



Questions and Answers: Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT)

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General

How is the new Union's Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) framework structured?

Following agreement between co-legislators, the new Union's AML/CFT framework rests on 4 legal acts:

- **A Regulation establishing an EU AML/CFT Authority**[\[1\]](#) in the form of a decentralised EU regulatory agency;
- **A new Regulation on AML/CFT**[\[2\]](#), containing directly applicable AML/CFT rules, including a revised EU list of entities subject to AML/CFT rules (known as obliged entities);
- **A Directive on AML/CFT**[\[3\]](#), replacing the existing EU AML/CFT Directive (Directive 2015/849 as amended) and containing provisions not appropriate for a Regulation and requiring national transposition, such as rules concerning national supervisors and Financial Intelligence Units in Member States;
- **A recast of the 2015 Regulation on Transfers of Funds**[\[4\]](#) (Regulation 2015/847).

These four acts constitute an ambitious set of measures to modernise the EU's AML/CFT regime. They establish a robust and future-proof enforcement system, which will contribute to improved detection of money laundering and terrorism financing in the Union.

Why was this reform necessary?

Money laundering and terrorism financing (ML/TF) pose a serious threat to the integrity of the EU economy and financial system and to the security of its citizens. In 2017, Europol estimated that around 1% of the EU's annual Gross Domestic Product is involved in suspect financial activity. In July 2019, following a number of prominent cases of money laundering in the EU, the Commission adopted a Communication on better implementation of the EU's AML/CFT framework and four reports on different aspects of AML/CFT policy. They analysed the effectiveness and efficiency of the current EU Anti-Money Laundering/Countering Financing of Terrorism (AML/CFT) regime, and concluded that reforms were necessary.

While a lot of work has been done over the past years, risks have also evolved as criminals exploit the post pandemic recovery phase and, also, the current geopolitical context creates new avenues for them to move around illicit flows. In such an international context, coherent answers at EU level are needed more than ever.

What was the basis of this package?

On 7 May 2020, the Commission presented an Action Plan for a comprehensive Union policy on preventing money laundering and terrorism financing. The Action Plan set out the measures that the Commission will undertake to better enforce, supervise and coordinate the EU's rules in this area, with six priorities:

1. Ensuring effective implementation of the existing EU AML/CFT framework
2. Establishing an EU single rulebook on AML/CFT
3. Bringing about EU-level AML/CFT supervision
4. Establishing a support and cooperation mechanism for FIUs
5. Enforcing EU-level criminal law provisions and information exchange
6. Strengthening the international dimension of the EU AML/CFT framework

Pillars 2, 3 and 4 of the Action Plan required legislative action, which was proposed by the Commission in

July 2021. With the agreement between co-legislators, all objectives of the action plan have been delivered. This does not mean that all work is done as some of those tasks have no end-date (e.g enforcement work, action on the global scale).

Also, as criminal means evolve, the Union will continue to keep a close eye to protect our financial system and economy from misuse.

What were the problems with the current AML/CFT regime?

The current framework takes the form of a Directive that requires transposition into national law. This often leads to delays in implementation and divergence in national rules, resulting in fragmented approaches across the EU. In addition, the current regime is not detailed or granular enough, which means there is not enough convergence. Finally, there is no central coordination body at EU level, which hinders cooperation between national supervisors and Financial Intelligence Units (FIUs), which is essential for a fully effective regime. These gaps have been remedied by the reform.

How do the new rules ease AML/CFT compliance for companies?

Cross-border obliged entities which fall under the direct supervision of the new Anti-Money Laundering Authority will benefit from having a single supervisor instead of multiple different national supervisors, simplifying their compliance. Cross-border obliged entities that do not fall under the direct supervision of the new Authority will still benefit from more harmonised rules with less divergence among different national regimes. All obliged entities, including domestic ones with no cross-border activity, will benefit from improved supervision (thanks to efforts by the EU Authority to help bring all national supervisors up to the level of the best performers) and from better feedback from FIUs which will enable more targeted reporting of suspicious transactions and activities.

