

Anti-money-laundering authority (AMLA)

Countering money laundering and the financing of terrorism

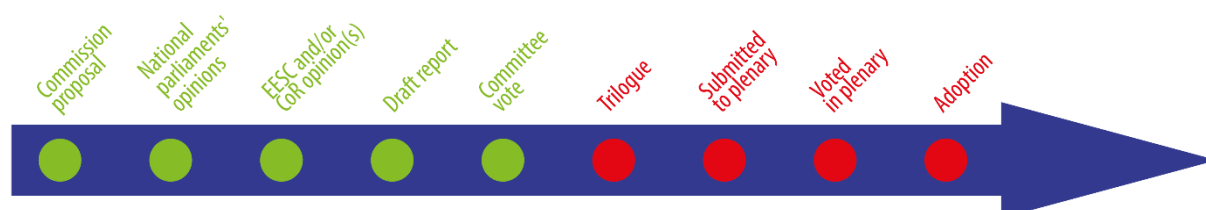
OVERVIEW

In July 2021, the European Commission tabled a proposal to establish a new EU authority to counter money laundering and the financing of terrorism (AMLA). This was part of a legislative package aimed at implementing the 2020 action plan for a comprehensive Union policy on preventing money laundering and the financing of terrorism.

The AMLA would be the centre of an integrated system composed of the authority itself and the national authorities with an AML/CFT supervisory mandate. It would also support EU financial intelligence units (FIUs) and establish a cooperation mechanism among them.

The Council achieved a partial political agreement on the proposal on 29 June 2022. In the European Parliament, the file was referred to the Committee on Economic and Monetary Affairs (ECON) and the Committee on Civil Liberties, Justice and Home Affairs (LIBE). The co-rapporteurs issued their joint report in May 2022. The joint committee report was voted on 28 March 2023 and the mandate to enter trilogues was granted by the plenary on 17 April 2023.

Proposal for a regulation of the European Parliament and of the Council establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010		
<i>Committees responsible:</i>	Economic and Monetary Affairs (ECON) and Civil Liberties, Justice and Home Affairs (LIBE) (Rule 58)	COM(2021) 421 20.7.2021
<i>Co-rapporteurs:</i>	Eva Maria Poptcheva (Renew, Spain); Emil Radev (EPP, Bulgaria)	2021/0240(COD)
<i>Shadow rapporteurs:</i>	Isabel Benjumea (EPP, Spain); Caterina Chinnici (S&D, Italy); Pedro Marques (S&D, Portugal); Ramona Strugariu (Renew, Romania); Gwendoline Delbos-Corfield (Greens/EFA, France); Ernest Urtasun (Greens/EFA, Spain); Gunnar Beck (ID, Germany); Annalisa Tardino (ID, Italy); Joachim Stanisław Brudziński (ECR, Poland); Andżelika Anna Możdżanowska (ECR, Poland); Clare Daly (The Left, Ireland); Martin Schirdewan (The Left, Germany)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Next steps expected:</i>	Trilogue negotiations	



Introduction

[Money laundering](#) aims at converting illicit financial flows into legal money, by way of a transaction that can occur across the economy, from gambling to commodity trades or [real estate transactions](#). At some point, money laundering is likely to use the financial system, which reports a large proportion of suspicious transactions as a result. The fight against money laundering and the financing of terrorism is based on a preventive arm operating through supervision, which may lead to the [triggering of a repressive arm](#) by law enforcement agencies and competent authorities.¹

Over the past couple of years, the EU has adapted its rules, in line with the updates made within the international Financial Action Task Force ([FAFT](#)), by way of FAFT recommendation updates. On 20 July 2021, the European Commission presented a [new package](#) of legislative proposals to strengthen the EU's anti-money-laundering (AML) and countering the financing of terrorism (CFT) rules. Besides three legislative proposals² aimed at creating a 'single rulebook' to address the diverging interpretations and fragmented application of AML/CFT rules by the Member States, the package includes a [proposal](#) to establish a new EU anti-money-laundering authority (AMLA).

Existing situation

The EU AML framework

The 1991 AML Directive ([AMLD1](#)) stated that certain entities, mainly operating in the financial sector and identified as 'obliged entities', should apply **customer due diligence** (CDD) requirements when entering into a business relationship, to identify and verify the identity of customers and [beneficial owners](#), to obtain information on the business relationship and to monitor it. The directive also required [obliged entities](#) to inform competent authorities of any fact that might be an indication of money laundering (**suspicious transaction reporting**, STR).

