

## Basic information

**2013/0024(COD)**

COD - Ordinary legislative procedure (ex-codecision procedure)  
Regulation

Procedure completed

Information accompanying transfers of funds

Repealing Regulation (EC) No 1781/2006 [2005/0138\(COD\)](#)

See also [2013/0025\(COD\)](#)

### Subject

1.20.09 Protection of privacy and data protection  
2.50.04.02 Electronic money and payments, cross-border credit transfers  
2.50.10 Financial supervision  
2.80 Cooperation between administrations  
7.30.20 Action to combat terrorism  
7.30.30.08 Capital outflow, money laundering

## Key players

European  
Parliament

### Joint committee responsible

**ECON** Economic and Monetary Affairs

**LIBE** Civil Liberties, Justice and Home Affairs

### Rapporteur

SIMON Peter (S&D)

KIRKHOPE Timothy (ECR)

Shadow rapporteur

KARIŅŠ Krišjānis (PPE)

IN 'T VELD Sophia (ALDE)

SARGENTINI Judith (Verts  
/ALE)

### Appointed

07/07/2014

07/07/2014

### Former joint committee responsible

**ECON** Economic and Monetary Affairs

**LIBE** Civil Liberties, Justice and Home Affairs

### Former rapporteur

KLEVA KEKUŠ Mojca (S&D)

KIRKHOPE Timothy (ECR)

### Appointed

12/09/2013

12/09/2013

Shadow rapporteur

MELO Nuno (PPE)

NITRAS Sławomir (PPE)

BOZKURT Emine (S&D)

IN 'T VELD Sophia (ALDE)

TAVARES Rui (Verts/ALE)

		SARGENTINI Judith (Verts /ALE)	
		STREJČEK Ivo (ECR)	
		TRANTAPHYLIDIS Kyriacos (GUE/NGL)	
		KLUTE Jürgen (GUE/NGL)	
	<b>Former committee for opinion</b>	<b>Former rapporteur for opinion</b>	<b>Appointed</b>
	<b>DEVE</b> Development	DEVA Nirj (ECR)	13/06/2013
	<b>IMCO</b> Internal Market and Consumer Protection	The committee decided not to give an opinion.	
	<b>JURI</b> Legal Affairs	ZWIEFKA Tadeusz (PPE)	20/06/2013
	<b>PETI</b> Petitions	The committee decided not to give an opinion.	
Council of the European Union	<b>Council configuration</b>	<b>Meetings</b>	<b>Date</b>
	General Affairs	3368	2015-03-10
	Economic and Financial Affairs ECOFIN	3271	2013-11-15
	Economic and Financial Affairs ECOFIN	3366	2015-01-27
European Commission	<b>Commission DG</b>	<b>Commissioner</b>	
	Justice and Consumers	JOUROVÁ Věra	
European Economic and Social Committee			

Key events			
Date	Event	Reference	Summary
05/02/2013	Legislative proposal published	COM(2013)0044 	Summary
12/03/2013	Committee referral announced in Parliament, 1st reading		
10/10/2013	Referral to joint committee announced in Parliament		
15/11/2013	Debate in Council		Summary
13/02/2014	Vote in committee, 1st reading		
24/02/2014	Committee report tabled for plenary, 1st reading	A7-0140/2014	Summary

11/03/2014	Decision by Parliament, 1st reading	<a href="#">T7-0190/2014</a>	<a href="#">Summary</a>
11/03/2014	Results of vote in Parliament		
11/03/2014	Debate in Parliament		
03/09/2014	Committee decision to open interinstitutional negotiations after 1st reading in Parliament		
27/01/2015	Approval in committee of the text agreed at early 2nd reading interinstitutional negotiations	<a href="#">PE604.828</a>	
21/04/2015	Council position published	<a href="#">05932/2/2015</a>	<a href="#">Summary</a>
29/04/2015	Committee referral announced in Parliament, 2nd reading		
06/05/2015	Vote in committee, 2nd reading		
11/05/2015	Committee recommendation tabled for plenary, 2nd reading	<a href="#">A8-0154/2015</a>	<a href="#">Summary</a>
19/05/2015	Debate in Parliament		
20/05/2015	Decision by Parliament, 2nd reading	<a href="#">T8-0202/2015</a>	<a href="#">Summary</a>
20/05/2015	Results of vote in Parliament		
20/05/2015	Final act signed		
20/05/2015	End of procedure in Parliament		
05/06/2015	Final act published in Official Journal		