EU AML Authority (AMLA)

What will the new EU AML/CFT Authority (AMLA) do?

The AML/CFT Authority will have two main areas of activity: AML/CFT supervision and supporting EU Financial Intelligence Units (FIUs).

AMLA will become the centre of an integrated system of national AML/CFT supervisory authorities, ensuring their mutual support and cooperation. The aim is supervisory convergence and a common supervisory culture. The Authority will have a coordination and convergence role in the non-financial sector. In the financial sector, it will also directly supervise a number of selected financial sector entities that are exposed to the high risk of money laundering and terrorism financing and operate on cross border basis in at least six Member States. Additionally, it will be able to take over supervision of any obliged entity on request from the national supervisor, or on its own initiative, where there is a Union interest to do so. Concerning FIUs, the Authority will facilitate cooperation, information exchange and identification of best practices among FIUs. It will carry out these tasks by establishing standards for reporting and information exchange, by initiating or organising and supporting joint operational analyses, organising peer reviews among FIUs, and by hosting and developing the FIU.net system used both by FIUs and Europol to exchange and cross-match information. AMLA will itself be an end-user of the system and its functionalities.

How many staff members will the new Authority have?

It is envisaged that the Authority will reach over 430 staff members over a horizon of 4 years. Of these, over 200 will work on direct supervision of certain obliged entities. They will work in joint supervisory teams that will include staff of the relevant national supervisors of these entities.

How will the new Authority be managed and take decisions?

The Authority will have a Chair and an Executive Director. The Executive Director will be in charge of the day-to-day management of the Authority and will be administratively responsible for budget implementation, resources, staff and procurement.

The Chair will represent the Authority and will run the two collegial governing bodies:

1. Executive Board, composed of the Chair of the Authority and five permanent independent members;
2. General Board, which will have two alternative compositions: a supervisory composition with heads of

public authorities responsible for AML supervision and an FIU composition with heads of FIUs in the Member States.

The General Board will adopt all regulatory instruments. In its supervisory composition, it may also provide its opinion on any decision about directly supervised obliged entities prepared by a Joint Supervisory team before the adoption of the final decision by the Executive Board.

The Executive Board will take all decisions towards individual obliged entities or individual supervisory authorities where relevant. The Executive Board will also take decisions regarding the draft budget and other matters relating to operations and the functioning of the Authority. For this latter category of the decisions, the Commission will have a voting right on the Executive Board.

When will the new Authority start its work?

The Authority will be established in 2024, seven days after publication of its establishing Regulation in the Official Journal of the European Union, with the aim to start most of its activities in mid-2025, reach full staffing in 2027, and begin direct supervision of certain high-risk financial entities in 2028. Direct supervision can only start once the harmonised rulebook is completed and applies.

Will national supervisors and FIUs be abolished and replaced by the new EU body?

No. National supervisors and FIUs will remain in place as key elements of the EU's enforcement system for AML/CFT. The EU Authority will replace national supervisors only as a supervisor of a small number of cross-border financial sector entities in the highest risk category. The new package will create an integrated EU AML supervisory system closely involving national supervisors and the EU AML Authority. The Authority will also play a key role in initiating and providing operational support to national FIUs in the conduct of joint analyses, but will not be an FIU itself and will not replace national FIUs who will continue to be the sole recipients of reports on suspicious transactions and responsible for the national dissemination of the analytical results of such reports.

Which entities will the Authority supervise directly, and how?