The 2001 amendments to the AMLD ([AMLD2](#)) were adopted following the 1996 revision of the FATF's [recommendations](#), which widened and defined the range of predicate offences of money laundering, and specified that STR had to be conveyed to a dedicated national 'financial intelligence unit' (FIU).

The 2005 amendments to the AML Directive ([AMLD3](#)) reflected the [2003 recommendations](#), creating '[special recommendations](#)' on terrorist financing. They introduced a risk-based approach, which allowed some adaptation to the application of CDD, depending on the risk profile of the client and the product in particular. AMLD3 also introduced penalties for AML breaches.

In 2015, the EU adopted another set of amendments to the AML Directive ([AMLD4](#)), and a regulation on traceability of transfer of funds ([Fund Transfer Regulation](#) – FTR), making fund transfers more transparent, and thereby helping law-enforcement authorities to track down terrorists and criminals. Both instruments took the [2012 recommendations](#) of the FATF into account, which provide detailed guidance on taking a risk-based approach to the implementation of CDD. It also broadened its scope and placed a new emphasis on transparency, by requiring that beneficial owners appear in national registers. Under AMLD4, a [list](#) of high-risk third countries that have deficiencies in their AML and CFT regimes has been compiled.

The 2018 [amendments](#) to the AML Directive ([AMLD5](#)) updated the AMLD to better answer CFT concerns stemming from a succession of terrorist attacks faced by the EU.

Anti-money-laundering supervision

Supervision is entrusted to national competent authorities, designated by Member States when transposing the AML directives. These authorities have direct supervisory powers over obliged entities: they monitor compliance with requirements set in EU and national law and make sure that obliged entities' internal controls and compliance procedures are commensurate with actual AML/CFT risks.

National supervisors' varying mandates and characteristics³ have resulted in uneven quality and effectiveness in AML/CFT supervision across the EU. Effective arrangements to handle AML/CFT incidents involving cross-border aspects within the EU are not currently in place; consequently, shortcomings in one national competent authority's supervision may create risks for the single market as a whole. Article 32 of the AMLD obliges Member States to set up a national financial intelligence unit (**FIU**), i.e. a single national body responsible for receiving and analysing information from private entities on transactions that are suspected to be linked to ML/CFT, and for receiving cash-related data from customs authorities. The FIUs exchange information through secure communication channels, such as FIU.net, a system connecting decentralised databases.⁴

The AMLD5 strengthened **FIUs'** powers and access to information and promoted the exchange of information between FIUs. Currently, FIUs disseminate the results of their analyses to law enforcement and tax authorities for further investigation and prosecution where there are grounds to suspect money laundering, associated predicate offences, or terrorist financing, and can order temporary freezing of transactions. The FIUs also provide feedback to private entities on the effectiveness and follow-up of reports of suspected money laundering and terrorism financing.

In the **financial sector**, AML [supervision in the Member States](#) is always a distinct function from prudential supervision; however, a number of Member States have a single authority carrying out both types of supervision of some or all financial sector entities.⁵ To reduce fragmentation, the 2010 founding regulations of the three⁶ European supervisory authorities (**ESAs**) enabled them to act within their powers and the scope of AML directives 'for fostering the consistent and effective implementation, by national competent authorities, of the EU's AML/CFT legislation'. Subsequently, [Regulation \(EU\) 2019/2175](#) entrusted the European Banking Authority (EBA) with the responsibility of leading, coordinating and monitoring the AML/CFT efforts of all financial services providers and competent authorities in the EU, consolidating the three ESAs AML/CFT mandates.⁷ It also assigned to the EBA the task of establishing an EU-wide AML/CFT database of risks and supervisory actions, EuReCA, [launched](#) in early 2022. Yet, the EBA's powers to enforce standards and guidelines [remain limited](#), as the authority does not supervise individual financial institutions directly and does not currently have the legal tools to enforce compliance. The European Commission also [identified](#) possible limits to the EBA's governance.

The link between prudential supervision and AML risks has been further clarified by the 2019 amendment to the Capital Requirements Directive ([CRDV](#)), while information exchange between national AML and prudential authorities and the ECB is regulated by AMLD5.