Technical information	
<b>Procedure reference</b>	2013/0024(COD)
<b>Procedure type</b>	COD - Ordinary legislative procedure (ex-codecision procedure)
<b>Procedure subtype</b>	Legislation
<b>Legislative instrument</b>	Regulation
<b>Amendments and repeals</b>	Repealing Regulation (EC) No 1781/2006 <a href="#">2005/0138(COD)</a> See also <a href="#">2013/0025(COD)</a>
<b>Legal basis</b>	Rules of Procedure EP 59 Treaty on the Functioning of the European Union TFEU 114-p1
<b>Mandatory consultation of other institutions</b>	<a href="#">European Economic and Social Committee</a>
<b>Stage reached in procedure</b>	Procedure completed
<b>Committee dossier</b>	CJ12/8/02826

Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee opinion	<a href="#">DEVE</a>	<a href="#">PE516.643</a>	16/10/2013	
Committee draft report		<a href="#">PE523.016</a>	12/11/2013	

Committee opinion	<a href="#">JURI</a>	<a href="#">PE519.491</a>	04/12/2013	
Amendments tabled in committee		<a href="#">PE524.701</a>	11/12/2013	
Committee report tabled for plenary, 1st reading/single reading		<a href="#">A7-0140/2014</a>	24/02/2014	<a href="#">Summary</a>
Text adopted by Parliament, 1st reading/single reading		<a href="#">T7-0190/2014</a>	11/03/2014	<a href="#">Summary</a>
Text agreed during interinstitutional negotiations		<a href="#">PE604.828</a>	12/01/2015	
Committee draft report		<a href="#">PE554.951</a>	23/04/2015	
Committee recommendation tabled for plenary, 2nd reading		<a href="#">A8-0154/2015</a>	11/05/2015	<a href="#">Summary</a>
Text adopted by Parliament, 2nd reading		<a href="#">T8-0202/2015</a>	20/05/2015	<a href="#">Summary</a>

#### Council of the EU

Document type	Reference	Date	Summary
Council statement on its position	<a href="#">07767/2015</a>	13/04/2015	
Council position	<a href="#">05932/2/2015</a>	21/04/2015	<a href="#">Summary</a>
Draft final act	<a href="#">00029/2015/LEX</a>	20/05/2015	

#### European Commission

Document type	Reference	Date	Summary
Legislative proposal	<a href="#">COM(2013)0044</a> 	05/02/2013	<a href="#">Summary</a>
Document attached to the procedure	<a href="#">SWD(2013)0021</a> 	05/02/2013	
Document attached to the procedure	<a href="#">SWD(2013)0022</a> 	05/02/2013	
Commission response to text adopted in plenary	<a href="#">SP(2014)455</a>	10/06/2014	
Commission communication on Council's position	<a href="#">COM(2015)0187</a> 	27/04/2015	<a href="#">Summary</a>
Follow-up document	<a href="#">COM(2019)0282</a> 	19/06/2019	<a href="#">Summary</a>

#### National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	<a href="#">ES_PARLIAMENT</a>	<a href="#">COM(2013)0044</a>	29/03/2013	
Contribution	<a href="#">PT_PARLIAMENT</a>	<a href="#">COM(2013)0044</a>	10/04/2013	
Contribution	<a href="#">CZ_SENATE</a>	<a href="#">COM(2013)0044</a>	15/05/2013	
Contribution	<a href="#">RO_CHAMBER</a>	<a href="#">COM(2013)0044</a>	20/05/2013	

#### Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
ECB	European Central Bank: opinion, guideline, report	<a href="#">CON/2013/0032</a> <a href="#">OJ C 166 12.06.2013, p. 0002</a>	17/05/2013	<a href="#">Summary</a>
EDPS	Document attached to the procedure	<a href="#">N7-0068/2014</a> <a href="#">OJ C 032 04.02.2014, p. 0009</a>	04/07/2013	<a href="#">Summary</a>

Additional information		
Source	Document	Date
National parliaments	<a href="#">IPEX</a>	
European Commission	<a href="#">EUR-Lex</a>	

Final act
<a href="#">Regulation 2015/0847</a> <a href="#">OJ L 141 05.06.2015, p. 0001</a> <span style="float: right;"><a href="#">Summary</a></span>

## Information accompanying transfers of funds

2013/0024(COD) - 19/06/2019 - Follow-up document

The Commission presents its report on the application of Chapter IV of Regulation (EU) 2015/847 on information accompanying transfers of funds.

