



EUROPEAN COMMISSION

Internal Market and Services DG

FREE MOVEMENT OF CAPITAL, COMPANY LAW AND CORPORATE GOVERNANCE

Brussels, June 2008

16th meeting of the Committee on the Prevention of Money Laundering and Terrorist Financing

Brussels - 11/12 June 2008

1. ADOPTION OF AGENDA AND MINUTES

The minutes of the 15th meeting of the Committee (17 & 18 April 2008) were adopted without changes. It was decided to address all issues related to FATF Special Recommendation VII under agenda item 7 regarding the implementation of EC Regulation 1781/2006 on funds transfers.

2. SESSION ON E-MONEY

The Chairman reminded the audience of the background to this session which was held further to the delegates' request to discuss and exchange views on the risk of ML/TF and the use of e-money in the EU, in the context of the revision of the E-money Directive and the possible increase of the thresholds set by Article 11(5) (d) of the 3rd AML Directive (optional derogation to CDD measures for e-money products below threshold).

The Commission gave a short introduction to the aim and content of the background paper on the risk of money laundering and terrorist financing in respect of electronic money.

A representative from the EMA pointed out that the extent and variety of available e-money products has changed since 2001 when the first E-money Directive was enacted, and that any regulation would also have to consider future developments. As the average amount of transaction effected by means of electronic money is low (around € 15), the possibilities for money launderers are limited. As to the purse limit to be set up, a pragmatic approach was demanded which assesses the risk country by country, and does not neglect business needs but balances them with the need to deter ML/TF practices.

After an introduction to Western Union's business (essentially remittance and wire transfer services through WU bureaux) and new products (e.g. WU.com and WU Mobile), the representatives explained which procedures the company has in place to identify its customers and how it complies with the AML regime laid down in Directive 2005/60/EC as well as respective national rules. The conclusion was drawn that the current regulatory framework in the EU does not facilitate the launch of new business models as they immediately are deemed a high-risk situation and

compliance, therefore, is too burdensome. On the contrary, in the Americas (even in the US) the products have been launched successfully.

The representative from Accor presented the company's service card "Accentiv'Kadeos" which helps corporate and public institution customers offer easy-to-deploy products such as meal/food or gift vouchers (the company's flagship products).

Member States thanked the Commission for having organised this session and tabled a very useful background paper.

3. MEMBER STATES IMPLEMENTATION OF THE 3RD AML DIRECTIVE – STATE-OF-PLAY – SESSION CHAIRED BY PIERRE DELSAUX, DIRECTOR IN DG INTERNAL MARKET AND SERVICES

14 Member States have formally notified their national transposition measures to the 3rd Anti-Money Laundering Directive. Pierre Delsaux re-emphasised that, having regard to the fast-track adoption of the Directive, these figures were not satisfactory by any means and that infringement procedures would continue. A *tour de table* showed that some Member States (CZ, PT, RO) have already enacted respective laws and a majority of the remaining Member States (DE, ES, FR, LV, LU, MT, NL, PL, SK) would be transposing before the summer break. A number of Member States (BE, IE, GR, FI, SE) however, were foreseeing further delays.

4. FATF PREPARATION AND COORDINATION FOR THE FATF PLENARY MEETING ON 16-20 JUNE 2008 IN LONDON

(1) EU implementation of SR IX

The Commission wanted an agreement on the EU non paper which would be presented to the FATF. The paper basically stated that SR IX through EC Regulation 1889/2005 was implemented at EU level, recognising however the concerns from non-EU FATF members about the effectiveness of the actual implementation model and suggesting possible additional assessment criteria for FATF evaluation of individual Member States' compliance with SR IX. The delegations expressed general support. The Commission also presented a second paper about operational conclusions drawn from the seminar on cash control held on 17 April last.

(2) Ongoing work in relation with SR III

The Commission (DG RELEX) reported on its position towards the FATF/WGTM information paper on the implementation of SR III from 21 May 2008. Some Member States had already commented on that directly to the FATF, so that hardly any comment was made.

(3) Ongoing work in the ICRG

The Commission (DG ELARG) informed the Committee about the delivery by the northern part of Cyprus of a rather complete action plan to remedy the weaknesses of its AML/CFT system.

(4) Trade based Money Laundering

The FATF Secretariat has tabled a best practice paper on TBML which the Commission considered globally acceptable, notwithstanding the necessity to obtain a carve-out for intra-Community trade for which the EU member states do not collect customs statistics.

(5) WGTYP

The Commission merely recalled the fact that the ICC had addressed worthwhile comments on the FATF Guidance on paragraph 6 of UNSCR 1737.

(6) Cost benefit analysis/effectiveness

The NL delegation informed about recent developments with respect to the CBA project.

(7) DNFBBs

This point was not discussed. The Commission stated that adoption of the guidance respectively on lawyers and casinos was postponed to the October 08 FATF Plenary.

(8) Mutual Evaluations

Currently, none of the Member States is subject to mutual evaluation of the FATF.

(9) FATF Three Presidencies' Paper

This paper co-authored by the UK, Brazil and the Netherlands was distributed relatively late by the FATF Secretariat and hence, there was no much scope.

5. THIRD COUNTRY EQUIVALENCE

The consensus on a common understanding on third country equivalence achieved by Member States on 18 April was confirmed by the decision to publish the common understanding/list as an annex to the minutes of the CPMLTF meeting of 18 April 2008. There was no debate.

6. SURVEY ON COMPLIANCE AT GROUP LEVEL

The Chairman said that the survey on compliance at group level would only be launched after the summer.

7. REGULATION 1781/2006 ON FUNDS TRANSFERS

- **Information on draft Commission decision for Article 17 derogation for transfers between the UK and the UK Crown Dependencies**

The Commission recalled that the United Kingdom requested the benefit of the application of the derogation foreseen under article 17(1) of the Regulation 2006/1781/EC to the transfers of funds between the Bailiwick of Jersey, the

Bailiwick of Guernsey and the Isle of Man, respectively, and the United Kingdom. The information provided by the United Kingdom shows that all three conditions set out in article 17(1) of the Regulation are met.

- **Consultation on the 3L3 Anti-Money Laundering Task Force "Common Understanding**

BE, on behalf of the 3L3 Task Force, reminded that the public consultation on the draft "Common Understanding" prepared by the Task Force on the application of certain measures of Regulation 2006/1781/EC is open until 26 June 2008.

- **Implementation of FATF Special Recommendation VII**

The Commission presented the paper which was circulated in advance of the meeting in order to facilitate possible discussion on three main areas concerning the AML/CFT regime on transfers of funds: the implementation of SR VII at a global level; the application of existing standards and provisions in Regulation 1781, especially in the light of the work currently carried out by the 3L3 AML Task Force; the possible outcome of the work carried out by the Basel Committee on cover payments, in view of forthcoming discussions within the FATF.

- **Article 15: Member States implementation – state of play**

The Commission recalled that Member States were expected to adopt sanctions in case of failure by payment service providers to comply with Regulation 1781/2006.

8. DEBRIEFINGS

- Second ad-hoc meeting on the Strategy on counter terrorist financing (9 June 2008)
- Meeting on NPO vulnerabilities to financial crime, including terrorist financing in the EU with NPO and public sector experts (25 April 2008)
- Report on the Council Decision 2000/642/JHA on FIU cooperation [COM(2007)827]
- Subgroup on Money Laundering Statistics
- Wolfsberg meeting on 28 – 30 May 2008

The next meeting of the EU Committee for the Prevention of Money Laundering and Terrorist Financing is scheduled to take place on 7 October 2008.