Finally, law enforcement agencies (LEAs) and competent authorities aim to punish criminals (**enforcement**). They receive relevant information and analysis from FIUs and, if there are sufficient grounds, they can open a criminal investigation and adopt measures such as arrests, definitive freezing of transactions and confiscation of assets.⁸ Other institutions' mandates touch on AML, namely the European Public Prosecutor's Office ([EPPO](#)), which started operating on 1 June 2021. The EPPO is responsible for investigating, prosecuting and bringing to judgment crimes against the financial interests of the EU. [Europol](#) and [Eurojust](#)'s mandates also include AML-related concerns.

Parliament's starting position

In its [resolution](#) of September 2019 on the state of implementation of the Union's AML legislation, the European Parliament expressed concern regarding regulatory and supervisory fragmentation in the AML/CFT area and failings in the enforcement of EU rules and supervision. It pointed out the need for more effective cooperation between the different authorities, particularly between and within FIUs. It reiterated its call for a coordination and support mechanism – namely the possibility that specific AML supervisory tasks may be given to a Union body, as noted in the 2019 Commission report.

In its 10 July 2020 [resolution](#) on a comprehensive Union policy on preventing money laundering and terrorism financing, the Parliament welcomed the Commission's intention to establish an EU-

level AML/CFT supervisor and an EU coordination and support mechanism for FIUs. It called for the new EU AML authority to cover both financial and non-financial sectors and have direct supervisory powers over larger and riskier obliged entities, with a clear division between the respective powers of the EU and national supervisors. Regarding enforcement, the Parliament expressed 'deep concern regarding the EBA's ability to carry out an independent assessment owing to its governance structure'. Parliament further invited the Commission to consider creating an EU coordination and support mechanism in the form of an EU FIU. It also noted that the EU-level AML/CFT supervisor and EU FIU should have budgetary and functional independence. In this context, Parliament observed that the proposed budgetary and human resources are not currently sufficient to provide full support to AML-related investigations and the existing coordination mechanisms, and concluded that more resources should be allocated to the fight against money laundering.

In its annual report on banking union in [2019](#) and [2020](#), Parliament called for better alignment between prudential and AML supervision, stronger cooperation between the different authorities, better enforcement of the existing framework and further harmonisation of the AML rulebook. It also repeated its serious concerns over regulatory and supervisory fragmentation in AML/CFT.

Council's starting position

On 4 December 2018, the Council adopted an [AML action plan](#), which set out a number of short-term initiatives further strengthening the EU AML framework, in particular efforts to enhance cooperation between prudential and AML supervisors and improved exchange of information.

The Council adopted [conclusions](#) on strategic priorities for AML/CFT in December 2019, and [conclusions](#) on AML/CFT in November 2020. The Council invited the Commission to give priority to establishing EU-level AML/CFT supervision and the coordination and support mechanism for FIUs.

The Council pointed out that the EU AML/CFT supervisor should directly supervise a number of high-risk entities, with a focus on the financial sector. The authority should be given the ability to support national authorities and promote supervisory convergence in the non-financial sector. The new supervisor should benefit from an independent and autonomous governance structure and cooperate with other relevant EU and national authorities. For the establishment of a FIU coordination and support mechanism, the Council suggested giving the new authority a central role in strengthening and facilitating joint analysis between FIUs, supporting FIU analyses and promoting exchanges and capacity building between FIUs and with other competent authorities.

The governance of the coordination and support mechanism should fully involve FIUs and respect FIUs' core roles and responsibilities in operational independence and autonomy, as well as the security and confidentiality of financial intelligence.

Preparation of the proposal

The AMLD5 envisaged a new EU AML/CFT authority among the possible long-term actions. In response to the 2018 Council action, the Commission tabled a [communication](#) on better implementation of the AML/CFT framework in July 2019, proposing to ensure a comprehensive EU AML/CFT policy, including conferring specific supervisory tasks on an EU body and a stronger mechanism to coordinate and support the work of the FIUs.

In her [2019 political guidelines](#), Commission President Ursula von der Leyen acknowledged the need for 'better supervision and a comprehensive policy to prevent loopholes'. In response to calls from Parliament and the Council, and following up on its [work programme for 2020](#), the Commission adopted an [action plan](#) for a comprehensive Union policy on preventing ML/CFT on 7 May 2020 and launched a [public consultation](#). It builds upon the July 2019 communication and upgraded the mandate for the EBA: new rules on [cash controls](#) and on [access to financial information](#) by law enforcement authorities; a [harmonised definition](#) in criminal law of offences and sanctions related to money laundering; and a reinforced [whistle-blower protection](#) regime.