As a reminder, Regulation (EU) 2015/847 on information accompanying transfers of funds together with Directive (EU) 2015/849 on preventing the use of the financial system for money laundering or terrorist financing (“AMLD”) constitute a modernised regulatory framework to fight abuses of the financial market, ensuring its safety and integrity and promoting the highest standards for anti-money laundering and counter terrorist financing (“AML/CFT”).

Article 22(2) of the Regulation requires that the Commission shall submit a report to the European Parliament and to the Council on the application of Chapter IV, with particular regard to cross-border cases.

This report is prepared for the purposes of Article 22(2).

### **Implementation**

As regards the implementation of Chapter IV of Regulation 2015/847 on sanctions and monitoring, the Commission recalled that the Regulation is binding in its entirety and directly applicable in all Member States. However, with regard to Chapter IV, it foresees that certain implementing measures might need to be adopted by Member States. Therefore, Member States were required to notify to the Commission their national rules on administrative sanctions and measures applicable to breaches of this Regulation by 26 June 2017. Overall, the Commission finds the implementation by Member States of Chapter IV of the Regulation to be of an overall satisfactory quality. However, the identified shortcomings, e.g. the horizontal problem related to cross-border cooperation, should not be neglected. It is vital to eliminate all legal loopholes, as an effective sanctioning policy is of crucial importance for ensuring compliance with the Regulation.

### **Application**

With regard to the application of the relevant provisions of the Regulation, no major deficiencies have been identified. The answers provided to the Commission’s questionnaire demonstrated an engagement of national competent authorities in supervisory activities regarding both the Regulation and the AMLD. Their modest sanctioning and investigatory activities under the Regulation could result from a general compliance of payment service providers with their legal obligations, but a more long-term monitoring will be necessary to exclude any potential weaknesses of the supervision framework.

The report also noted that considering an often cross-border nature of money laundering and terrorist financing, it is of utmost importance that the legal obligation of national supervisory authorities to cooperate and coordinate their actions, as provided for by the Regulation, is both correctly implemented and effectively applied in all Member States.

Lastly, the Commission will continue to support Member States in their implementation efforts and it reserves the right to take further measures to ensure that the Regulation is correctly implemented by all Member States. It is also vital that the national supervisory authorities effectively apply the Regulation and step up their enforcement activities.

## Information accompanying transfers of funds

2013/0024(COD) - 05/02/2013 - Legislative proposal

**PURPOSE:** to improve traceability of payments and to prevent and detect money laundering and terrorist financing when transferring funds.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council (revision of Regulation (EC) No 1781/2006 on transfer of funds).

**PARLIAMENT'S ROLE:** Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** the [Funds Transfers Regulation](#), based on Special Recommendation VII on wire transfers adopted by the Financial Action Task Force (FATF), lays down rules for payment service providers to send information on the payer throughout the payment chain for the purposes of prevention, investigation and detection of money laundering and terrorist financing.

Against a background of the changes regarding the nature of money laundering and terrorist financing threats, facilitated by a constant evolution of technology and means at the disposal of criminals, the FATF has undertaken a fundamental review of the international standards, which culminated in the **adoption of a new set of Recommendations in February 2012**.

In parallel with this process, the European Commission has also been undertaking its own review of the EU framework, which demonstrates the need to ensure adjustment to changes.

**IMPACT ASSESSMENT:** the impact assessment identifies the main problems in the current EU anti-money laundering/combating terrorist financing legislative framework. It examines three scenarios: (i) a base-line scenario (status quo); (ii) an adjustment scenario; and (iii) a full harmonisation scenario.

The analysis has demonstrated that **the most balanced is the adjustment scenario** which entails limited changes to the Funds Transfers Regulation necessary to either (i) align the legislative text to the revised international standards, or (ii) to ensure a sufficient level of consistency between national rules, or (iii) to address the most important shortcomings concerning the new emerging threats.

**LEGAL BASIS:** Article 114 of the Treaty on the Functioning of the European Union (TFEU).

**CONTENT:** the purpose of the proposal is to revise Regulation (EC) No 1781/2006 on information on the payer accompanying transfers of funds in ways which **improve traceability of payments and ensure that the EU framework remains fully compliant with international standards**.

