



Parliament toughens up anti-money laundering rules

Committees Committee on Economic and Monetary Affairs, Committee on Civil Liberties, Justice and Home Affairs
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The ultimate owners of companies and trusts would have to be listed in public registers in EU countries, under draft anti-money laundering rules voted by Parliament on Tuesday. The draft law would also require banks, auditors, lawyers, real estate agents and casinos, among others, to be more vigilant about suspicious transactions made by their clients. The aim is to make dodgy deals harder to hide and fight tax evasion.

"The public registers will make life more difficult for criminals trying to hide their money. Our economy currently loses huge amounts to tax evasion", said Civil Liberties Committee rapporteur Judith Sargentini (Greens/EFA, NL). "Today is a good day for law-abiding citizens, but a lousy day for criminals", added Economic and Monetary Affairs Committee rapporteur Krišjānis Kariņš (EPP, LV).

Registers to show who really stands behind a company

Under the anti-money laundering directive (AMLD), as amended by MEPs, a public central register in each EU country would list information on the ultimate beneficial owners of all sorts of legal arrangements, including companies, foundations, holdings and trusts.

These registers would be interconnected across the EU and would be "publicly available following prior identification of the person wishing to access the information through basic online registration", MEPs say. They nonetheless inserted several provisions in the amended AMLD to protect data privacy and to ensure that only the minimum information necessary is put in the register.

Watch out for dodgy transactions...

The proposed rules would require banks, financial institutions, auditors, lawyers, accountants, tax advisors and real estate agents, among others, to be more vigilant about suspicious transactions made by their clients. Casinos are included in the scope of the draft rules, but other gambling services posing a low risk may be excluded by member states.

The amended AMLD provides for a risk-based approach, enabling member states to better identify, understand and mitigate money laundering and terrorist financing risks. Parliament also voted on the Transfer of Funds Regulation, which aims to improve the traceability of payers and payees and their assets.

... and politically-exposed persons

The rules on "politically-exposed persons", i.e. people at a higher than usual risk of corruption due to the political positions they hold, are extended to "domestic" politically-exposed persons. These people are those who are or have been "entrusted by the member state with prominent public functions", such as heads of state, members of government, supreme court judges, and members of parliaments.

In case of high-risk business relationships with such persons, additional measures should be put in place, e.g. to establish the source of wealth and source of funds involved.

Next steps

The European Parliament voted its first reading of the draft legislation, in order to

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consolidate the work done so far and hand it over to the next Parliament. This ensures that the MEPs newly elected in May can decide not to start from scratch, but instead build on work done during the current term.

The legislative resolution on the AMLD was passed by 643 votes to 30 with 12 abstentions and the legislative resolution on transfer of funds by 627 votes to 33 with 18 abstentions.

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