



EU's AML/CTF legislative package and the new AML/CFT Authority (AMLA)

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01

AML/CFT at EU level

What the EU is doing and why

A Single Internal Market Without Borders

27 Member States

With certain exceptions, it also comprises Iceland, Liechtenstein, Norway (through the Agreement on the European Economic Area), and Switzerland (through sectoral treaties).

4 Fundamental Freedoms

Free movement of goods, capital, services, and people within the EU Single Market

450 million people

If the EU was a country, it would be the third largest in the world in terms of population

56 million jobs

Trade within the single market accounts for 56 million jobs.

23 million companies

The single market is home to 23 million companies that enjoy opportunities for trade and economic activity

17 million EU citizens

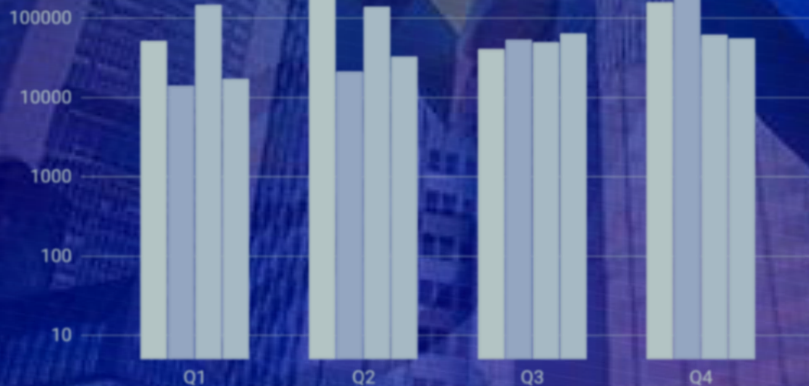
They live or work in an EU country other than their own.

GDP of 16 trillion euros

If the EU was a country, it would be the third largest in the world in terms of GDP



The Problem of ML/TF in the EU



€92 to 188 bn

laundered per year in the EU

€30 bn

From drug trafficking

€6 bn

From migrant smuggling

€3 bn

From human trafficking

70%

of criminal elements
operating in the EU use ML
techniques and are active
in 2-7 EU countries

30%

of the active organized
crime groups in the EU
are "poly-crime groups"

What the EU is Doing and Why

First AML Directive
(Council Directive 91/308)

1

1 EU sanctions regimes
(CTF, Russian, etc)

Second AML Directive
(Directive 2001/97)

2

2 Common definition TF (2017) and ML
with its predicate offenses (2018)

Third AML Directive
(Directive 2005/60)

3

3 Use of Financial Information
Directive (2019)

Fourth AML Directive
(Directive 2015/849)

4

4 Confiscation Directive (2024) and
Regulation on Mutual Recognition of
Confiscation Orders (2018)

Fifth AML Directive
(Directive 2018/843)

5

5 Asset Recovery Offices &
Asset Management Offices



Evolving Threats Demand Stronger Measures

New technologies and financial instruments

Cryptoassets, cybercrime, etc

Lack of directly applicable rules

AMLDs require transposition into national law. This leads to delays in implementation and divergence in national rules

Lack of central coordination body at EU level

This hinders cooperation between national supervisors and FIUs

Difficulties in cross-border cooperation

How to deal with cases involving cross-border transactions, cross-border obliged entities and cross-border investigations?

Low level of asset recovery

Less than 2% of estimated illicit proceeds

See e.g. the annual **EUROPOL reports** (EU Terrorism Situation and Trend Report, EU Serious and Organised Crime Threat Assessment, EU Internet Organised Crime Threat Assessment)



02

The Legislative Package

The AMLA Regulation, AML Regulation and AMLD6

The Pillars of the AML Package

The AML/CFT Legislative Package

In 2021, the EU adopted a comprehensive AML/CFT legislative package. The package aims to strengthen the EU's AML

AMLD6

Expands the scope of AML/CFT regulations to cover new sectors and activities.

AML Regulation

Strengthens existing AML/CFT rules for financial institutions and obliged entities.

AMLA Regulation

Establishes the Anti-Money Laundering Authority (AMLA) in the form of a decentralised EU regulatory agency;

+ A recast of the 2015 Regulation on Transfers of Funds

The Path to the Final Approval



The Sixth AML/CFT Directive (AMLD6)

Requires national transposition
(provisions not appropriate for a
Regulation)

Rules dealing with the organisation
of national FIUs and AML/CFT
supervisors

Rules concerning cooperation
between FIUs, supervisors, and
other authorities.

Member states will have two years
to transpose most parts of AMLD,

i.e. by **10 July 2027**

By way of derogation, Member
States shall bring into force the
laws, regulations and administrative
provisions necessary to comply
with Article 74 by 10 July 2025,
with Articles 11, 12, 13 and 15 by
10 July 2026 and with Article
18 by 10 July 2029.



