

# FINNIUS

## **European Commission announces reform plans – AML Regulation and EU AML supervisor in the making?**

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On 7 May 2020, the European Commission (the “**Commission**”) introduced a new set of proposals to address money laundering and terrorist financing on an European Union (“**EU**”) level (see [link](#)). These proposals consist of:

1. an Action Plan for a Comprehensive EU policy on Preventing Money Laundering and Terrorist Financing (the “**Action Plan**”);
2. a new methodology to identify high-risk third countries that have strategic deficiencies in their national anti-money laundering and countering terrorist financing regimes (the “**New Methodology third countries**”); and
3. an updated list of high-risk third countries with strategic deficiencies in their regime regarding anti-money laundering and countering terrorist financing (the “**Updated List of high-risk third countries**”).

Below, we will discuss the Action Plan, the New Methodology third countries and the Updated List of high-risk third countries.

## 1. **Action Plan**

The Action Plan is built on the following six pillars:

1. Effective application of EU rules (timeline: ongoing);
2. A single EU rulebook (timeline: Commission proposal Q1 2021);
3. EU-level supervision (timeline: Commission proposal Q1 2021);
4. A coordination and support mechanism for FIUs (timeline: proposal Commission Q1 2021);
5. Enforcing EU-level criminal law provisions and information exchange (timeline: Commission proposal Q1 2021);
6. The EU’s global role in combatting AML/CFT (timeline: methodology Q2 2020).

In the Action Plan, the Commission announces, *inter alia*, that it will introduce a more harmonised set of rules with respect to anti-money laundering and terrorist financing at a European level. This harmonised set of rules may be introduced via a directly binding EU AML/CFT regulation. Furthermore, the Commission plans to set up a supervisor on the EU-level to oversee the new set of rules. This may be EBA or a newly-formed supervisor.

The Commission has launched a public consultation so that authorities, stakeholders and citizens can provide their feedback. The public consultation runs until 29 July 2020 (see [link](#)).

## 2. **The New Methodology third countries**

Secondly, the Commission has published a new methodology to identify high-risk third countries that have strategic deficiencies in their national anti-money laundering and countering terrorist financing regimes. The key new elements concern: (i) the interaction between the EU and Financial Action Task Force listing process; (ii) an enhanced engagement with third countries; and (iii)

reinforced consultation of EU Member States experts.

### 3. Updated List of high-risk third countries

Lastly, the Commission has listed the following countries as high-risk third countries with strategic deficiencies in their regime regarding anti-money laundering and countering terrorist financing: The Bahamas, Barbados, Botswana, Cambodia, Ghana, Jamaica, Mauritius, Mongolia, Myanmar, Nicaragua, Panama and Zimbabwe. The following countries will be delisted: Bosnia-Herzegovina, Ethiopia, Guyana, Lao People's Democratic Republic, Sri Lanka and Tunisia.

The Commission will amend the list in the form of a Delegated Regulation. The Delegated Regulation is submitted to the European Parliament and Council for approval within one month (with a possible one-month extension). The addition of the aforementioned countries to the Updated List of high-risk third countries are planned to apply from 1 October 2020.

### Leading role of the Netherlands

The Netherlands plays a leading role in the push of a European approach in the fight against money laundering and terrorist financing. For example, the Netherlands, together with France and Germany (amongst others), published a position paper that advocated a European supervisory mechanism for money laundering and terrorist financing (see [link](#)).

## Specialists



**Laurens Hillen**

T +31 (0)20 767 01 80  
T +31 (0)20 767 01 84 (direct)  
M +31 (0)6 21 663 776  
[laurens.hillen@finnius.com](mailto:laurens.hillen@finnius.com)



**Pim Smith**

T +31 (0)20 767 01 80  
T +31 (0)20 820 80 30 (direct)  
M +31 (0)6 27 42 18 74  
[pim.smith@finnius.com](mailto:pim.smith@finnius.com)