

REGULATORY INTELLIGENCE

EU lawmakers reach agreement on new anti-money laundering authority

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European lawmakers have reached agreement on establishing the EU Anti-Money Laundering Authority (AMLA), in a deal that ensures the new authority will directly supervise high-risk financial institutions, including crypto-asset service providers (CASPs).

The agreement was reached on Wednesday, following negotiations between the European Parliament and the Council of the EU. Under the terms of the agreement, AMLA would be charged with directly supervising up to 40 of the riskiest financial institutions across Europe, including at least one per member state. Institutions with operations across at least 6 member states would be classed as higher risk, lawmakers said.

"AMLA will be a game changer to crack down on dirty money in the EU," MEP Eva Maria Poptcheva, co-rapporteur to the legislative proposal, said. "It will supervise the 40 riskiest financial entities and it will oversee the non-financial sector... AMLA will also play a crucial role avoiding the circumvention of targeted financial sanctions, like the ones included in the 11 sanctions packages approved by the EU against Russia."

AMLA would also be tasked with acting as a central hub for national supervisors on AML work, as well as for financial intelligence units (FIUs) from the 27 EU member states. It will have enforcement powers allowing it to impose financial penalties, or to intervene in case of supervisory failures at entities under its supervision.

"For the first time, AMLA will supervise directly the riskiest companies in the financial sector, as well as cryptocurrency providers that operate in several Member States," MEP Emil Radev, also a co-rapporteur, said. "We hope that it will guarantee more financial security and better cooperation with national supervisors and FIUs in a cross-border environment, where risks have been growing at a constant pace."

AML package

The proposed authority is part of a wider package of AML reforms proposed by the EU Commission in 2021, which also includes a new, directly applicable regulation on AML – a "single rulebook" for AML across the EU – and an updated version of the EU's AML Directive.

Negotiations on the regulation and directive remain ongoing, the EU Council said. However, new additions to the AML package were agreed this week, including provisions to create reporting channels for whistleblowers, and the protection of whistleblowers, as well as an obligation on financial institutions to ensure adherence to financial sanctions.

Another issue of contention is the location of the authority's headquarters, with nine cities having [submitted bids](#) to host the agency.

Lawmakers said they intend to host hearings with the bidding cities and come to an agreement in negotiations between member states and the parliament.

"The only remaining issues are the decisions on the AMLA seat and its budget, to be reached in the next trilogues," Mairead McGuinness, EU Commissioner for Financial Services, said. "We welcome the aspirations of both co-legislators to ensure that the process of seat selection is transparent and based on objective criteria and hope to have a conclusion soon."

(Trond Vagen, Regulatory Intelligence)

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