



EUROPEAN COMMISSION - PRESS RELEASE

Anti-Money Laundering: creating a modern EU framework capable of responding to new threats

Brussels, 11 April 2012 - Without effective rules to combat money laundering and terrorist financing, the soundness, integrity and stability of the financial system could be seriously compromised. The threats associated with money laundering and terrorist financing are constantly evolving, which requires periodic revision of the legal framework. In light of the recent adoption of revised international standards ([MEMO/12/113](#)) and of the Commission's own review process, a report on the application of the Third Anti-Money Laundering Directive was adopted by the Commission today.

The Report analyses how the different elements of the existing framework have been applied and considers how the framework may need to be changed. It contains an examination of the provisions of the Directive, and in general concludes that although the existing framework appears to work well and that no fundamental shortcomings have been identified which would require substantial changes, some modifications are necessary to adapt to the evolving threats posed. The Commission plans to bring forward a proposal for a fourth anti-money laundering Directive in autumn 2012.

Internal Market and Services Commissioner Michel Barnier said: *"Today, we are taking an important step towards updating and enhancing the European rules designed to safeguard the soundness, integrity and stability of the financial system. We are committed to rapidly incorporating the new international standards and to ensuring that the European system responds appropriately to evolving threats of money laundering and terrorist financing. The ingenuity of criminals to exploit gaps in the framework knows no bounds. Our aim is to propose clear and proportionate rules which both protect the Single Market and avoid overburdening market participants."*

Background

The Third Anti-Money Laundering Directive sets out a framework which is designed to protect the financial system against the risks of money laundering and terrorist financing and is to a large extent based on international standards adopted by the Financial Action Task Force (FATF). Further to the publication of a revised set of international standards on 16 February 2012, the [Commission committed itself](#) to rapidly updating the EU legislative framework to incorporate the necessary changes. Parallel to this process, the Commission has also undertaken a review of the Third Anti Money Laundering Directive, with a view to addressing any identified shortcomings.

The Commission will give further consideration to the following issues:

- Accommodating changes to the international standards in order to incorporate more **risk-based** elements which should allow a more targeted and focussed approach to assessing risks and applying resources to where they are most needed;
- Possible extensions of the **scope** of the rules, for example to ensure a more comprehensive coverage of the gambling sector, as well as the incorporation of tax crimes as a new predicate offence for money laundering;
- Possible clarification of the rules on **customer due diligence** – which require that banks and other obliged entities have in place adequate controls and procedures so that they know the customers with whom they are dealing and understand the nature of their business. In particular, revised rules will need to ensure that simplified procedures are not wrongly perceived as full exemptions from customer due diligence;
- Incorporating new provisions to deal with **politically exposed persons** (PEPs) – at a domestic level and those working for international organisations;
- Strengthening powers and cooperation between the different national **Financial Intelligence Units** (FIUs) whose tasks are to receive, analyse and disseminate to competent authorities reports about suspicions of money laundering or terrorist financing in order to facilitate their cooperation
- Clarifying how **AML supervisory powers** apply in cross-border situations;
- Incorporating new provisions on **data protection**, in light of the Commission proposals published in January 2012 ([IP/12/46](#)).

The report also provides an assessment of the Directive's treatment of lawyers and other independent legal professionals.

See also [MEMO/12/246](#)

Next Steps

Publication of the report will be followed by a consultation to which all stakeholders are invited to send their reactions. Respondents are invited to send their comments to: MARKT-AML@ec.europa.eu by 13 June 2012.

A legislative proposal is scheduled for adoption by the Commission in autumn 2012.

More information including the report itself is available at:

http://ec.europa.eu/internal_market/company/financial-crime/index_en.htm

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