The New AML Regulation

All AMLD5 rules applying to the private sector are transferred to a new Regulation, which is directly applicable (does NOT require national transposition)

Revised EU list of obliged entities; new obliged entities, such as most of the crypto-sector, traders of luxury goods, RBI operators, crowdfunding operators, football clubs and agents.

The AML regulation will apply three years after the entry into force., i.e.

10 July 2027, except in relation to obliged entities referred to in Article 3, points (3)(n) and (o), to which it shall apply from **10 July 2029**.



What's New and What Changes?

- New types of obliged entities
- RBA to third countries
- Requirement to disclose beneficial ownership for non-EU entities that have a link with the EU
- Powers for beneficial ownership registers to check information
- Disclosure requirements for nominees
- Harmonised approach for reporting suspicious activity/transactions
- Prohibition of bearer shares that are not intermediated
- Capping of large cash payments to €10,000
- Interconnection of bank account registers
- Public oversight of supervision in some sectors
- Joint FIU analyses
- AML/CFT supervisory colleges
- Traceability requirements for crypto-assets
- Clearer rules for AML/CFT risk management measures, including for groups and networks
- Harmonised customer due diligence process
- Harmonised approach to identification of beneficial ownership
- Minimum set of financial, administrative and law enforcement information to which all FIUs should have access
- Clarification of the powers of supervisors
- Improved cooperation among authorities