In line with new FATF Recommendation No 16 on wire transfers, the proposed changes are aimed at addressing areas where gaps in transparency still remain by imposing the following main requirements:

- include **information on the payee** (the name and account number of the payer, where such an account is used to process the transfer of funds, or a unique transaction identifier where no such account is used for that purpose);
- clarify that **credit or debit cards**, or mobile telephone or any other digital or IT device become subject to the provisions of the Regulation if they are used to transfer funds person to person;
- clarify that, in the case of fund **transfers outside the EU of a sum below EUR 1 000**, a lighter regime of non-verified information on the payer and the payee applies;
- impose a requirement to **verify the identity of the beneficiary** (where not previously identified) for payments originating outside the EU and where the amount is more than EUR 1 000;
- impose an obligation to **establish risk-based procedures** for determining when to execute, reject or suspend a transfer of funds which lacks the required information and to determine appropriate follow-up action;
- align the requirements on **record keeping** with the information with the FATF standards;
- reinforce **sanctioning powers for competent authorities** and require coordination of actions when dealing with cross-border cases;
- require **publication of sanctions** imposed for breaches and the establishment of effective mechanisms to encourage reporting of breaches of the provisions of the Regulation.

**BUDGETARY IMPLICATIONS:** the proposal has no implications for the Union budget.

## Information accompanying transfers of funds

2013/0024(COD) - 17/05/2013 - European Central Bank: opinion, guideline, report

**Opinion of the European Central Bank** on a proposal for a directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and on a proposal for a regulation on information accompanying transfers of funds.

**The ECB received two requests for an opinion from the Council: the first one concerns** the [proposal for a directive](#) of the European Parliament and of the Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, the other concerns a proposal for a regulation of the European Parliament and of the Council on information accompanying transfers of funds. The ECB also received requests from the European Parliament for an opinion on the proposed Union instruments.

**The ECB welcomes the proposed Union instruments.**

The proposed regulation aims to tighten the existing legal obligations for money laundering and terrorist financing as regards funds transfers and those providing payment services in the light of developing international standards. The ECB notes that, pursuant to recital 8 of the proposed regulation and recital 35 of the proposed directive, it is not the Union legislators' intention to include within the scope of the regulation persons who provide 'credit or financial institutions solely with a message or other support systems for transmitting funds or with clearing and settlement systems' such as the ECB operated TARGET2 system. The ECB recommends **providing for this exemption** in the enacting terms of the proposed Union instruments, rather than in the recitals.

Further, the ECB notes that several of the concepts defined in the proposed regulation are also defined in other Union legal acts closely related to the proposed regulation. Since the use of established definitions would improve consistency and facilitate the understanding of Union legal acts as a whole, the ECB suggests that the proposed regulation be amended where appropriate, namely:

- the definitions of 'payer' and 'payee' should be aligned with the definitions of these terms in the [Payment Services Directive 2007/64/EC](#);
- 'payment service provider' is a concept established by the PSD and limited to six different categories of providers of such services listed in the PSD; accordingly the definition of this concept in the proposed regulation should refer to the PSD;
- the definition of 'a person-to-person' transfer of funds' should be more clearly defined as a transaction between two natural persons, both acting in their personal capacity outside the scope of their business, trade or profession.

## Information accompanying transfers of funds

2013/0024(COD) - 15/11/2013

The Council took stock of **work in progress** on a draft directive on the prevention of money laundering and terrorist financing.

The discussion focused on the following outstanding issues:

- registries for information on beneficial ownership: where such information should be stored, who should have access to it and under what conditions;
- supranational risk assessment: role of the European supervisory authorities and of the outcome of risk assessment;
- supranational monitoring of anti-money-laundering and counter-terrorist financing regimes: mechanisms to ensure effective implementation;
- third country equivalence: whether and how to modify the approach used to determine equivalence of anti-money laundering regimes in third countries.

The Council confirmed the aim rapidly agreeing a general approach, so that agreement can be reached with the European Parliament before the end of its current term (May 2014).

## Information accompanying transfers of funds

2013/0024(COD) - 11/03/2014 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 627 votes to 33 with 18 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on information accompanying transfers of funds.

Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

**Flows of illicit money, a major problem for the Union:** Parliament stressed that flows of illicit money damage the structure, stability and reputation of the financial sector and threaten the internal market as well as international development, and directly or indirectly undermine the confidence of citizens in the rule of law. The funding of terrorism and organised crime remains a significant problem, which should be addressed at Union level.

