Prevention of the use of the financial system for the purposes of money laundering or terrorist financing: mechanisms to be put in place by the Member States

2021/0250(COD) - 24/04/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 513 votes to 25 with 33 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council on the mechanisms to be put in place by the Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and repealing Directive (EU) 2015/849.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Requirements relating to the granting of residence rights in exchange for investment

Member States whose national law enables the granting of residence rights in exchange for any kind of investment, such as capital transfers, purchase or renting of property, investment in government bonds, investment in corporate entities, donation or endowment of an activity contributing to the public good and contributions to the state budget, should put in place measures to **mitigate the associated risks** of money laundering, its predicate offences or terrorist financing.

Risk assessment

The Commission should conduct an assessment of the risks of money laundering and terrorist financing and of non-implementation and evasion of targeted financial sanctions affecting the internal market and relating to cross-border activities. By four years from the date of entry into force of this Directive, it should draw up a report identifying, analysing and evaluating those risks at Union level. Where new risks are identified, the Commission may recommend that Member States consider updating their national risk assessments. Member States should also carry out risk assessments at national level.

Central registers of beneficial owners

The new laws ensure that people with a legitimate interest, including journalists, media professionals, civil society organisations, competent authorities, and supervisory bodies, should have **immediate, unfiltered, direct and free access to beneficial ownership information** held in national registries and interconnected at EU level. In addition to current information, the registries should also include data going back at least five years.

Member States should ensure that the information contained in the central registers indicates that the legal entity is associated with persons or entities subject to targeted financial sanctions.

Member States should provide Financial Intelligence Units (FIUs) with immediate and direct access to information to enable the proper analysis and investigation of potential criminal cases involving **real estate** . This information provided free of charge through a single point of access, by digital means, must include

information on the history of real estate ownership, the prices at which real estate has been acquired in the past and the associated charges on that property, in order to enable the detection of any suspicious activity linked to property transactions, including real estate, which could indicate cases of money laundering.

Establishment of the Financial Intelligence Units (FIUs)

Each Member State should establish an FIU in order to prevent, detect and effectively combat money laundering and terrorist financing. The FIU should designate a Fundamental Rights Officer.

Member States should ensure that FIUs, regardless of their organisational status, have **access to the information** that they require to fulfil their tasks, including financial, administrative and law enforcement information. This includes tax information, information on transfers of funds and transfers of crypto-assets, information on procedures for awarding public contracts for goods or services, national registers of motor vehicles, aircraft and watercraft, customs data, national arms registers and information on funds and other assets frozen or immobilised in application of targeted financial sanctions, among others.

FIUs should be able to respond in a timely manner to reasoned requests for information justified by concerns relating to money laundering, its predicate offences or terrorist financing by the competent authorities. They should provide supervisors, spontaneously or upon request, information that may be relevant for the purposes of supervision.

Financial Intelligence Units should have more powers to analyse and detect money laundering and terrorist financing cases as well as to suspend suspicious transactions.

FIUs should also provide customs authorities with feedback, at least once per year, on the effectiveness and follow-up to reports on cross-border physical movements of cash. They are encouraged to conclude bilateral agreements and memoranda of understanding with counterparts from third countries.

Anti-money laundering supervision

Each Member State should ensure that all obligated entities established within its territory are subject to adequate and effective supervision by one or more **supervisors**.

National supervisors should, *inter alia*, disseminate relevant information to obliged entities, to regularly verify and monitor money laundering and terrorist financing risks as well as risks of non-implementation and targeted circumvention of financial sanctions, and to carry out remote or on-site inspections.

Supervisors should communicate to the FIU the list of establishments operating in the respective Member State and the list of infrastructure under their supervision and of any changes to those lists as well as any relevant findings indicating serious weaknesses of the reporting systems of obliged entities.

Where obliged entities that are not part of a group carry out cross-border activities and supervision is shared between the supervisors of the home and host Member States, Member States should ensure that those supervisors **cooperate** with each other to the greatest extent possible and assist each other in the performance of supervision.

Member States should ensure that dedicated AML/CFT **supervisory colleges** are set up by the financial supervisor in charge of the parent undertaking of a group of credit institutions or financial institutions or of the head office of a credit institution or financial institution in certain situations. New supervisory measures for the non-financial sector have also been introduced, with the establishment of supervisory colleges.