Directly supervised financial institutions will be determined in two ways:

- Financial sector obliged entities that are active in at least six Member States and have a high residual risk profile in accordance with the level 2 methodology to be developed by the Authority will be selected for ongoing direct supervision by the Authority. This selection will be based on objective criteria centred on risk categorisation and cross-border activity. The list will be reviewed periodically, every three years. In order to ensure equal and fair selection, the methodology for risk categorisation of entities by national supervisors will be harmonised prior to the first selection. The first selection process based on harmonised methodology will be carried out by AMLA in 2027, with the selected entities transferred to EU-level supervision as of 2028.
- It will be possible for the Authority to request a Commission decision placing a financial sector obliged entity under its direct supervision, irrespective of the above mentioned criteria for a limited period of time. This can happen if there is an indication that an entity is systematically failing to meet its AML/CFT requirements and that a significant ML/TF risk may materialise, should the national supervisor be unable to take quick, effective action to deal with such risks as recommended by the Authority.
- A national supervisor may request the Authority to take over a direct supervision of an obliged entity in exceptional circumstances with the aim to address at Union level a heightened ML/TF risk or compliance failures by the obliged entity in question. The Authority will assess the existence of circumstances justifying the transfer of supervision and may agree to assume direct supervision of the obliged entity for a limited period of time.

Supervision of directly supervised obliged entities will be carried out by Joint Supervisory Teams led by staff of the Authority and including staff of the relevant national supervisors. This model is drawn from the working methods of the EU Single Supervisory Mechanism for prudential supervision of banks.

Will AMLA have a role in relation to sanctions implementation?

As a result of the negotiations, the Union will benefit from synergies between AML/CFT rules and our sanctions regime, making it more difficult to circumvent sanctions. This also means new powers for AMLA.

As direct supervisor, AMLA will check compliance with sanctions-related measures by the riskiest cross-border groups in the financial sector. It will also contribute to a common supervisory approach to verification of compliance with sanctions-related requirements. Finally, given its central role in the Union's AML/CFT framework, it will be able to provide critical input to the understanding and mitigation of risks of sanctions evasion/non-implementation at Union level.

Who will pay for the Authority?

Once the Authority has reached the necessary staff numbers, approximately 30% of its funding needs will come from the EU budget and approximately 70% from financial contributions paid by a range of financial sector obliged entities. Non-financial obliged entities will not have to pay, nor will other financial sector obliged entities that do not meet the relevant selection criteria for direct supervision. The financial contributions will cover expenses related to direct supervision, and expenses related to other tasks of the Authority in the area of indirect supervision of the financial sector. The methodology for determining the size of individual contributions by the financial obliged entities will be laid down in a Commission Delegated Act.

Stronger rules for AML/CFT

Who is on the list of obliged entities and who is being added to the list by the new rules?

Obliged entities are required to apply AML/CFT measures, including carrying out customer due diligence on clients and, in case of suspicions, to report these suspicions to FIUs.

Currently almost all financial institutions are obliged entities (banks, life insurance companies, payment service providers and investment firms) and various types of non-financial entities and operators, including lawyers, accountants, real estate agents, casinos, and certain types of crypto-asset service providers.

There will be a number of additions to the list of obliged entities, i.e., entities subject to EU AML/CFT rules:

- All types and categories of crypto-asset service provider. This will align EU legislation with the relevant FATF standards. Under the new rules, crypto-asset service providers will be considered as financial institutions, and will be subject to the same requirements as those imposed on banks and other types of financial institutions.
- Crowdfunding platforms including crowdfunding service providers that fall in scope of the EU Crowdfunding Regulation (Regulation 2020/1503 of 7 October 2020).
- Mortgage credit intermediaries and consumer credit providers that are not financial institutions, to ensure a level playing field between operators providing the same kind of services (given that financial institutions already qualify as obliged entities).
- Operators working on behalf of third country nationals to obtain a residence permit to live in an EU country (i.e., investor residence schemes), to mitigate any risk of the use of such schemes to launder money of criminal origin from outside the EU.
- Persons that trade in certain high-value goods such as jewellery, clocks and watches, luxury motor vehicles, planes and boats (defined as costing more than €250,000 for motor vehicles and more than €7,500 000 for planes and boats), as well as traders in precious metals and stones.
- Professional football clubs but only when carrying out certain transactions such as those with investors, sponsors or agents, as well as football agents.