The proposals were tabled as parts of an [overall package](#) to strengthen the EU's AML/CFT rules on 20 July 2021, accompanied by a comprehensive impact assessment (IA).⁹

The changes the proposal would bring

The [proposal](#) aims at establishing an EU AML/CFT authority (AMLAR). [In short](#), it provides 'A partial centralisation of AML/CFT supervision with direct and indirect supervisory powers' through an 'integrated system composed of the AMLA and national supervisors to grant effectiveness for the future integrated system to act as a "mechanism" '.

Supervision

The AMLA would become the focal point of an integrated system composed of the authority itself and the national authorities with an AML/CFT supervisory mandate (national supervisors), aimed at ensuring obliged entities' compliance with AML/CFT-related obligations.

The AMLA would **directly supervise** and take decisions towards a limited number of **financial sector 'selected obliged entities'** (SEOs, Articles 12 to 27), active in a certain proportion of Member States (eligibility criteria) and categorised in the highest AML/CFT risk category by the national supervisor in a minimum number of those Member States (qualifying criteria). Prior to the first selection, to be carried out by the AMLA in 2025, the methodology for categorising entities' inherent risk would be harmonised, to ensure equal and fair assessment by national supervisors. The selection would be reviewed every three years. The SEOs will come under EU-level supervision as of 2026. The SEO category could also apply to an entity that does not meet the criteria for selection when there is an indication that an entity is systematically failing to meet applicable AML/CFT requirements and that material breaches of such requirements are not addressed sufficiently or in a timely manner by its national supervisor.

Supervision of SEOs would be carried out by joint supervisory teams (JSTs) led by staff of the AMLA and including staff from the relevant national supervisors. The team leader ('JST coordinator') should be stationed in the Member State where a selected entity has its headquarters, to ensure an adequate understanding of possible national specificities. On-site inspections should be a regular feature of such supervision. For direct supervision, the AMLA would have the powers to adopt binding decisions and pecuniary administrative sanctions.

For **non-selected obliged entities**, AML/CFT supervision would remain primarily at national level, with national supervisors retaining full responsibility and accountability for direct supervision (Articles 25 to 27). The AMLA would coordinate national supervisors and help them to increase their effectiveness in enforcing the single rulebook and ensuring homogenous and high-quality supervisory standards, approaches and risk assessment methodologies.

To improve supervisory practices and implement AML/CFT measures more efficiently **in the non-financial sector**, the AMLA would carry out peer reviews of non-financial supervisors and investigate possible breaches or incorrect application of Union law by supervisors in the non-financial sector, including public authorities overseeing self-regulatory bodies. For indirect supervision, the AMLA would have the power to require financial and non-financial supervisors to act, and to instruct them relating to the exercise of their own supervisory powers.

Financial Intelligence Unit support and coordination mechanism

The AMLA would not be a FIU itself, but would enhance the exchange of information and cooperation between national FIUs (Articles 33 to 37), by serving as a support and coordination hub assisting the FIUs' work on, inter alia, the conduct of joint analyses of cases of common interest and providing stable hosting and updates of the FIU.net platform. In addition, the authority would develop binding templates and standards for reporting of suspicious transactions and suspicious activity from obliged entities to FIUs. To facilitate and improve cooperation between FIUs and the

AMLA, including for the conduct of joint analyses, the FIUs would be able to delegate one staff member per FIU to the AMLA on a voluntary basis.

General tasks

The AMLA would also perform several other tasks, starting with developing and keeping the AML/CFT database up to date (currently managed by the EBA), to assess the risks and vulnerabilities of the selected obliged entities. It would also carry out periodic reviews to ensure that national supervisors have adequate resources and the powers necessary for the performance of their tasks. The AMLA should facilitate the functioning of the supervisory colleges and contribute to convergence of supervisory practices and promotion of high supervisory standards. The AMLA would be entrusted with the development of a supervisory methodology, in line with a risk-based approach.

The AMLA would coordinate peer reviews of supervisory standards and practices put in place by non-financial supervisors (including self-regulatory bodies), and request them to investigate possible breaches of requirements applicable to obliged entities and to consider imposing sanctions or remedies. The AMLA would also coordinate the conduct of joint analyses by FIUs, i.e. in identifying relevant cases and developing appropriate methods for the joint analyses of cross-border cases, and provide FIUs with information technology (IT) and artificial intelligence services and tools for secure information sharing, including through the hosting of FIU.net.

