

Citizens should get access to data on firm owners to fight money laundering

[28-02-2017 - 10:13]

EU citizens could access registers of beneficial owners of companies without having to demonstrate a “legitimate interest,” and trusts would have to meet the same transparency requirements as firms, under amendments, agreed by MEPs on Tuesday, to the EU Anti-Money Laundering Directive.

The amendments, agreed by the Economic and Monetary Affairs and Civil Liberties committees, would plug gaps in the EU’s framework legislation against money laundering and terrorism financing. They would also introduce stricter transparency rules to prevent tax evasion. The amended report was passed by 89 votes to 1, with 4 abstentions.

Wider access to registers

The proposal would enable EU citizens to access beneficial ownership registers without having to demonstrate a “legitimate interest” in the information, a requirement that currently restricts access to authorities and professionals such as journalists and lobbyists.

“Complex company structures and shelf companies make it easy for people to hide money. Through a public register for companies and trusts, the European Parliament wants to shed light on these structures and thereby combat them,” said Judith Sargentini (Greens/EFA, NL), a co-rapporteur on the file.

Trusts included

The scope of the AMLD has also been expanded to cover trusts and “other types of legal arrangements having a structure or functions similar to trusts.” These were previously excluded from the directive on privacy grounds. Trusts will now have to meet the full transparency requirements of firms including the need to identify beneficial owners.

Virtual currency platforms and custodian wallet providers have also been brought within the scope of the directive. Although virtual currencies account for only a small share of global financial transactions – around 70, 000 virtual currency transactions are made daily, according to the European Central Bank – some EU member states and the European Banking Authority say they pose risks.

Under the amendments, virtual currency platforms would have the same obligation as banks and other payment institutions to scrutinise their customers. This includes verifying identity details and monitoring their financial transactions, to reduce the risk of virtual currencies being used to launder criminal proceeds.

Prepaid card ID threshold lowered

To discourage the use of anonymous pre-paid instruments, such as pre-paid cards, as a low-cost, convenient way to transport the proceeds of crime, MEPS backed to lower the threshold at which identification requirements kick in from €250 to €150.

Co-rapporteur Krišjānis Karins (EPP, LV) said “the behaviour of criminals has not changed – they use anonymity to launder their illicit proceeds or finance terrorism. So, we have to make sure that the legislation addresses the threats to our citizens and financial sector. This also means tightening up the rules regulating virtual currencies and anonymous prepaid cards.”

Press release

The update also aims to streamline coordination among member states in fighting terrorism financing and money laundering. Measures include introducing centralised bank and payment account registers in member states, harmonising the checks that banks and financial institutions make across the EU and easing the flow of information between member states' financial intelligence units.

Next steps

The committees voted by 92 votes to 1, with 1 abstention to enter into negotiations with the Council. Parliament as a whole must now give the go-ahead in the March plenary session for MEPs to start three-way talks with the EU Commission and Council.

Further information

- Committee on Economic and Monetary Affairs:
<http://www.europarl.europa.eu/committees/en/econ/home.html>
- Committee on Civil Liberties, Justice and Home Affairs:
<http://www.europarl.europa.eu/committees/en/libe/home.html>

Contacts

Hyun-Sung KHANG

Press Service

Telephone number: +32 2 28 34710 (BXL)

Telephone number: (+33) 3 881 72420 (STR)

Email: hyun-sung.khang@europarl.europa.eu

Email: econ-press@europarl.europa.eu

Twitter: EP_Economics