



EUROPEAN COMMISSION

Internal Market and Services DG

FREE MOVEMENT OF CAPITAL, COMPANY LAW AND CORPORATE GOVERNANCE

Brussels, 25 January 2006

**FIRST MEETING OF
THE COMMITTEE ON THE PREVENTION OF MONEY LAUNDERING AND TERRORIST
FINANCING – BRUSSELS, 12 JANUARY 2006**

SUMMARY RECORD

Agenda item 1: Welcome by the Chairman

The Chairman (for agenda items 1 to 4, Pierre Delsaux, Acting Director, DG Markt/F and for agenda items 5 to 9, Philippe Pellé, Deputy Head, Unit Markt/F1)) welcomed the Members of the Committee for the first meeting of this new regulatory committee and called upon all to come up with suggestions for a short and appealing acronym to designate the Committee on the Prevention of Money Laundering and Terrorist Financing.

Agenda item 2: Adoption of the agenda

The Commission presented the revised agenda which was adopted.

Agenda item 3: Adoption of the rules of procedure

The rules of procedure of the Committee were unanimously adopted. The role of the Committee in the preparation of and, where appropriate, coordination for meetings of the Financial Action Task Force against Money Laundering and Terrorist Financing (FATF) was specified in the rules of procedure (Art 2(2)(b)).

Agenda item 4: Possible implementing measures to the Directive 2005/60/EC on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing

The Chairman explained that no decision had yet been taken on the need to adopt implementing measures to the 3rd AML Directive. Delegations were invited to give their opinion in this respect. All delegations found it necessary to adopt implementing measures.

The Chairman indicated that, in these circumstances, if the measures are to be adopted within the 6 months foreseen by the Directive, the vote in the Committee should take place at the latest by the end of March. The Commission would therefore need to present a formal proposal at the Committee meeting of 8 March. The transmission of the proposal to both members of the Committee and to the

European Parliament will launch the official procedure leading to a vote. The Chairman underlined that these discussions do not prejudice any decision by the Commission on this subject.

The possible implementing measures would (1) clarify the technical aspects of the definition of politically exposed persons (Article 3(8) of Directive 2005/60/EC), (2) establish technical criteria for assessing situations representing a low risk of money laundering or terrorist financing and which therefore could lead to the application of simplified customer due diligence (CDD) as well as (3) technical criteria for assessing whether it is justified not to apply the Directive to certain legal or natural persons carrying out a financial activity on an occasional or very limited basis.

There was a substantial exchange of views on the issue of politically exposed persons. Some Member States were in favour of a minimum list of criteria, closely aligned to the FATF definition while one Member State expressed a preference for a guidance paper. Regarding simplified CDD, it was suggested that, since this represented a derogation to the general identification requirement, the scope of simplified CDD cases had to be very limited. One Member State however suggested to extend the scope to some cases not yet included in the working document, in particular with regard to some financial products presenting no or low risk of abuse for money laundering or terrorist financing purposes. Regarding the issue of financial activity carried out on an occasional or very limited basis, the Chairman explained that the technical criteria identified to define situations of low money laundering risk were cumulative, confirmed that ongoing monitoring was foreseen and underlined the existence of a safeguard provision directly inspired by Article 20 of the Directive.

In response to the question of a Member State, the Chairman said that the Commission services would study in a consecutive step the need for possible measures on enhanced due diligence as well as with regard to third countries equivalence. Delegations were invited to provide drafting suggestions by 27 January 2006, at the latest.

Agenda item 5: Horizontal issues related to FATF/Moneyval mutual evaluations

The Commission took note of the comments expressed and invited delegations to submit written comments in the form of track changes before 23 January 2006.

Agenda item 6: Commission Communication on "The Prevention of and Fight against Terrorist Financing through enhanced national level coordination and greater transparency of the non-profit sector":

The Commission presented the Communication.

Agenda item 7: Enhanced cooperation

The Commission reported on the outreach seminar organised by the FATF on 8 & 9 December 2005 with the banking and securities sectors. The Commission also presented the state of play on the issue of enhanced cooperation with supervisors and the initiative on the establishment of a EU FIU platform.

Agenda item 8: Good governance

The Commission debriefed on the EU-US Economic initiative on good governance.

Agenda item 9: Other issues

The Commission informed that EIB has requested to be observer status in the FATF.

The Commission informed that Israel had requested to be observer in Moneyval and encouraged giving support to Israel.

The Commission confirmed that the next meeting of the Committee would take place on 8 February 2006 in Brussels.