The adoption of regulatory technical standards (RTSs) and implementing technical standards (ITSs) and issuing guidelines or recommendations addressed to obliged entities, national supervisors or FIUs, would also be entrusted to the AMLA.

Governance and cooperation

Governance (Articles 45 to 63) within the AMLA would be the responsibility of a General Board composed of representatives of all Member States, and an Executive Board, including the Chair of the Authority and five independent full-time members appointed by the General Board, based on the Commission's shortlist. The General Board would have two compositions: heads of public authorities responsible for AML/CFT supervision, and the heads of FIUs in the Member States.

For a smooth decision-making process, the tasks would be divided clearly. The General Board in supervisory composition should decide on delegated acts, guidelines and similar measures for obliged entities; it would also provide its opinion on any decision about directly supervised obliged entities prepared by a JST before the adoption of the final decision by the Executive Board. The General Board in FIU composition should decide on the relevant measures for FIUs. General Board decisions would be taken by a simple majority, except for those concerning draft RTSs, ITSs, guidelines and recommendations, which would be taken by a qualified majority of Member State representatives, in accordance with voting rules under the [Treaty on the Functioning of the EU](#).

The Executive Board would be the governing body of the AMLA. It would take all decisions on individual obliged entities or individual supervisory authorities, where relevant. Together with a representative of the European Commission, the Executive Board would also take decisions on the draft budget and other matters relating to operations and the functioning of the AMLA, such as procurement, recruitment, and audit of the authority. Given that a portion of the authority's funding would be provided from the Union budget, for these particular decisions, the Commission would have a voting right on the Executive Board. All Executive Board decisions would be taken by simple majority, with the Chair holding a casting vote in case of a tie.

The Chair would represent the authority and chair the General Board meetings. An Executive Director would be in charge of the day-to-day management and administratively responsible for budget implementation, resources, staff and procurement.

Finally, there would be an Administrative Board of Review to deal with appeals against binding authority decisions regarding obliged entities under its direct supervision; Administrative Board of Review decisions would be subject to Court of Justice of the European Union review.

To avoid conflicting competences among Union bodies, adaptations are envisaged under Articles 89 to 91, regarding the three ESA's founding regulation. In any case, all three ESAs would cooperate with the AMLA and could attend the meetings of the General Board in supervisory composition as observers and of the General Board in FIU composition as observers, if invited. The AMLA would participate as a permanent non-voting member in meetings of the Board of Supervisors of the ESAs, not limited to topics in the area of AML alone.

Funding, seat and operation, accountability

The funding for the AMLA would be provided by fees levied on certain obliged entities and a contribution from the Union budget, depending on the tasks and functions (Articles 64 to 69).¹⁰

The decision on the seat of the authority (Article 4) should be taken in the regulation; it will be decided during the negotiations between the Parliament and Council. A seat agreement should be established between the authority and the host Member State (Article 87). The authority should be operational in its seat location by the beginning of 2024.

The authority would be accountable to both the European Parliament and the Council for the execution of its tasks and implementation of this regulation (Article 72). In this respect, the Chair of the AMLA would present a report to the Parliament, the Council and the Commission on a yearly basis.

Advisory committees

The European Economic and Social Committee (EESC) adopted its [opinion](#) on the AML/CFT package on 20 December 2021 (rapporteur: Javier Doz Orrit, Workers – Group II, Spain). While welcoming the creation of the AMLA, the EESC notes that effectiveness in the fight against money laundering also requires a cultural change, and the involvement of organised civil society. It reiterates its proposal for a European pact to combat behaviour that damages the ethical and political principles of EU democracies and undermines public goods, and suggests the creation of a new civil society advisory body in the field of AML.

National parliaments

The proposed AMLA regulation was transmitted to national parliaments with a deadline to submit a reasoned opinion on subsidiarity by 30 November 2021. [Contributions](#) were received from the Czech Senate, the Spanish Parliament and the Portuguese Parliament.

European Central Bank

In its [opinion](#) of February 2022, the ECB recommended a number of amendments to the proposal, in particular regarding the criteria for identifying the selected obliged entities, so that a wider pool of obliged entities would be directly supervised at Union level, and cover a wider subset of entities directly supervised by the ECB. Moreover, considering the strict and risk-based selection criteria, the ECB warned that the publication of the list of selected obliged entities would indirectly make their high ML/TF status public, which is currently confidential information. Finally, the ECB shared its experience with the JST set-up within the Single Supervisory Mechanism (SSM).

