

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

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The Committee on Economic and Monetary Affairs, jointly with the Committee on Civil Liberties, Justice and Home Affairs, adopted the report by Krijstina KARIŠ (EPP, LV) and Judith SARGENTINI (Greens/EFA, NL) on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

The parliamentary committee recommended that the European Parliament's position adopted at first reading, following the ordinary legislative procedure, should amend the Commission proposal. The main improvements suggested by the Members concerned the following issues:

Function of company registers: Member States should ensure that companies and other entities having legal personality, established or incorporated within their territory, or governed under their law obtain, hold and transmit to a public central register, commercial register or companies register within their territory adequate, accurate, current and up-to-date information on them and on their beneficial ownership, at the moment of establishment as well as any changes thereof.

The register shall contain the minimum information to clearly identify the company and its beneficial owner, namely : (i) the name, number, legal form and status of the entity, proof of incorporation, address of the registered office (and of the principal place of business if different from the registered office), (ii) the basic regulatory powers (such as those contained in the Memorandum and Articles of Association), (iii) the list of directors and shareholder/beneficial owner information, such as the names, dates of birth, nationality or jurisdiction of incorporation, contact details, number of shares, categories of shares and proportion of shareholding or control, if applicable/

The registers should be interconnected and accessible by the authorities and the obliged entities. Member States may grant access to the information to other parties and establish rules based on which the register can be accessed.

Member States shall lay down the rules on effective, proportionate and dissuasive penalties for natural or legal persons applicable to infringements of the national provisions adopted pursuant to this Directive.

Risk assessment: Members proposed that the Commission should produce an assessment on the money laundering and terrorist financing risks affecting the internal market, with particular reference to cross-border activities. In order to produce such an assessment, it should consult the Member States, the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Securities and Markets Authority (ESMA), the EDPS, Article 29 Working Party, Europol and other relevant authorities.

The risk assessment should cover at least the following aspects: the overall extent of money laundering and the areas of the internal market that are at greater risk; the most widespread means used by criminals to launder illicit proceeds as well as the recommendations to the competent authorities on the effective deployment of resources.

Due to the ever changing business environment, the evaluation should be done periodically and at least on a biannual basis.

Targeted and proportionate approach: Member States could adopt or retain in force stricter provisions in the field covered by this Directive to prevent money laundering and terrorist financing, provided that such provisions are in full compliance with Union law, especially as regards Union data protection rules and the protection of fundamental rights as enshrined in the Charter of Fundamental Rights of the European Union. Such provisions should not unduly prevent consumers from accessing financial services and shall not constitute an obstacle to the functioning of the Single Market.

Non-cooperative jurisdictions: in order to develop a common approach and common policies against non-cooperative jurisdictions with deficiencies in the field of combating money laundering, Member States should periodically endorse and adopt the lists of countries published by the Financial Action Task Force (FATF).

The Commission should coordinate preparatory work at the European level on the identification of third countries with grave strategic deficiencies in their money laundering systems that pose significant risks to the financial system of the Union.