

## The EU's Anti-Money Laundering (AML) Legislative Package



### When and why was it proposed?

Around 1% of the EU's GDP is involved in suspicious financial activity. The Commission identified serious weaknesses in the enforcement of AML/CFT rules and divergences in implementing AML legislation across Member States.

In July 2021, the European Commission presented an **ambitious package of several legislative proposals** to strengthen its rules around anti-money laundering and countering the financing of terrorism (AML/CFT).

The proposals aim to strengthen the fight against AML/CFT even further by establishing clear and directly applicable rules, a new EU Authority responsible for AML supervision and **developing the EU Single Rulebook for AML/CFT**.



### What is in the package?

The legislative package consists of four legislative proposals:

<p><b>Establishment of a new EU AML Authority (AMLA)</b></p> <ul style="list-style-type: none"> <li>• The AMLA would act as the centrepiece of the EU's AML/CFT supervisory system and enhance the cooperation between national supervisors and Financial Intelligence Units (FIUs)</li> <li>• It would directly supervise a number of financial entities deemed at high risk of money laundering</li> </ul>	<p><b>New Regulation on AML/CFT</b></p> <ul style="list-style-type: none"> <li>• The Regulation contains directly applicable rules to bring a greater level of harmonization in the application of AML/CFT regulation across the EU</li> <li>• The directly applicable rules i.a. pertain to the areas of customer due diligence, outsourcing, ML/TF threats from outside EU, reporting obligations on suspicious transactions, data protection, and beneficial ownership.</li> </ul>
<p><b>6th Directive on AML/CFT</b></p> <ul style="list-style-type: none"> <li>• The Directive will replace the current 5<sup>th</sup> Directive on AML/CFT</li> <li>• It contains provisions such as rules on practices of national supervisors and FIUs, as well as in relation to cooperation among the competent authorities</li> </ul>	<p><b>Transfer of Funds Regulation Revision</b></p> <ul style="list-style-type: none"> <li>• The revision extends current rules applicable to payment service providers for wire transfers to crypto-asset transfers</li> <li>• All crypto-asset transfers will need to include full information about the sender and beneficiary to identify who send/receive crypto-assets</li> </ul>



### What happens next?

The four legislative proposals have to go through the so-called co-legislative procedure, in which the Council (consisting of EU Member State representatives) and the European Parliament (consisting of directly elected Members of the European Parliament) negotiate and come to a common agreement.

As each of the proposals is negotiated separately, the timelines for adoption vary. The Transfer of Funds Regulation is expected to be completed the first, while the other proposals, such as for the new AML Authority, will be more politically contentious. The Commission hopes that the AML Authority would be operational in 2024, starting direct supervision soon after.

Click [here](#) to read the European FinTech Association's position paper on the AML Package



### About us:

*The European FinTech Association (EFA) is a not-for-profit organization representing leading FinTech companies of all sizes from across the EU. It brings together a diverse group of 35+ FinTech providers ranging from payments, to lending, banking, robo-advice, investment as well as software-as-a-service for the finance sector, with a clear focus on enabling a single market for digital financial services.*

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