European Banking Authority

On 24 March 2022, the [EBA](#) outlined a number of technical points relating to cooperation and the criteria to identify selected obliged entities. Among other things, it notes that, according to the proposed AMLD6 and AMLAR, ESAs and FIUs are obliged to cooperate with the AMLA and provide

information to it, while there seems to be no similar obligation imposed on the AMLA to cooperate with other competent authorities and prudential supervisors, including the ECB. The EBA underlines, that limited consultation and cooperation is envisaged between the AMLA and national supervisors and other EU bodies, when developing legal instruments such as RTS, ITS and guidelines: this could result in missing synergies or even imposing contradictory standards. Finally, it makes proposals to fine-tune the selection criteria for directly supervised entities to ensure that they capture institutions and groups, which, due to the nature of their business, expose the internal market to the highest money-laundering/terrorist-financing (ML/TF) risk.

European Data Protection Supervisor

The European Data Protection Supervisor ([EDPS](#)) published his [opinion](#) on the AML/CFT legislative package on 22 September 2021. On the AMLA, the EDPS recommends the proposal is amended to clearly define the roles of all bodies involved (AMLA, national supervisors, FIUs) from a data protection perspective in relation to the exchange of information via the FIU.net, as this has an impact on the data protection framework applicable and has implications for the supervision model.

Stakeholder views¹¹

The European Banking Federation (EBF) [pointed out](#) that setting up a new EU AML authority is a key component of the package, but that it is of great importance 'not [to] simply introduce another layer of ex-post reporting'. Transparency International EU issued a [policy brief](#), noting that the AMLA must have direct access to information from all obliged entities. It also addresses the need for an increased budget, the possibility for the AMLA to place crypto-asset service providers under its direct supervision and transparent assessment mechanisms.

Legislative process

In the European Parliament, the [joint committee procedure](#) applies. The Committees on Economic and Monetary Affairs (ECON) and Civil Liberties, Justice and Home Affairs (LIBE) examined the proposal jointly, with Luis Garicano (Renew, Spain) and Emil Radev (EPP, Bulgaria) as co-rapporteurs. Eva Maria Poptcheva (Renew, Spain) took over as co-rapporteur in October 2022, replacing Luis Garicano, who had left Parliament.

The co-rapporteurs tabled their [draft report](#) on 17 May 2022. In particular, the amendments would extend the scope of direct AMLA supervision by including crypto-asset service providers meeting the selection criteria, increasing the number of selected obliged entities to 40-45, and reinforcing the AMLA's capacity to take over direct supervision when needed. They also aim to enable the AMLA to receive information necessary to carry out risk assessments through a standardised model for information exchange. Concerning indirect supervision, the co-rapporteurs propose to give the AMLA legally binding mediation powers in the event of a disagreement between national competent authorities, as well as the power to take supervisory decisions directly applicable to the institution concerned. The monitoring and coordination role of the AMLA for the non-financial sector would also be strengthened. Finally, they propose to establish clear criteria for determining the future seat of the AMLA, in order to guarantee objectivity.

The joint committee [voted](#) on the draft report and the amendments tabled on 28 March 2023. As voted, the amendments to the Commission proposal aim to modify its provisions with regard to the following elements of the proposal:

- the establishment, legal status, definitions and seat of the future authority; its tasks and powers; supervisory cooperation, methodology, thematic reviews and mutual assistance; the central database and information-sharing;
- direct supervision assessments and selection of selected obliged entities; cooperation, general investigations and on-site inspections; supervisory powers, sanctions; indirect supervision of non-selected entities;

- hearings, disclosures, procedural rules, and judicial review; step-in, settlement of disagreements and breach of Union law;
- the FIU support and coordination mechanism and joint analysis; FIU delegates, FIU.net and peer reviews;
- procedure non-financial sector oversight;
- targeted financial sanctions; regulatory technical standards, implementing technical standards, guidelines, opinions and recommendations;
- the general board; the executive board; the chair and executive director; the administrative board of appeal; budget, staff and cooperation with other authorities.

On 17 April 2023, the plenary endorsed the [mandate](#) to enter trilogue negotiations with the Council.