What has been agreed as regards beneficial ownership and registers?

The concept of beneficial ownership was introduced by Directive (EU) 2015/849 to increase the transparency of complex corporate structures. A beneficial owner is any natural person who ultimately owns or controls a legal entity, a trust or similar legal arrangement.

The provisions on beneficial ownership transparency in the Regulation include more detailed and harmonised rules to identify beneficial owner. This will make it easier for legal entities and [trustees of] legal arrangements to identify their beneficial owner(s) when faced with different scenarios, for example where corporate structures are complex and multi-layered, or in the case of collective investment undertakings. The new rules also set out clearly the type of information needed to identify beneficial owner(s) to ensure a consistent application across our Single market. The revised framework clarifies not only the obligations for legal entities and trustees to identify and verify their beneficial owners, but also their requirement to report that information to national beneficial ownership information registers. . In order reduce risks associated with legal entities that are established outside the Union, the new rules, require non-EU legal entities to register their beneficial ownership in the central registers when they have a link with the EU, for example if they own

real estate in the Union.

In relation to the central registers, the revised rules ensure adequate, accurate and up-to-date beneficial ownership data. This is achieved by giving more powers to the entities in charge of the central register to verify the beneficial ownership information submitted to them, such as the possibility to perform on-site checks. Finally, to mitigate risks of sanctions circumvention, the registers also verify whether beneficial ownership information they hold concerns persons or entities designated in relation to targeted financial sanctions.

Who will have access now to the beneficial ownership registers?

Following the Court of Justice's [judgement of November 2022](#), which invalidated general access by the public to information held in beneficial ownership registers, co-legislators have agreed to a new access framework. Competent authorities will have immediate, unfiltered, direct and free access to registers across the Union. [This includes authorities responsible for the implementation of Union restrictive measures]. Obligated entities will also have timely access to such information when performing customer due diligence, as it is the case under the current framework.

As regards the wider public, the new Directive defines how persons with legitimate interest can access this information. Categories of persons deemed to have a legitimate interest to access this information include journalists, civil society organisations, third country competent authorities and more. To ensure a coherent access regime across the Union, the revised framework also sets out a procedure for the verification and mutual recognition of a legitimate interest across the Single market.

What about nominee shareholders and nominee directors?

Nominee arrangements may facilitate the concealment of the identity of the beneficial owner(s), because a nominee might act as the director or shareholder of a legal entity while the nominator is not always disclosed. Therefore, the new rules include disclosure requirements for nominee shareholders and nominee directors.

What has been agreed as regards bank account information?

The existing EU AML/CFT legislation requires Member States to establish centralised automated mechanisms (centralised registers or electronic data retrieval systems) to enable the timely identification of natural or legal persons holding or controlling bank and payment accounts and safe-deposit boxes.

The new Anti-money Laundering Directive expands the scope of information to be included in the centralised mechanisms by adding information on securities and crypto-asset accounts. Furthermore, the new Directive lays down the obligation to interconnect those centralised automated mechanisms. The bank account registers' interconnection system (BARIS) will be developed and operated by the European Commission and has to be established two years after the Directive's transposition deadline, i.e., by mid-2029.

The Directive provides the FIUs of the Member States, the national AML/CFT supervisory authorities and the future AMLA (solely for the purposes of joint analysis and direct supervision) with direct access to BARIS. Another legislative instrument (the revised Directive 2019/1153) provides the national authorities with competencies in the fight against serious crime with direct access to the system

Will the new rules improve the use of financial intelligence to prevent and combat money laundering, its predicate offences and terrorist financing?

The new rules provide FIUs with access to a wide range of administrative, financial and law enforcement information in order to boost their analytical capabilities and enable them to reply to information requests from counterpart FIUs. Provision of information by FIUs to investigative authorities and supervisors is clarified, and FIUs acquire new powers to timely stop illicit flows, e.g., to suspend a business relationship, to instruct an obliged entity to monitor transactions or activities and to alert obliged entities of information relevant for the performance of customer due diligence. FIUs' activities will become more transparent as they are required to issue annual reports. Thanks to an obligation for FIUs to provide regular feedback to obliged entities concerning suspicious transaction and activity reports, the quality of those reports will improve.

