



Strengthened EU rules to tackle money laundering, tax avoidance and terrorism financing enter into force

Brussels, 26 June 2017

The Juncker Commission has made the fight against tax avoidance, money laundering and terrorism financing one of its priorities.

Today, the Fourth Anti-Money Laundering Directive enters into force. It strengthens the existing rules and will make the fight against money laundering and terrorism financing more effective. It also improves transparency to prevent tax avoidance. This entry into force comes as discussions with the European Parliament and the Council on extra measures further reinforcing the Directive are already at an advanced stage.

Today the Commission also publishes a report which will support Member State authorities in better addressing money laundering risks in practice. As required by the new directive, the Commission assessed the money laundering and terrorist financing risks of different sectors and financial products. The report published today identifies the areas most at risk and the most widespread techniques used by criminals to launder illicit funds.

Frans **Timmermans**, First Vice-President said: *"Laundered money is oxygen to crime, terrorism and tax-avoidance. We need to cut off its supply as best we can. Today's stronger rules are a big step forward but we now need quick agreement on the further improvements the Commission proposed last July."*

Věra **Jourová**, Commissioner for Justice, Consumers and Gender Equality said: *"Terrorists and criminals still find ways to finance their activities and to launder illicit gains back into the economy. The new rules as of today are crucial to closing further loopholes. I urge all Member States to put them in place without delay: lower standards in one country will weaken the fight against money laundering and terrorist financing across the EU. I also call for quick agreement on the further revisions proposed by the Commission following the "Panama Papers" to increase transparency of beneficial ownership."*

Strengthening the existing rules

The Fourth Anti-Money Laundering Directive reinforces the existing rules by introducing the following changes:

- reinforcing the risk assessment obligation for banks, lawyers, and accountants;
- setting clear transparency requirements about beneficial ownership for companies. This information will be stored in a central register, such as commercial registers, and will be available to national authorities and obliged entities
- facilitating cooperation and exchange of information between Financial Intelligence Units from different Member States to identify and follow suspicious transfers of money to prevent and detect crime or terrorist activities;
- establishing a coherent policy towards non-EU countries that have deficient anti-money laundering and counter-terrorist financing rules;
- reinforcing the sanctioning powers of competent authorities.

In July 2016, the Commission adopted a proposal to further reinforce these EU rules on anti-money laundering to counter terrorist financing and increase transparency about who really owns companies and trusts. The Commission calls on the European Parliament and the Council to finalise this legislative work as soon as possible, so the new rules can enter into force quickly. Building on the Fourth Anti-Money Laundering Directive, these new rules will create a robust EU anti-money laundering framework.

Improving the risk assessment across the internal market

The Supranational Risk Assessment Report is a tool to help Member States identify, analyse and address money laundering and terrorist financing risks. It analyses the risks in the financial and non-financial sector and looks also into newly emerging risks such as virtual currencies or crowdfunding platforms. The report includes:

- an extensive mapping of risks per relevant area and a list of the means more frequently used by

criminals to launder money.

- recommendations to Member States how to address identified risks appropriately, for example by putting more emphasis on risk analysis or supervisory actions on specific activities.

Finally the Commission also commits to examining options to enhance the operation and cross-border cooperation of Financial Intelligence Units.

Next steps

On the 4th Anti-Money Laundering Directive

The Member States should have notified the transposition of the 4th Anti-Money Laundering Directive by today, 26 June 2017. The European Commission will now check the state of the transposition and follow up swiftly with Member States in case they have not taken the necessary measures yet.

On the Supranational Risk Assessment Report

The Commission will carry out the necessary actions outlined in the report, including examining options to enhance the operation and cross-border cooperation of Financial Intelligence Units through specific EU rules. It will also engage with Member States to monitor the implementation of the recommendations.

The Commission will continue reviewing the evolution of Anti-Money Laundry/Counter Financing Terrorism risks and will issue a new assessment of those risks at the latest by June 2019 and every two years thereafter.

Background

The new anti-money laundering framework consists of two legal instruments ([IP/15/5001](#)): 'The Fourth Anti-Money Laundering Directive' and 'the Fund Transfers Regulation', both adopted on 20 May 2015.

In July 2016, the Commission presented a proposal to better counter the financing of terrorism and to ensure increased transparency of financial transactions following the so-called "Panama Papers" revelations ([IP/16/2380](#)). These amendments aim at ensuring a high level of safeguards for financial flows from high-risk third countries, enhancing the access of Financial Intelligence Units to information, including centralised bank account registers, and tackling terrorist financing risks linked to virtual currencies and pre-paid cards. The proposal is currently in negotiations in the Council and the European Parliament and is expected to be adopted in the course of 2017.

For more information

[4th Anti-Money Laundering Directive](#) and [Funds Transfer Regulation](#)

[The Supranational Risk Assessment Report](#)

[The Staff Working Document on Financial Intelligence Units](#)

[Amended 4th Anti-Money Laundering Directive](#)

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