**Scope:** Members state that the regulation shall not apply to transfers of funds carried out using a credit, debit or prepaid card or voucher, or a mobile telephone, e-money, or any other digital or information technology (IT) device where the card or device is used to pay goods and services to a company within professional trade or business. However, it shall apply when the means of payment is used in order to effect a person-to-person transfer of funds.

**Information accompanying transfers of funds:** before transferring the funds, the payment service provider of the payer shall apply customer due diligence measures and shall verify the accuracy and completeness of the information.

In the case of transfers of funds not made from an account, the payment service provider of the payer is required to verify at least the name of the payer for transfers of funds of up to EUR 1 000. It shall verify the complete information relating to the payer and the payee where the transaction is carried out in several operations that appear to be linked or where they exceed EUR 1 000.

**Transfers within the Union:** where the payment service provider(s) of both the payer and the payee are established in the Union, only the full name and the account number of the payer and the payee or the unique transaction identifier shall be required to be provided at the time of the transfer of funds.

In the case of an identified higher risk the payment service provider of the payee require the complete information relating to the payer and to the payee.

**Missing information on the payer and the payee:** from a practical perspective, Members consider that some kind of verification is going to be required, in order to avoid frauds and assure that the person who receives the funds is in fact the payee designated by the payer.

Where the payment service provider of the payer is established in a third country that presents an increased level of risk, enhanced customer due diligence shall be applied.

In any event, the payment service provider of the payer and the payment service provider of the payee shall comply with any applicable law or administrative provisions relating to money laundering and terrorist financing.

The **intermediary payment service provider** should have effective procedures in place in order to detect not only whether information is missing but also **incomplete**, in particular if numerous payment services are involved to improve the traceability of transfers of funds.

**Obligation of cooperation:** payment service providers and intermediary payment service providers shall **respond fully and without delay**, to enquiries exclusively from the authorities responsible for combating money laundering or terrorist financing of that Member State concerning the information required under the Regulation. Specific safeguards shall be put in place in order to ensure that such exchanges of information comply with data protection requirements. No other external authorities or parties shall have access to the data stored by the payment service providers.

Because a great proportion of illicit financial flows ends up in **tax havens**, Parliament states that the Union should increase its pressure on those countries to cooperate in order to combat such illicit financial flows and improve transparency.

It is also proposed that payment service providers established in the Union shall apply this regulation with regard to their **subsidiaries and branches** operating in jurisdictions outside the Union that are not deemed equivalent.

Data protection: Members stressed that:

- payment service providers shall carry out their tasks for the purposes of this Regulation in accordance with national law transposing Directive 95/46/EC. Data retained shall in no case be used for commercial purposes;
- **the transfer of personal data to a third country**, or to an international organisation, which does not ensure an adequate level of protection may take place only after prior authorisation by the supervisory authority;
- information on the payer and the payee shall **not be kept any longer than strictly necessary**. Records of information shall be kept for a maximum period of five years and upon expiry of this period, personal data must be deleted.

Data protection authorities shall have powers, including the indirect access powers, to **investigate, either ex officio or based on a complaint**, any claims as regards problems with personal data processing.

In any case, access to the information collected shall be reserved only to designated persons or limited to persons strictly necessary for the completion of the undertaken risk.

**Sanctions and monitoring:** the Commission is called on to **submit a report to the European Parliament**, by 1 January 2017, on the implementation of the regulation, in particular, the application of Chapter IV, with regard to sanctions and monitoring.

EBA may issue guidelines on the processes for implementing the Regulation, taking into account the best practices of Member States.

Members also suggested that the Commission strengthen cooperation with national authorities outside the Union responsible for investigation and sanctioning breaches such as repeated non-inclusion of required information on the payer and payee by a payment service provider

## Information accompanying transfers of funds

2013/0024(COD) - 24/02/2014 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs, jointly with the Committee on Civil Liberties, Justice and Home Affairs, adopted the report of Mojca KLEVA KEKUŠ (S&D, SI) and of Timothy KIRKHOPE (ECR, UK) on the proposal for a regulation of the European Parliament and of the Council on information accompanying transfers of funds.

The parliamentary committees recommended that the position of the European Parliament adopted at first reading under the ordinary legislative procedure modify the Commission proposal as follows.

**Scope:** this regulation shall not apply to transfers of funds carried out using a **credit, debit or prepaid card or voucher, or a mobile telephone, e-money,** or any other digital or information technology (IT) device where the card or device is used to pay goods and services to a company within professional trade or business. However, it shall apply when the means of payment is used in order to effect a person-to-person transfer of funds.