The new rules also lay down strict deadlines for replying to requests for information by a counterpart FIU, establish a clear legal basis for the functioning of the FIU.net system and the use of its functionalities, and enable the conduct of joint analysis of cross-border cases; the latter two being areas where AMLA will provide crucial operational support. Finally, the new AML/CFT framework includes detailed provisions on the

exchange of information and cooperation between FIUs, and the European Public Prosecutor's Office (EPPO) or between FIUs and the European Anti-Fraud Office (OLAF) regarding cases which fall within their competencies.

When will the new AML/CFT rules be effective?

The application of these new rules will be progressive. New requirements on the traceability of crypto-assets will apply as of end 2024. AMLA will be set up shortly after formal adoption of the Regulation and will need about one year to be fully operational. Technical standards needed to complete the Regulation and Directive cannot be prepared by AMLA before it exists. The full set of rules, including technical standards, is expected to be in place and apply by mid- 2027. This will give AMLA the necessary time to be up and running and complete the rules. Some novelties require more time for the private sector, Member States and the Commission to implement. Thus, the application of AML/CFT rules by the football sector, the creation of a single access point to real estate information and the interconnection of bank account registers will occur as of 2029.

What are the new rules regarding transfers of crypto-assets?

Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets (TFR) has amended the 2015 EU Regulation on transfers of funds (Regulation 2015/847) to extend its scope to transfers of crypto-assets. This means that full information about the sender and beneficiary of such transfers will have to be included by crypto-asset service providers with all transfers of crypto-assets, just as payment service providers currently do for wire transfers. The rationale is the same as for the original Regulation on funds: to identify those who send and receive crypto-assets for AML/CFT purposes, detect possible suspicious transactions and if necessary block them. Crypto-assets are increasingly used for money laundering and other criminal purposes, making this amendment urgent. It also aligns EU legislation with key standards of the Financial Action Task Force on virtual assets.

Summary: the rulebook (AML Regulation, AML Directive and recast of Fund Transfer Regulation)

What's new

- New sectors brought into the scope (crypto-asset service providers, residence scheme operators, crowdfunding operators, football clubs and football agents)
- Risk-based approach to third countries
- Requirement to disclose beneficial ownership for non-EU entities that have a link with the EU
- Powers for beneficial ownership registers to check information
- Disclosure requirements for nominees
- Harmonised approach for reporting suspicious activity/transactions
- Prohibition of bearer shares that are not intermediate
- Capping of large cash payments to €10,000
- Interconnection of bank account registers
- Public oversight of supervision in some sectors
- Joint FIU analyses
- AML/CFT supervisory colleges
- Traceability requirements for crypto-assets

What changes

- Clearer rules for AML/CFT risk management measures, including for groups and networks
- Harmonised customer due diligence process
- Harmonised approach to identification of beneficial ownership
- Minimum set of financial, administrative and law enforcement information to which all FIUs should have access
- Clarification of the powers of supervisors
- Improved cooperation among authorities

Full application of the EU AML/CFT rules to the crypto sector

How are you ensuring that the crypto sector is brought under the AML/CFT rules?

The application of AML rules to the crypto sector must be looked at in light of the substantive rules that regulate the provision of crypto-asset services. Regulation (EU) 2023/1114 on markets in crypto-assets (MiCA) delivers a harmonised legal framework regulating the provision of crypto-asset services in the Union. It sets requirements for EU issuers of crypto-assets and crypto-asset service providers wishing to apply for authorisation to provide their services in the Single Market. It also introduces a definition of crypto-assets and crypto-asset service providers encompassing a broad range of activities that corresponds to and even goes beyond the FATF requirements. The MiCA Regulation also introduces requirements for these service providers to be licensed and submit their senior management to fit and proper tests.

