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

2021/0239(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 479 votes to 61, with 32 abstentions, a legislative resolution 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 European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Obliged entities

In addition to financial institutions, banks, real estate agencies, asset management services, casinos, auditors, accountants and tax advisors, the list of reporting entities also covers **lawyers**, persons dealing in **high-value goods and cultural goods**, mortgage and consumer credit intermediaries, mixed non-financial holding companies, **football agents and professional football clubs** for transactions with an investor, with a sponsor, with football agents or other intermediaries for a football player's transfer.

Obliged entities wishing to carry out activities within the territory of another Member State for the first time should notify the supervisors of their home Member State of the activities which they intend to carry out in that other Member State.

Business-wide risk assessment

Obliged entities should take appropriate measures, proportionate to the nature of their business, including its risks and complexity, and their size, to identify and assess the risks of money laundering and terrorist financing to which they are exposed, as well as the risks of non-implementation and evasion of targeted financial sanctions. They should take account of information on money laundering and terrorist financing risks provided by competent authorities and information on the customer base.

Group-wide requirements

A parent undertaking should ensure that the requirements on internal procedures, risk assessment and staff apply in all branches and subsidiaries of the group in the Member States and, for groups whose head office is located in the Union, in third countries. To this end, a parent undertaking should perform a group-wide risk assessment, taking into account the business-wide risk assessment performed by all branches and subsidiaries of the group, and establish and implement group-wide policies, procedures and controls to ensure that employees within the group are aware of the requirements arising from this Regulation.

Application of customer due diligence

Reporting entities should apply customer due diligence measures when they carry out, on an occasional basis, a transaction of **at least EUR 10 000**, when there is a suspicion of money laundering or terrorist financing or when there are doubts as to whether the person with whom they are interacting is the customer or the person authorised to act on the customer's behalf.

By way of derogation, **providers of crypto-asset services** should apply customer due diligence measures when carrying out transactions of **EUR 1 000 or more**. In addition, reporting entities should at least have to apply customer due diligence measures when they carry out an occasional cash transaction of at least EUR 3 000.

Customer due diligence measures

Obliged entities should *inter alia*:

- identify the customer and verify the customer's identity;

- verify whether the customer or the beneficial owners are **subject to targeted financial sanctions**, and, in the case of a customer or party to a legal arrangement who is a legal entity, whether natural or legal persons subject to targeted financial sanctions control the legal entity or have more than 50 % of the proprietary rights of that legal entity or majority interest in it, whether individually or collectively;

- assess and, as appropriate, obtain information on the nature of the customers' business, including, in the case of undertakings, whether they carry out activities, or of their employment or occupation;

- determine whether the customer, the beneficial owner of the customer and, where relevant, the person on whose behalf or for the benefit of whom a transaction or activity is being carried out is a politically exposed person, a family member or person known to be a close associate;

- verify that any person purporting to act on behalf of the customer is so authorised and identify and verify their identity.

Obliged entities should report to the central registers any discrepancies they find between the information available in the central registers and the information they collect.

Third-country policy

To protect the proper functioning of the Union's financial system from money laundering and terrorist financing, the Commission should be empowered to adopt delegated acts to identify third countries whose shortcomings in their national AML/CFT regimes represent a threat to the integrity of the Union's internal market. In order to ensure a consistent identification of third countries that pose a specific and serious threat to the Union's financial system, while not being publicly identified as subject to calls for actions or increased monitoring by the FATF, the Commission should be able to set out, by means of an implementing act, the methodology for the identification in exceptional circumstances of such third countries.

Enhanced due diligence measures

Where a business relationship that is identified as having a higher risk involves the handling of assets with a value of at least **EUR 5 000 000**, or the equivalent in national or foreign currency, through personalised services for a customer holding total assets with a value of at least **EUR 50 000 000**, or the equivalent in national or foreign currency, whether in financial, investable or real estate assets, or a combination thereof, excluding that customer's private residence, credit institutions, financial institutions and trust or company service providers should apply enhanced due diligence measures.

Beneficial owners

The amended text harmonises the rules on beneficial owners and makes them more transparent. The beneficial owners of legal entities are natural persons who: (a) have, directly or indirectly, an ownership

interest in the corporate entity; or (b) control, directly or indirectly, the corporate or other legal entity, through ownership interest or via other means. Participation in the capital of the company means the direct or indirect holding of at least 25% of the shares, or the holding of at least 25% of the voting rights or any other type of participation in the capital of the company.