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## **The EU's New Anti-Money Laundering and Countering the Financing of Terrorism Framework**

*Of particular interest to: Financial institutions and Crypto-asset service providers that operate in the European Union (EU)*

### **In brief**

On 19 June 2024, the EU published a comprehensive package designed to strengthen its framework on Anti-Money Laundering and Countering the Financing of Terrorism ("AML/CFT"). The package includes two regulations and one directive: Regulation (EU) 2024/1624 (Anti-Money Laundering Regulation or "AMLR"), Regulation (EU) 2024/1620 (Anti-Money Laundering Authority Regulation or "AMLA-R") and Directive (EU) 2024/1640 (the 6<sup>th</sup> Anti-Money Laundering Directive or "AMLD 6"). This marks the first time that the EU's money laundering and terrorist financing rules are being established in the form of regulations, aiming to harmonise the approach taken across the EU and reduce divergence in national implementations of the earlier AML directives. AMLD 6 must be integrated into the national legislation of EU Member States by 10 July 2027, amending and repealing Directive 2015/849 (the 4<sup>th</sup> Anti-Money Laundering Directive or "AMLD 4"), as amended by Directive 2018/843 (the 5<sup>th</sup> Anti-Money Laundering Directive or "AMLD 5). AMLR will start to apply on 10 July 2027 and AMLA-R will start to apply as of 1 July 2025.

### **Summary**

The AML package aims to enhance the EU financial system's ability to combat money laundering by introducing a standardised framework, reducing potential loopholes and addressing emerging challenges to current AML/CFT frameworks. The AMLR implements a unified system and will act as a single rulebook for AML/CFT rules across all EU Member States, and expands the scope of obliged entities. The AMLA-R establishes the Anti-Money Laundering and Countering the Financing of Terrorism Authority ("AMLA"), a decentralised agency established to enhance cooperation among national authorities which will have supervisory powers over obliged entities that are deemed as high-risk. AMLD 6 focuses on strengthening domestic anti-money laundering systems and mandates each EU Member State to maintain central registers of beneficial ownership.

### **AMLR**

The AMLR expands the scope of its application to now include crypto-asset service providers ("CASP"), crowdfunding platforms, traders involved in high-value goods and central securities depositories. The regulation also requires obliged entities (including financial institutions subject to the EU's anti-money laundering rules) to establish policies, procedures and controls consistent with their risk exposure and implement AML/CFT requirements. These entities must appoint a management body member responsible for ensuring compliance with the regulation and a compliance officer to oversee the day-to-day AML/CFT operations. Employees tasked with ensuring compliance must undergo an assessment of their skills, knowledge and expertise and will be proportionate to the risks associated with these tasks.

In addition to the above, the AMLR establishes additional circumstances in which customer due diligence ("CDD") must apply, such as for occasional transactions of at least EUR 10,000 (previously at least EUR 15,000) and CASPs must undertake full CDD measures for occasional transactions of at least EUR 1,000. It is noted that the regulation does not define occasional transactions but has instructed the AMLA to establish a criterion for this by 10 July 2026.

In higher risk cases (identified by obliged entities) such as in circumstances of handling assets with a value of at least EUR 5,000,000 for customers with assets over EUR 50,000,000, the AMLR provides that

enhanced due diligence would need to be applied.

The ALMR also harmonises the definition of beneficial ownership and outlines circumstances that can be considered control for beneficial ownership purposes, including the ability to appoint or remove a majority of the members of the management or supervisory body, relevant veto rights regarding the share of the entity and decisions concerning profit distribution. Information regarding beneficial owners must be recorded in central registers to ensure the consistency of information gained through the verification process.

### **AMLD 6**

AMLD 6 focuses on AML/CFT frameworks on a national level and requires Member States to establish Financial Intelligence Units (“FIUs”) to analyse suspicious transaction reports. These FIU’s should have operational independence and autonomy and EU Member States must ensure that they are sufficiently resourced to fulfil their responsibilities. Each FIU must designate a Fundamental Rights Officer and is required to share their findings with the competent authority.

Additionally, AMLD 6 mandates the creation of central registers on beneficial ownership. EU Member States must ensure that the entities responsible for maintaining these registers are equipped with necessary tools to verify the accuracy of the information they contain. FIUs and other relevant authorities should have immediate, free access to these central registers, while obliged entities must be able to access them for customer due diligence purposes.

EU Member States must also ensure the establishment of central electronic data systems that facilitate the identification of individuals holding or controlling various types of accounts which includes payment accounts, bank accounts identified by IBAN (including virtual IBANs), securities accounts, crypto-asset accounts and safe-deposit boxes maintained by credit or financial institutions within their jurisdiction. This information should be readily accessible to FIUs and the AMLA.

### **AMLA-R**

The ALMA-R establishes the AMLA to enhance supervision across the EU. It will have direct supervision of certain high-risk obliged entities within the financial sector and will monitor the exchange of information relating to money laundering and terrorist financing risks. The AMLA will also support FIU activities, identify and promote best practices, will facilitate joint analyses and cooperation between FIUs, and will create central AML/CFT data collections from all supervisory authorities that will be made available when required. The AMLA will assume its powers from July 1 2025.

### **Next Steps**

Though many EU Member States already adhere to existing AML Regulation requirements, they will need to review and adjust their measures in accordance with the new rules. The AMLR requires the AMLA to develop draft regulatory technical standards for some of the above-mentioned topics by 10 July 2026, with the additional draft standards expected 10 July 2027.

### **Useful Links**

[Regulation \(EU\) 2024/1620 of the European Parliament and of the Council](#)

[Regulation \(EU\) 2024/1624 of the European Parliament and of the Council](#)

[Directive \(EU\) 2024/1640 of the European Parliament and of the Council](#)

[Anti-Money Laundering and Countering the Financing of Terrorism Authority \(AMLA\) \(European Commission\)](#)

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