The new AML/CFT framework aligns the scope of Anti-Money Laundering rules – which already apply to exchanges of crypto-assets for money – with the activities covered by MiCA and notably exchanges of one crypto-asset for another. These proposed rules ban the possibility to open or use an anonymous crypto-asset account or accounts allowing for the anonymisation or the increased obfuscation of transactions. They broaden the possibility for Member States to require crypto-asset service providers established on their territory with a head office in another Member State to appoint a central contact point (as is currently already the case for electronic money issuers and payment service providers). Finally, they introduce specific enhanced due diligence measures that crypto-asset service providers will have to apply in their cross-border correspondent relationships and when performing transactions with self-hosted addresses.

The new rules introduce an obligation for all crypto-asset service providers involved in crypto-asset transfers to collect and make accessible data on the originators and beneficiaries of the transfers of virtual or crypto assets they operate. This is done via Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets, which is an amendment to the 2015 Regulation on Transfers of Funds (Regulation EU 2015/847) and will apply from 30 December 2024, together with the MiCA Regulation. These new rules will significantly enhance the monitoring of crypto-asset service providers and ensure alignment with the relevant measures in the FATF Recommendations.

How do you ensure that the application of AML/CFT rules to the crypto sector will not stifle innovation?

Several law enforcement authorities indicated that ML/TF risks [from crypto-assets have increased further since 2019](#), linked to the growth of the crypto-asset market. Credit institutions, investment firms, electronic money issuers and payment institutions are the sectors most exposed to these risks. The new rules have been designed to find the right balance between addressing these threats and complying with international standards while not creating excessive regulatory burden on the industry. On the contrary, these rules will help the EU crypto-asset industry develop, as it will benefit from an updated, harmonised legal framework across the EU.

Digital identification

How are the rules strengthening remote identification?

Digital identity solutions are essential for citizens and businesses to access digital services safely. They are a key step for finance to go digital and to more easily exploit the potential of the internal market.

Consistent with the Digital Finance Strategy, a number of steps have been taken to establish a sound legal framework for the interoperable use of digital identity solutions to enable customers to access financial services quickly and easily. This includes putting in place an enabling framework to support the safe remote on-boarding of customers across the EU, in line with the AML/CTF risk-based approach. The new AML/CFT framework will assist in this, thanks to harmonised Customer Due Diligence requirements, which will result in easier use of digital identity solutions and allow for greater cross-border operation. Moreover, the AML/CFT rules specify, by means of technical standards, aspects relating to detailed identification and authentication elements for on-boarding purposes. This will make it easier to identify and verify the identity of customers and check their credentials in a trusted and secure manner.

The changes to the AML/CFT framework will work seamlessly with the Union's framework for a European Digital Identity, which has been revised to introduce significant improvements and will contribute to removing barriers to the cross-border use of digital identities in the financial sector.

Transactions in cash

What are the new rules for cash?

Cash remains a preferred medium for criminals because it is hard to trace. Large cash purchases allow illegal proceeds to be invested in the real economy. Current EU rules already acknowledge the risk posed by large cash sums by requiring all operators trading goods that receive cash payments above €10,000 to apply AML/CFT requirements, while allowing Member States to adopt stricter measures. Two thirds of Member States have already gone beyond EU rules by setting limits on large cash transactions, ranging from €500 in Greece to just over €10,000 in Czechia.

The new framework introduces at EU level a maximum amount of €10,000 for large cash transactions. Member States remain free to maintain or introduce lower limits at national level.

Such an upper limit will have a significant dampening effect on ML/TF in the EU, while maintaining the status of the euro as legal tender. Mechanisms are included to ensure that such a measure does not exclude citizens from the financial system.

In addition, given the higher exposure to risks that obliged entities face due to their gatekeeping role, they will have to identify and verify the identity of their customers when they carry out transactions in cash above €3,000.

