08/04/2022	Coinhouse
KOVAŘÍK Ondřej	Shadow rapporteur	LIBE	15/03/2022	Electronic Money Association
LALUCQ Aurore	Shadow rapporteur	ECON	16/02/2022	DG Tresor TRACFIN
LALUCQ Aurore	Rapporteur	ECON	15/02/2022	Représentation permanente française
LALUCQ Aurore	Shadow rapporteur	ECON	25/01/2022	Mutualité Française
LALUCQ Aurore	Shadow rapporteur	ECON	02/12/2021	Tracfin
KOVAŘÍK Ondřej	Shadow rapporteur	LIBE	27/10/2021	Reiffeisen Bank International
LALUCQ Aurore	Member	10/05/2022	Directeur Blockchain & Cryptos chez KPMG France	