

## Money laundering and terrorist financing: Presidency and Parliament reach agreement

On 20 December 2017, EU ambassadors confirmed the political agreement reached between the presidency and the European Parliament on **strengthened EU rules** to prevent money laundering and terrorist financing.

The draft directive has two main objectives:

- preventing the use of the financial system for the **funding of criminal activities**;
- strengthening **transparency rules** to prevent the large-scale concealment of funds.

The aim is to close down criminal finance without hindering the normal functioning of financial markets and payment systems. Amending directive 2015/849, the agreed text seeks to balance the need for increased security with the protection of fundamental rights and economic freedoms.

The proposal is part of a Commission **action plan** against terrorist financing, established in 2016 following a spate of terrorist attacks in Europe.

"Today's agreement is an important step in removing the means available to terrorists", said Toomas Tõniste, minister for finance of Estonia, which currently holds the Council presidency. "It contains new measures that will help the authorities to better track financial flows and disrupt the financing of criminal networks"

The main changes to directive 2015/849 involve:

- enhanced access to **beneficial ownership** registers, so as to improve 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 ownership is foreseen as follows:

- public access to beneficial ownership information on companies;
- access on the basis of 'legitimate interest' to beneficial ownership information on trusts and similar legal arrangements;
- public access upon written request to beneficial ownership information on trusts that own a company that is not incorporated in the EU;

Member states will retain the right to provide broader access to information, in accordance with their national law.

- addressing risks linked to **prepaid cards and virtual currencies**. The threshold for identifying the holders of prepaid cards is lowered from €250 to €150, and customer verification requirements are extended. Virtual currency exchange platforms and custodian wallet providers will have to apply customer due diligence controls, ending the anonymity associated with such exchanges;

- improving cooperation between the member states' **financial intelligence units**. FIUs will have access to information in centralised bank and payment account registers, enabling them to identify account holders;

- improved checks on risky **third countries**. The Commission has established and regularly updates a harmonised list of non-EU countries with deficiencies in their anti-money laundering prevention regimes. Additional due diligence measures will be required for financial flows from these countries. The list builds on that established at international level by the Financial Action Task Force.

### Next steps

Parliament and Council will now be called on to adopt the proposed directive at first reading.

The Council requires a qualified majority. (Legal basis: article 114 of the Treaty on the Functioning of the European Union.)

- [Text of the final compromise on the anti-money laundering directive](#)
- [February 2016 Commission action plan for strengthening the fight against terrorist financing](#)
- [Financial Action Task Force](#)

- [Factsheet on the February 2016 action plan on the prevention of terrorist financing](#)

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