**Information accompanying transfers of funds:** before transferring the funds, the payment service provider of the payer shall apply customer **due diligence measures** and shall verify the **accuracy and completeness** of the information.

In the case of transfers of funds **not made from an account**, the payment service provider of the payer is required to verify at least **the name of the payer** for transfers of funds of up to EUR 1 000. It shall verify the **complete information** relating to the payer and the payee where the transaction is carried out in several operations that appear to be linked or where they exceed EUR 1 000.

**Transfers within the Union:** where the payment service provider(s) of both the payer and the payee are established in the Union, **only the full name and the account number** of the payer and the payee or the unique transaction identifier shall be required to be provided at the time of the transfer of funds.

In the case of an **identified higher risk** the payment service provider of the payee require the complete information relating to the payer and to the payee.

**Missing information on the payer and the payee:** from a practical perspective, Members consider that some kind of verification is going to be required, in order to avoid frauds and assure that the person who receives the funds is in fact the payee designated by the payer.

Where the payment service provider of the payer is established in **a third country which presents an increased level of risk**, enhanced customer due diligence shall be applied.

In any event, the payment service provider of the payer and the payment service provider of the payee shall comply with any applicable law or administrative provisions relating to money laundering and terrorist financing.

**Obligation of cooperation:** payment service providers and **intermediary payment service providers** shall respond fully and without delay to enquiries exclusively from the authorities responsible for combating money laundering or terrorist financing.

**No other external authorities or third parties** shall have access to the data stored by the payment service providers, and specific safeguards shall be put in place in order to ensure that such exchanges of information comply with data protection requirements.

Because a great proportion of illicit financial flows ends up in **tax havens**, the EU should increase its pressure on these countries to cooperate in order to combat such illicit financial flows and improve transparency.

It is also proposed that payment service providers established in the Union shall apply this regulation with regard to their **subsidiaries and branches** operating in jurisdictions outside the Union that are not deemed equivalent.

**Data protection:** Members stressed that:

- payment service providers shall carry out their tasks for the purposes of this Regulation in accordance with national law transposing Directive 95/46/EC. Data retained shall in no case be used for commercial purposes;
- The transfer of personal data **to a third country, or to an international organisation**, which does not ensure an adequate level of protection may take place only after prior authorisation by the supervisory authority;
- information on the payer and the payee shall not be kept any longer than strictly necessary. Records of information shall be kept for a **maximum period of five years** and upon expiry of this period, personal data must be deleted.

In any case, access to the information collected shall be **reserved only to designated persons** or limited to persons strictly necessary for the completion of the undertaken risk.

**Sanctions and monitoring:** the Commission is called on to submit a report to the European Parliament, by 1 January 2017, on the implementation of the regulation, in particular, the application of Chapter IV, with regard to sanctions and monitoring.

Members also suggested that the Commission strengthen the cooperation with national authorities outside the Union responsible for investigation and sanctioning in the case of breaches such as repeated non-inclusion of required information on the payer and payee by a payment service provider.

## Information accompanying transfers of funds

2013/0024(COD) - 04/07/2013 - Document attached to the procedure

Opinion of the European Data Protection Supervisor on a proposal for a Regulation of the European Parliament and of the Council on information on the payer accompanying transfers of funds.

On 5 February 2013, the Commission adopted two proposals: this proposal for a **Regulation of the European Parliament and of the Council on information on the payer accompanying transfers of funds** and the [parallel proposal](#) for a Directive of the European Parliament and of the Council **on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing**. The proposals were sent to the EDPS for consultation on 12 February 2013.

The EDPS underlines that the legitimate aim of achieving transparency of payments sources, funds deposits and transfers for purpose of countering terrorism and money laundering has to be pursued while ensuring compliance with data protection requirements.