03

The New AMLA

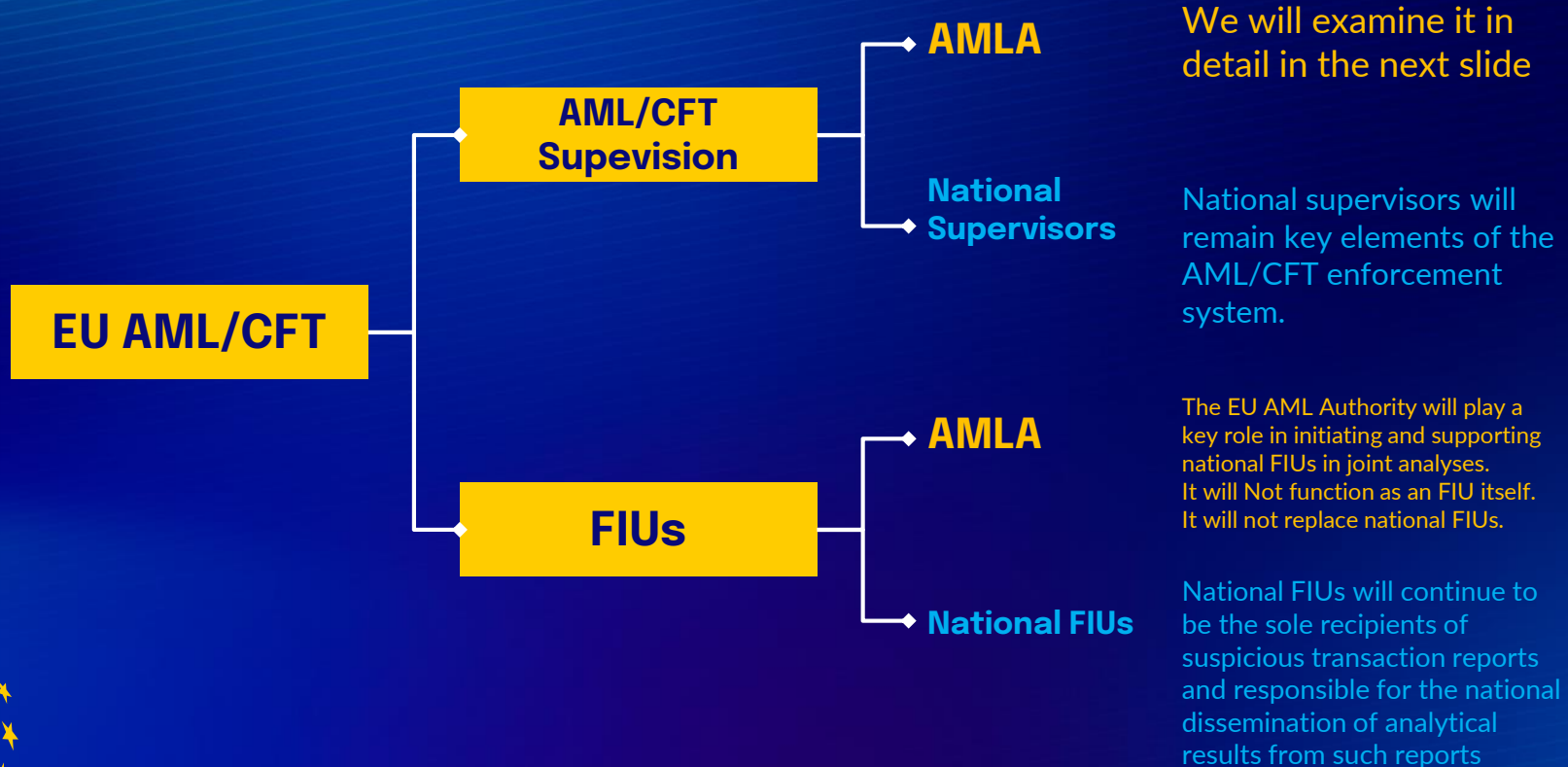
Goals, tasks, setup steps



AMLA's Core Goals and Activities

Core Goals	Key areas of activity:
Prevention of ML, predicate offense, TF, evasion of targeted sanctions	AML/CFT supervision
Identify and address high-risk areas within the EU's financial system.	Supporting FIUs
Contributing to supervisory convergence in the AML/CFT area	Risk assessment and analysis of information
Harmonization of FIU's practices and support of cooperation between FIUs, as well as between FIUs and other authorities	Issuance of implementing acts and regulatory technical standards

The New AML/CFT Architecture in the EU



Criteria and Process for Direct Supervision by AMLA

Determination of Directly Supervised Financial Institutions:

- Financial sector obliged entities active in at least 6 MS with a high residual risk profile will be selected for direct supervision by AMLA
- Selection will be based on objective criteria focusing on risk categorization and cross-border activity.
- The list of supervised entities will be reviewed every three years.
- It is expected that the authority will supervise up to 40 groups and entities in the first selection process (the original proposal was 12 to 20)

Harmonized Methodology:

- Methodology for risk categorization by national supervisors will be harmonized before the first selection.
- The first selection process using this methodology will be conducted by AMLA in 2027.
- Selected entities will transfer to EU-level supervision starting in 2028.

Commission Decisions

- AMLA can request a Commission decision to directly supervise a financial sector entity irrespective of criteria

Requests from National Supervisors

- A national supervisor may request AMLA to take over direct supervision in exceptional circumstances to address heightened ML/TF risks.

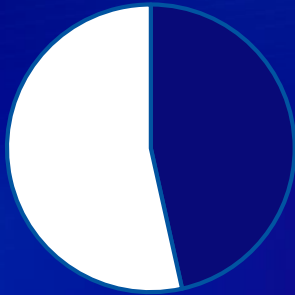
Joint Supervisory Teams

- Direct supervision will be carried out by Joint Supervisory Teams, led by AMLA staff and including staff from relevant national supervisors.
- This model is based on the EU Single Supervisory Mechanism for bank supervision.

AMLA's Funding and Establishment Timeline

Staffing

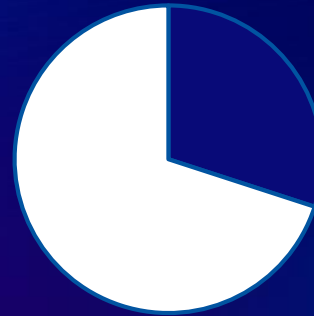
430 staff members over a horizon of 4 years. Of these, over 200 will work on direct supervision of certain obliged entities.



- staff working on supervision
- other staff

Funding Structure

Approximately 30% of funding will come from the EU budget and 70% from financial contributions by financial sector obliged entities. Non-financial obliged entities and financial entities not meeting direct supervision criteria will not contribute.



- EU funding
- Fees

AMLA's Governance Structure

AMLA

Executive Director and Chair

The Executive Director will manage day-to-day operations, while the Chair will represent the Authority and lead its two governing bodies.

Executive Board

- Composed of the Chair and five permanent independent members.
- Takes all decisions regarding individual obliged entities or supervisory authorities.
 - Decides on the draft budget and operational matters

General Board

- It adopts all regulatory instruments.
- It has two compositions:

supervisory composition

FIU composition



New EU authority

AMLA is coming to Frankfurt

2028

AMLA will begin direct supervision

2027

AMLA will reach full staffing

mid-2025

AMLA will start most of its activities

2024

AMLA is established





04

The Global Ripple Effect

The Impact of the Legislative Package and AMLA on
Third Countries and Cooperation

AMLA's and the EU Sanctions Regime(s)

Synergies

Between AML/CFT rules and the sanctions regime

New Powers

Including direct supervision to ensure compliance with sanctions-related measures

Supervisory Approach

Unified supervisory approach for verifying compliance with sanctions-related requirements.

