

## PROPOSAL FOR A REGULATION ON INFORMATION ACCOMPANYING TRANSFERS OF FUNDS AND CERTAIN CRYPTO-ASSETS (RECAST) - Q3 2021

[ CLOSE TO ADOPTION ]

> ■■■■ ACTION PLAN ON PREVENTING MONEY LAUNDERING AND TERRORIST FINANCING

JD<sub>21</sub> JD<sub>22</sub> NL

### CONTENT

[https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2021/0241\(COD\)&l=en](https://oeil.secure.europarl.europa.eu/oeil/popups/ficheprocedure.do?reference=2021/0241(COD)&l=en) On 20 July 2021, the Commission adopted an anti-money laundering and countering the financing of terrorism (AML/CFT) legislative package, including a proposal for the revision of Regulation 2015/847/EU in order to make it possible to trace transfers of crypto-assets.

The anonymity associated with crypto assets, as well as their speed and global reach bring obvious risks of their being used for criminal purposes, especially cybercrime.

Europol's Internet Organised Crime Threat Assessment states that crypto currencies have become the default payment method for victim-to-criminal payments in ransomware, as well as criminal-to-criminal payments on the Darkweb.

The Commission's AML Package provides for the Revision of the 2015 Regulation on Transfers of Funds. The revised Regulation will extend the obligation of payment service providers to accompany transfers of funds with information on the payer and payee to crypto assets, giving effect to the Financial Action Taskforce (FATF)'s recommendation 16 on wire transfers and Recommendation 15 on virtual assets.

The EESC adopted its opinion on the Commission's Legislative Package on AML of which this proposal forms part on 23 November 2021.

On 25 November the file was assigned jointly to LIBE and ECON with Ernest Urtasun, as the rapporteur for ECON and Assita Kanko as rapporteur for LIBE. JURI has been assigned to provide its opinion on the file.

On 1 December 2021 the Council agreed its negotiating mandate to negotiate with Parliament on the proposal. The modifications introduced by the Council in its position clarify the Commission's proposal, in particular by introducing requirements for crypto-asset transfers between crypto-asset service providers and *un-hosted* wallets (not covered in the Commission's proposal). The Council's position also requires that the full set of originator information travel with the crypto-asset transfer, regardless of the transaction amount. The Council's position also aims to synchronise the application of the proposal on transfer of funds and the proposal for the market in crypto-assets regulation (MiCA) given the urgency of the need to regulate this sector.

On 16 December 2021, the referral to a joint committee was announced in Parliament plenary. On 31 March 2022 the first reading was held and there was a Committee decision to open interinstitutional negotiations with the report adopted in committee. On 6 April 2022 the Committee report was tabled for plenary and the Committee decision to enter into interinstitutional negotiations was confirmed by plenary under Rule 71. On 27 April trilogue negotiations between the Parliament and the Council of the EU began, with the parties expressing their willingness to try to reach an agreement before the end of the French Presidency's term at the end of June 2022.

In the progress report on anti-money laundering published by the Economic and Financial Affairs Council on 7 June the Council stated that its position is aligned with that of the Parliament on the need for robust transparency requirements for transfers of crypto-assets, from the first euro. On the other issues, the French Presidency is committed to finding balanced compromises on the Parliament's additional demands. Those compromises must reconcile robust but proportionate anti-money-laundering requirements in accordance with the Financial Action Task Force recommendations and a high level of data protection in accordance with the General Data Protection Regulation.

On 29 June 2022 negotiators from the Council presidency and the Parliament reached a provisional agreement on the proposal. The new agreement requires that the full set of originator information travel with the crypto-asset transfer, regardless of the amount of crypto assets being transacted. There will be specific requirements for crypto-asset transfers between crypto-asset service providers and un-hosted wallets.

Regarding data protection, the co-legislators agreed that the general data protection regulation (GDPR) remains applicable to transfers of funds, and that no separate data protection rules will be set up.

The improved traceability of transfers of crypto assets will also make it more difficult for persons and entities which are subject to restrictive measures to try to circumvent them. In addition, crypto-asset service providers will have to implement appropriate internal policies, procedures and controls to mitigate the risks of evasion of national and Union restrictive measures. More generally, the entirety of sanctions already applies to all natural and legal persons, including those operating in the crypto currencies sector.

Co-legislators also agreed on the urgency to ensure traceability of crypto-asset transfers and chose to align the timetable for application of this regulation with that of the markets in crypto assets (MiCA) regulation.

On 5 October 2022, the provisional agreement was endorsed by the Council and on 10 October 2022, ECON and LIBE committees voted overwhelmingly in favour of the agreed text.

## References:

- European Commission, [Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on information accompanying transfers of funds and certain crypto-assets \(recast\). COM/2021/422 final](#)
- European Parliament, [Information accompanying transfers of funds and certain crypto-assets](#) [2021/0241(COD)]
- European Parliament, [Report on the proposal for a regulation of the European Parliament and of the Council on information accompanying transfers of funds and certain crypto-assets \(recast\)](#), 6 April 2022
- European Parliament, Provisional agreement resulting from interinstitutional negotiations
- EESC, [Economic and Monetary Union and Economic and Social Cohesion, Opinion on the Anti-Money Laundering Legislative Package](#), 8 December 2021
- Council of the European Union, [mandate for negotiation with Parliament](#), 29 November 2021
- European Commission [Anti-money laundering and countering the financing of terrorism legislative package](#), 21 July 2021
- Council of the European Union, [press release on the publication of its mandate for negotiation with Parliament](#), 1 December 2021
- Council of the European Union, [Anti-money laundering and countering the financing of terrorism \(AML/CFT\) – Progress report](#), 7 June 2022
- Council of the European Union, [Anti-money laundering: Provisional agreement reached on transparency of crypto asset transfers](#), press release, 29 June 2022.

- Europol [Internet Organised Crime Threat Assessment](#)

Author: Piotr Bąkowski, Members' Research Service, [legislative-train@europarl.europa.eu](mailto:legislative-train@europarl.europa.eu)

As of 15 December 2024.



RAPPOREUR  
**Assita KANKO**  
LIBE - AFET



RAPPOREUR  
**Ernest URTASUN**  
ECON - FEMM - AFET