**The following issues should be addressed in both proposals:**

- an explicit reference to applicable EU data protection law should be inserted in a substantive and dedicated provision, mentioning in particular Directive 95/46/EC and the national laws implementing Directive 95/46/EC, and Regulation (EC) No 45/2001;
- a definition of 'competent authorities' and 'financial intelligence units (FIUs)' should be added in the proposed Directive;
- it should be clarified that the legal ground for the processing would be the necessity to comply with a legal obligation by the obliged entities, competent authorities and FIUs;
- it should be recalled that the sole purpose of the processing must be the prevention of money laundering and terrorist financing, and that **data must not be further processed for incompatible purposes**;
- the specific prohibition to process data for commercial purposes should be laid down in a substantive provision;
- a dedicated recital should be added to clarify that the fight against tax evasion is only inserted as predicate offences;
- substantive provisions on the **transfers of personal data** should be introduced which provide for an appropriate legal basis for the intra-group /PSP to PSP transfers that would respect the text and interpretation of Directive 95/46/EC; the proportionality of requiring the mass transfer of personal and sensitive information to foreign countries for the purpose of fighting AML/TF should be re-assessed
- an evaluation of **alternative and less intrusive options** to the general publication obligation should be undertaken and, in any case, specification in the proposed Directive the purpose of such a publication as well as the personal data that should be published;
- a substantive provision should be added that sets forth a maximum data retention period that must be respected by Member States.

**In respect of the proposed Regulation, the EDPS further recommends to:**

- refrain from using the national identity number as a reference without specific restrictions and/or safeguards, but to use the transaction number instead;
- recall the importance of respecting the principle of data accuracy in the context of AML procedures;
- add a provision stating that 'the information should only be accessible to designated persons or classes of persons';
- add a provision regarding the respect of confidentiality and data protection obligations by employees dealing with personal information on the payer and the payee;
- clarify that no other external authorities or parties that have no interest in combating money laundering or terrorist financing should access the data stored;
- specify to which authority the breaches of the Regulation will be reported and by requiring that appropriate technical and organisational measures are implemented to protect data against accidental or unlawful destruction, accidental loss, alteration, or unlawful disclosure.

## Information accompanying transfers of funds

2013/0024(COD) - 21/04/2015 - Council position

The Council's Position at first reading reflects the compromise reached in negotiations between the Council and the European Parliament, with the support of the Commission.

The purpose of the Anti-Money Laundering Regulation (AMLR), which was adopted at the same time as the [Anti-Money Laundering Directive](#), is to update and revise the existing 3rd AMLR with the aim of further strengthening the EU's defences against money laundering and terrorist financing and of ensuring the soundness, integrity and stability of the financial system.

The amendments of the Council aim to strengthen the EU's defences against money laundering and terrorist financing while ensuring consistency with the approach followed at international level, notably the FATF recommendations. On some issues, the new EU rules expand on the FATF's requirements and provide additional safeguards.

**The amendments introduced by the Council and accepted by the Parliament** concern the following issues:

**Traceability of transfers of funds:** the full traceability of transfers of funds can be a particularly important and valuable tool in the prevention, detection and investigation of money laundering and terrorist financing. This includes the requirement to include information on the payee with a transfer of funds. Under the Regulation, the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) shall issue guidelines addressed to competent authorities and the payment service providers on measures to be taken in accordance with this Regulation, especially as regards transfer of funds with missing or incomplete information on the payer or the payee.

**Sanctions:** administrative sanctions should be foreseen and, given the importance of the fight against money laundering and terrorist financing, Member States should lay down sanctions that are effective, proportionate and dissuasive. The provisions relating to sanctions of the Regulation have been aligned to those of the Directive.

## Information accompanying transfers of funds

2013/0024(COD) - 27/04/2015 - Commission communication on Council's position

The Commission **approved the results of the inter-institutional negotiations** and can therefore accept the Council's position at first reading with a view to adopting a Regulation of the European Parliament and of the Council on information accompanying transfers of funds.

The Commission considered that the position of the Council reflects the political agreement reached between the European Parliament and the Council on 16 December 2014 and includes elements proposed by both institutions.

The proposed Funds Transfers Regulation lays down rules for payment service providers to send information not only on the payer but also on the payee throughout the payment chain for the purposes of prevention, investigation, and detection of money laundering and terrorist financing and is to a large extent based on the new Recommendation 16 on wire transfers adopted by the Financial Action Task Force (FATF).

The proposed Regulation will enable national authorities to take more effective action against money laundering and terrorist financing at all levels.

The final compromise now includes a number of technical changes to the original Commission proposal which the Commission considers to **improve the text and increase alignment with the relevant FATF Recommendation**. Similarly, the Parliament has been broadly supportive of the technical work done.

## Information accompanying transfers of funds

2013/0024(COD) - 20/05/2015 - Text adopted by Parliament, 2nd reading

The European Parliament adopted a legislative resolution on the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006.

