Money laundering: prevention of the use of the financial system (amend. Directive 91/308/EEC)

1999/0152(COD) - 14/07/1999 - Legislative proposal

PURPOSE : to amend Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering. CONTENT : the Commission's firm commitment to capital market and financial services liberalisation has been clearly demonstrated by the presentation of the Action Plan for Financial Services, which was endorsed by the European Council meeting in Cologne in June 1999. However, financial market liberalisation must not endanger financial stability and a reliable regulatory and supervisory framework is needed to make sure that such liberalisation and freedom of capital movements is not used for undesirable purposes, such as money laundering. For this reason, the adoption of the Directive to update and extend the 1991 anti-money laundering Directive was identified as one of the priority objectives of the Action Plan and the Commission gave an undertaking to present the relevant proposal by mid-1999. The present proposal represents the fulfilment of that commitment. The 1991 anti-money laundering Directive was a landmark in the fight against criminal money and its potentially highly damaging effect on the financial system. It also requires banking secrecy rules to be suspended whenever necessary, and any suspicions of money laundering to be reported to the authorities. The main changes to the 91/308/EEC Directive are a widening of the prohibition of money laundering to embrace not only drugs trafficking but all organised crime, and an extension of the obligations of the Directive to certain non-financial activities and professions. Just as the 1991 Directive moved ahead of the original FAFT 40 Recommendations in requiring obligatory suspicious transaction reporting, the European Union should continue to impose a high standard on its Member States. In addition, as part of the acquis communautaire, the EU anti-money laundering rules will also represent the standard set for the applicant countries. Member States will, of course, remain to be free to extend their national anti-money laundering legislation to any other form of criminal activity. Exchange of information : exchange of information concerning money laundering is essential for the effectiveness of the anti-money laundering effort. The Commission will continue to make regular reports to the European Parliament and the Council on the implementation of the Directive.