High-value goods

How do the new rules mitigate risks associated with high-value goods?

Certain high-value goods expose businesses in the Union to greater risks of money laundering and terrorism financing, due to the high-value and often small and transportable nature of the goods that they sell, which makes them particularly attractive to criminals. To mitigate these risks, the new Regulation will require traders to undertake AML/CFT measures when carrying out transactions for the sale of certain high-value goods. These goods include jewellery, gold, clocks, and watches when the cost exceeds €10,000, as well as motor vehicles priced over €250,000, and planes and boats priced over €7,500,000. While the current framework only brings in scope transactions made in cash exceeding €10,000, these new rules will apply regardless of the means of payment used.

To ensure that information on the ownership of high-value motor vehicles, planes and boats is available to competent authorities, traders and financial institutions will have to inform the Financial Intelligence Unit of transactions concerning the sale of such goods when acquired by customers for private, non-commercial use. In addition, foreign entities will have to register their beneficial ownership information in the Union when purchasing high-value motor vehicles, planes and boats in the Union.

Third countries policy and ML/TF threats from outside the Union

What are the rules as regards third countries and ML/TF threats from outside the EU?

The new Regulation aims at ensuring that external threats to the Union's financial system are effectively mitigated, by implementing a harmonised approach at EU level and ensuring more granularity and proportionality in the definition of the consequences attached to the listing, on a risk-sensitive basis.

The policy towards third countries is based on the following elements:

- The Commission will identify third countries taking into account, as a baseline for its assessment, the public identification by the relevant international standard-setter (the FATF). In exceptional circumstances, the Commission will be able to identify third countries on the basis of its own autonomous assessment. Third countries so identified by the Commission will be subjected to two different sets of consequences, proportionate to the risk they pose to the Union's financial system: (i) third countries subject to country-specific enhanced due diligence measures; and (ii) third countries subject to all enhanced due diligence measures and to additional country-specific countermeasures.
- In principle, third countries "subject to a call for action" by the FATF will be identified by the Commission as high-risk third countries (black list). Due to the persistent nature of the serious strategic deficiencies in their AML/CFT framework, all enhanced due diligence measures will apply to them as well as country-specific countermeasures to proportionately mitigate the threat.
- Third countries with compliance weaknesses in their AML/CFT regimes, defined as "subject to increased

monitoring” by the FATF, will in principle be identified by the Commission and subject to country-specific enhanced due diligence measures, proportionate to the risks (grey list).

- The Commission may also identify third countries, which are not listed by the FATF, but which pose a specific threat to the Union's financial system and which, on the basis of that threat, will be subject either to country-specific enhanced due diligence measures or, where appropriate, to all enhanced due diligence measures and to countermeasures. In assessing the level of threat stemming from those third countries, the Commission may build on the technical expertise of AMLA.

Will this policy be more effective in addressing risks stemming from third countries?

The revised policy will be more effective, as it will put in place a harmonised approach at Union level and a more granular determination of the Union's mitigating response to external threats, on a risk-sensitive basis. In turn, this will provide more clarity, consistency and proportionality in the implementation of the EU's AML/CFT policy towards third countries:

- The harmonisation of mitigating measures at EU level will ensure that the proper functioning of the internal market is protected in an efficient manner by a robust framework that is directly applicable to all obliged entities in the EU and which avoids divergences at Member State level, which would expose the entirety of Union's financial system to risks. The ability to calibrate the mitigating response on the basis of the specific risks posed by third countries will allow our framework to adapt to a fast-moving and complex international environment in which risks evolve rapidly, while ensuring the application of tailor-made and proportionate measures depending on the level of risk.
- Finally, the AML Authority will monitor specific risks, trends and methods to which the Union's financial system is exposed and will communicate with the Union's obliged entities about external threats. It will adopt guidelines defining external threats and inform obliged entities about them on a regular basis.

When will this new policy be implemented?

It will be implemented once the new legal framework starts applying (i.e. 3 years from the date of adoption), In the meantime, the current legal framework applies.