Parliament approved the Council position at first reading without amendment.

The proposed directive aims to update and improve the EU's existing 3rd Anti-Money Laundering Directive in ways that will improve traceability of payments and ensure that the EU framework remains fully compliant with international standards (FATF Recommendations).

## Information accompanying transfers of funds

2013/0024(COD) - 11/05/2015 - Committee recommendation tabled for plenary, 2nd reading

The Committee on Economic and Monetary Affairs Committee on Civil Liberties, Justice and Home Affairs jointly adopted the recommendation for second reading contained in the report by Peter SIMON (S&D, DE) and Timothy KIRKHOPE (ECR, UK), on the Council position at first reading with a view to the adoption of a regulation of the European Parliament and of the Council on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006.

The committees recommended that the European Parliament approve the Council position at first reading without amendment.

## Information accompanying transfers of funds

2013/0024(COD) - 20/05/2015 - Final act

**PURPOSE:** to improve traceability of payments and to prevent and detect money laundering and terrorist financing when transferring funds.

**LEGISLATIVE ACT:** Regulation (EU) 2015/847 of the European Parliament and of the Council on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006.

**CONTENT:** this Regulation, adopted at the same time as [Directive \(EU\) 2015/849](#), updates and improves the EU's existing 3rd Anti-Money Laundering Directive (Regulation (EC) No 1781/2006) in ways which **improve traceability of payments** and ensure that the EU framework remains fully compliant with international standards (FATF recommendations).

This Regulation lays down rules on the **information on payers and payees, accompanying transfers of funds**, for the purposes of preventing, detecting and investigating money laundering and terrorist financing.

**Scope:** this Regulation shall apply to transfers of funds, in any currency, which are sent or received by a payment service provider or an intermediary payment service provider established in the Union. It shall not apply to transfers of funds carried out using a payment card, an electronic money instrument or a mobile phone, or any other digital or IT prepaid or postpaid device with similar characteristics, where certain conditions are met. A Member State may decide not to apply this Regulation to transfers of funds within its territory to a payee's payment account permitting payment exclusively for the provision of goods or services where the amount of the transfer of funds does not exceed EUR 1 000.

**Information accompanying transfers of funds:** although existing legislation already requires financial service providers to ensure that transfers of funds are accompanied by information on the payer, the new rules require that information should include **details as regards the payee** (such as the name of the payee and the payee's payment account number).

**Transfers of funds to outside the Union:** these transfers should carry complete information on the payer and the payee. Those authorities should be granted access to complete information on the payer and the payee only for the purposes of preventing, detecting and investigating money laundering and terrorist financing.

**Obligations on the payment service provider of the payee:** in order to check whether the required information on the payer and the payee accompanies transfers of funds, and to help identify suspicious transactions, the payment service provider of the payee and the intermediary payment service provider should have effective procedures in place in order to detect whether information on the payer and the payee is missing or incomplete. **Those procedures should include ex-post monitoring or real-time monitoring where appropriate.**

The Regulation stipulates that the **obligation to check whether information on the payer or the payee is accurate** should, in the case of transfers of funds where verification has not yet taken place, be imposed only in respect of individual transfers of funds that **exceed EUR 1 000**, unless the transfer appears to be linked to other transfers of funds which together would exceed EUR 1 000, the funds have been received or paid out in cash or in anonymous electronic money, or where there are reasonable grounds for suspecting money laundering or terrorist financing.

With the aim of assisting payment service providers to put effective procedures in place to detect cases in which they receive transfers of funds with missing or incomplete payer or payee information and to take follow-up actions, the **European Banking Authority (EBA)**, the **European Insurance and Occupational Pensions Authority (EIOPA)**, and the **European Securities and Markets Authority (ESMA)**, should issue guidelines.

**Retention of information and data protection:** personal data shall be processed by payment service providers only for the purposes of the prevention of money laundering and terrorist financing. In order to facilitate criminal proceedings, the Regulation requires payment service providers to keep records of information on the payer and the payee for a period of time for the purposes of preventing, detecting and investigating money laundering and terrorist financing. That period should be **limited to five years**, after which all personal data should be deleted unless national law provides otherwise.

**Sanctions:** the sanctions and measures provided for shall be effective, proportionate and dissuasive and shall be consistent with those laid down in Directive (EU) 2015/849.

ENTRY INTO FORCE: 25.6.2015. The Regulation shall apply from 26.6.2017.