Risk Assessment

Insights to understand and mitigate risks of sanctions evasion or non-implementation

The Impact of the Legislative Package and AMLA on Third Countries and Cooperation

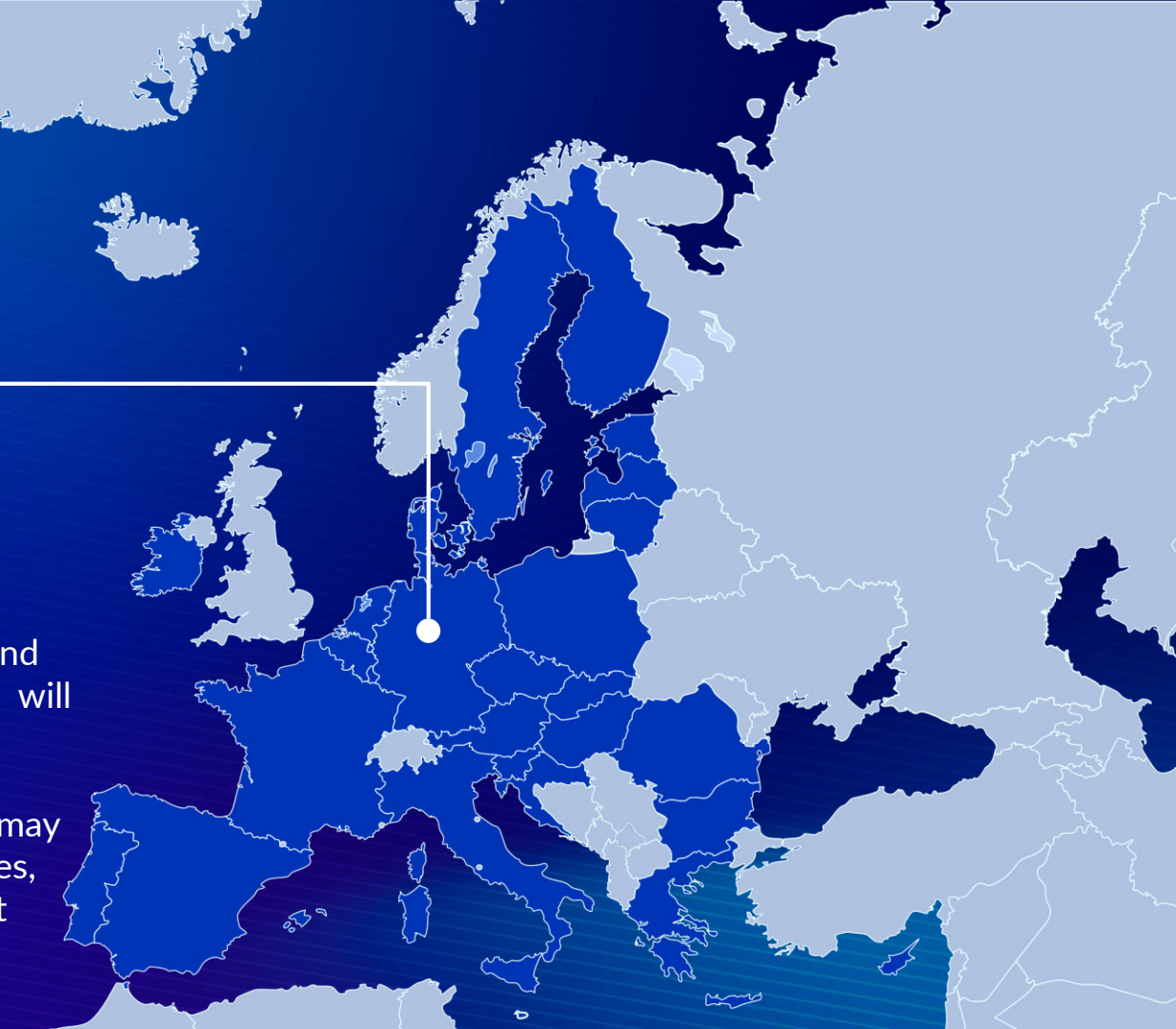
AMLA will facilitate closer cooperation with third countries on AML/CFT issues.

Information exchange and joint investigations will be more efficiently coordinated.

AMLA's role in the assessment of the effectiveness of third-country AML/CFT frameworks.

Obligated entities in third countries need to be familiar with the revised AML Regulation and AMLD6 requirements when doing business in the EU single market.

Foreign AML/CFT supervisors and FIUs should also be familiar with the new EU AML/CFT rules



Conclusion

AMLA will enhance AML/CFT supervision and strengthen cooperation among FIUs

Numerous Implementing Acts and Regulatory Technical Standards will be issued by AMLA

The start of AMLA supervision may seem distant. However, time flies, and obliged entities should start getting prepared!

Thank you for your attention

Do you have any questions?

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