Will the Commission continue to do autonomous assessments of third countries?

Yes. The Commission will continue to undertake autonomous assessments in exceptional cases to ensure that Money Laundering and Terrorist Financing (ML/TF) risks stemming from third countries which specifically threaten the Union's financial system are taken into account in a comprehensive and appropriate manner.

The Commission will develop a methodology for the autonomous assessment, through an implementing act. This methodology will determine how the criteria will be assessed and the process for the interaction with such third countries and for the involvement of Member States and AMLA in the preparatory stages of such identification.

What will be the consequences of listing?

The consequence of listing will be commensurate with the level of risk. There are two set of consequences for third countries identified by the Commission:

- The application of country-specific enhanced due diligence measures harmonised at EU level. Those will apply to third countries identified by the Commission either because they are “subject to increased monitoring” by the FATF due to the compliance weaknesses in their AML/CFT regimes or on the basis of its autonomous assessment (grey list).
- The application of the whole set of enhanced due diligence measures and additional country specific countermeasures harmonised at EU level. Those will apply to third countries identified by the Commission either because they are “subject to a call for action” by the FATF or on the basis of its autonomous assessment (black list). The more serious consequences in this case are justified by the heightened level of threat emanating from those third countries, which requires an effective, consistent and harmonised mitigating response at Union level.

In addition to the measures identified by the Commission, Member States may apply additional countermeasures at national level if they identify specific risks that are not mitigated. If they decide to do so, they should notify the Commission. If these additional countermeasures are relevant for the Single market, the Commission will extend them to the whole EU market. If the Commission considers that the additional countermeasures are not necessary and undermine the proper functioning of the Union's internal market, it may instruct the Member State to put an end to them.

Finally, the AML Authority will identify ML/TF risks, trends and methods at global level, going beyond the

country-specific dimension. The AML Authority will issue guidelines to inform obliged entities about these risks so that they are aware of the evolution of the global situation on a regular basis.

Partnerships for information sharing

How do the new rules enable the exchange of information for the purposes of preventing and detecting money laundering and terrorist financing?

Criminals are known to use products and services offered by more than one obliged entity in order to move funds without attracting unwanted attention. This can make it harder to detect suspicious transactions or patterns of behaviour. The exchange of information among obliged entities or between obliged entities and competent authorities can increase the possibility of detecting money laundering or terrorism financing taking place across more than one service provider.

Therefore, new rules have been introduced that enable obliged entities to establish partnerships for the sharing of information where necessary for compliance with their AML/CFT rules, including suspicious transaction reporting. These partnerships must comply with strict rules that aim to protect fundamental rights including the right to privacy and data protection, as well as safeguards relating to confidentiality and criminal procedure. Supervisors have a role in ensuring compliance with these safeguards and should consult with data protection authorities where relevant.

FIUs and other authorities tasked with investigating or prosecuting money laundering, its predicate offences or terrorist financing may also be invited by obliged entities to participate in the exchange of information taking place within the partnership.

Real estate **single access point**

How do the new rules ensure that competent authorities can access information on real estate?

Real estate is an attractive commodity for criminals. The new rules acknowledge this and the importance that competent authorities can know who owns real estate, including land, as well as relevant financial information associated with the property, e.g. the sale value and encumbrances and provide a flexible means to ensure this information is accessed easily.

Given the wide variety of real estate registers across the Union, and the multitude of sources from which financial information relating to real estate is to be drawn, the Directive does not prescribe a uniform solution that Member States must implement but requires them to provide a single digital gateway (the “single access point”) through which competent authorities can obtain this information swiftly. Member States will have to set up these single access points by 5 years after the adoption of the rules.

For More Information

[Anti-money laundering and countering the financing of terrorism](#)

[Proposal on centralised bank account registries](#)

[Press release](#)

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[1] COM(2021)421

[2] COM(2021)420

[3] COM(2021)423

[4] COM(2021)422

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