

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

2021/0239(COD) - 19/06/2024 - Final act

PURPOSE: to prevent the use of the financial system for the purposes of money laundering or terrorist financing.

LEGISLATIVE ACT: Regulation (EU) 2024/1624 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.

CONTENT: this regulation is part of a package of new anti-money-laundering rules that will protect EU citizens and the EU's financial system against money laundering and the financing of terrorism. The regulation **exhaustively harmonises anti-money laundering rules** for the first time throughout the EU, closing loopholes for fraudsters. It lays down rules concerning:

- the measures to be applied by obliged entities to prevent money laundering and terrorist financing;
- beneficial ownership transparency requirements for legal entities, express trusts and similar legal arrangements;
- measures to limit the misuse of anonymous instruments.

Reporting entities

In addition to financial institutions, banks, estate agencies, asset management services, casinos, auditors, accountants and tax advisors, the list of regulated entities also covers notaries, lawyers, persons dealing in luxury goods and cultural property, mortgage and consumer credit intermediaries, non-financial mixed holding companies, football agents and professional football clubs for transactions with an investor, with a sponsor, with football agents or other intermediaries or for the purposes of the transfer of a footballer.

Internal policies, procedures and controls

Obligated entities will:

- have in place internal policies, procedures and controls in order to mitigate and manage effectively the risks of money laundering and terrorist financing identified at the level of the Union, the Member State and the obliged entity as well as to mitigate the risks of non-implementation and evasion of **targeted financial sanctions**;
- take appropriate measures, proportionate to the nature of their business, including its risks and complexity, and to their size, to identify and assess the money laundering and terrorist financing risks to which they are exposed, as well as the risks of non-implementation and evasion of targeted financial sanctions;
- take steps to ensure that their staff are aware of the requirements of the Regulation.

Customer due diligence

Obligated entities will apply customer due diligence measures when establishing a business relationship, when carrying out an occasional transaction of a value of at least **EUR 10 000**, when participating in the creation of a legal entity, the setting up of a legal arrangement or, when there is a suspicion of money laundering or terrorist financing or when there are doubts about the veracity or adequacy of previously obtained customer identification data or when there are doubts as to whether the person they interact with is the customer or person authorised to act on behalf of the customer.

By way of derogation, crypto-asset service providers will apply customer due diligence measures when carrying out an occasional transaction that amounts to a value of at least **EUR 1 000**. Obligated entities will apply at least customer due diligence measures when carrying out an occasional transaction in cash amounting to a value of at least EUR 3 000.

Obligated entities must **identify beneficial owners** and take reasonable steps to identify the customer and verify the customer's identity; assess and, as appropriate, obtain information on and understand the purpose and intended nature of the business relationship or the occasional transactions; verify whether the customer or the beneficial owners are subject to targeted financial sanctions; conduct ongoing monitoring of the business relationship.

Obligated entities will 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

The Commission will be empowered to adopt delegated acts to identify third countries whose national AML/CFT arrangements contain weaknesses that pose a threat to the integrity of the EU internal market.

Enhanced due diligence measures

Obligated entities will examine the origin and destination of funds involved in, and the purpose of, all transactions that fulfil at least one of the following conditions: (a) the transaction is of a complex nature; (b) the transaction is unusually large; (c) the transaction is conducted in an unusual pattern; (d) the transaction does not have an apparent economic or lawful purpose.

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 will apply the following enhanced due diligence measures.

Beneficial ownership

The Regulation harmonises the rules on beneficial owners and makes them more transparent. 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.

Ownership interest in the corporate entity means direct or indirect ownership of 25 % or more of the shares or voting rights or other ownership interest in the corporate entity.

ENTRY INTO FORCE: 9.7.2024.

APPLICATION: from 10.7.2027.