On 29 June 2022, the Council achieved a [partial political agreement](#), covering the whole proposal except the issue on the location of the new authority's seat, which is still pending. The agreed text would amend the eligibility and qualifying criteria to widen the scope of the AMLA's direct supervision, which would cover the riskiest credit institutions, financial institutions and groups thereof, including crypto asset service providers meeting the selection criteria. For the first selection process, if more than 40 obliged entities are selected pursuant to the amended criteria, the AMLA should assume direct supervision of the 40 obliged entities or groups operating in the widest number of Member States, either through establishments or active free provision of services. The AMLA would have the power to require action to enhance obliged entities' compliance with the AML/CFT framework, such as reinforcement of internal procedures (i.e. implementation of specific procedures for identified high-risk clients) and changes to the governance structure, including the removal of members of management staff. Concerning the FIU support and coordination mechanism, the text agreed by the Council set out objective conditions triggering joint analyses, and specifies that such analyses should be primarily conducted by national FIU staff. The dual composition of the General Board would be confirmed, but a standing committee with a more limited composition would support the General Board in FIU composition.

Parliament and Council representatives started trilogue discussions on the proposal in May.

EUROPEAN PARLIAMENT SUPPORTING ANALYSIS

[The proposed Anti-Money Laundering Authority, FIU cooperation, powers and exchanges of information](#), Policy Department for Economic, Scientific and Quality of Life Policies, Directorate-General for Internal Policies, European Parliament, July 2022.

Bakowski P., [Proposal for a regulation to fight money laundering and counter terrorist financing](#), EPRS, European Parliament, December 2021.

[Anti-money laundering - reinforcing the supervisory and regulatory framework](#), Economic Governance Support Unit, Directorate-General for Internal Policies, European Parliament, August 2019.

Girard V., [Anti-money-laundering package](#), EPRS, European Parliament, December 2021.

[Preventing money laundering in the banking sector – reinforcing the supervisory and regulatory framework](#), Economic Governance Support Unit, Directorate-General for Internal Policies, European Parliament, September 2021.

Remeur C., [Understanding money laundering through real estate transactions](#), EPRS, European Parliament, February 2019.

OTHER SOURCES

[Anti-Money-Laundering Authority \(AMLA\)](#), Legislative Observatory (OEL), European Parliament.

ENDNOTES

- ¹ For a presentation of the stages between preventive and repressive arm see [Impact Assessment](#), box 2.
- ² A new regulation on AML/CFT ([AMLR](#)), which would set directly applicable rules, including in the areas of customer due diligence and beneficial ownership. It would also establish an EU-wide limit of €10 000 for large cash payments; amendments to the AML Directive ([AMLD6](#)) and a revision of the 2015 Regulation on Transfers of Funds ([FTR2](#)), which would make it possible to trace transfers of crypto-assets.
- ³ The 2020 EBA [report](#) pointed out that 'most competent authorities experienced challenges in operationalising the risk-based approach to AML/CFT'.
- ⁴ From 2016 to 2020, FIU.net was embedded within Europol; following a decision by the European Data Protection Supervisor (EDPS), it has been transferred to the European Commission as a short-term solution.
- ⁵ In many Member States, the FIUs have supervisory powers over at least some financial sectors. In a few Member States, self-regulatory bodies are allowed to supervise certain non-financial sectors, such as tax advisors, auditors, external accountants, estate agents, notaries and other independent legal professionals.
- ⁶ The European Banking Authority ([EBA](#)), the European Securities and Markets Authority ([ESMA](#)) and the European Insurance and Occupational Pensions Authority ([EIOPA](#)).
- ⁷ A precedent exists, with the [SSM Regulation](#) establishing a single supervisory mechanism ([SSM](#)) within the banking union, which entrusts the ECB with the power of applying national law (see Article 4(3) of the [SSM Regulation](#)).
- ⁸ This is also the case when AML breaches concern situations that are within the ECB's remit. However, once an AML authority has confirmed such violations, the ECB could take the identified facts as given and deploy its [Pillar 2 powers](#). Measures taken by the ECB would be applied from a prudential and not from a crime prevention perspective.
- ⁹ An EPRS [initial appraisal](#) analyses this impact assessment.
- ¹⁰ The authority's total annual expenditure, when fully operational, should amount to €45.6 million, approximately three quarters of which would be expected from fees (Annex – Assumptions of the proposal).
- ¹¹ This section aims to provide a flavour of the debate and is not intended to be an exhaustive account of all different views on the proposal. Additional information can be found in related publications listed under 'European Parliament supporting analysis'.

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