

Anti-Money Laundering: a challenge for the European Union

The fourth European directive on the prevention of the use of the financial system for money laundering and terrorist financing was enacted on 20th May this year. The first directive (Directive 91/308/EEC) was adopted in 1991.

What is new in this Directive?

The principal change in European law with this Directive is that henceforth Member States must ensure that the entities incorporated within their jurisdiction provide adequate, accurate and current information on the identity of the real owners of their shares and securities.

Member States must keep this information in an independent, central registry. They are empowered to establish its characteristics and structure.

Oversight of suspicious transactions in financial institutions and banks is toughened. The institutions must identify and monitor:

All cash payments and receipts for entrepreneurs and professionals of over €10,000.

All transactions by any one individual customer of over €1,000.

The Directive indicates that special attention should be paid to customer identification procedures, with more rigorous identification and other requirements for people who hold or have held high public office, or are in senior positions in international organizations.

Member States have until the 26th June 2017 to incorporate the Directive into their national law.

International cooperation

Money laundering and terrorist financing are crimes that are not usually committed in one country, but take place in an international context. That is why cooperation and coordination between the different members of the European Union is essential if the implementation of these rules is to be effective.

The Directive has been drafted taking into account the recommendations of the Financial Action Task Force (FATF), a worldwide benchmark in the fight against money laundering and terrorist financing, thus ensuring that the rules in the Directive are consistent with the national legislation of each country.