

Minutes of the Meeting of the Expert Group on Money Laundering and Terrorist Financing

(43rd EGMLTF)

14 October 2024

In attendance:

- AT, BE, BG, CY, CZ, DE, DK, EE, ES, FI, FR, GR, HR, HU, IE, IS, IT, LI, LT, LU, LV, MT, NL, NO, PL, PT, RO, SE, SI, SK
- COM, EP, EBA, ECB, Europol

INTERNAL AGENDA

1. INTRODUCTION

10.00 – 10.10

- The Chair welcomed participants to the EGMLTF meeting.
- The agenda was amended and adopted, after informing that due to conflicting meetings, the order of the points would be slightly different, starting with the point on the transposition of the TFR recast.
- Adoption of the minutes of the 42nd EGMLTF meeting. No comments received from any MS. The minutes were adopted.
- The Head of Unit D2 (DG FISMA) chaired the meeting.

2. INFORMATION POINTS

10.10 – 11.15

- AML package transposition workshop
 - TFR recast: Member states transposition measures
- Regulation (EU) 2023/1113 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849 entered into force on 29 June 2023 and will start to apply as of 30 December 2024. . In order for Regulation (EU) 2023/1113 to be fully applicable, some of its provisions require that Member States adapt their national legal frameworks to allow for its implementation.
- The European Commission recalled the Member States there are 2 types of measures they must take for implementation of Regulation (EU) 2023/1113:
- **1-Amendments to Directive (EU) 2015/849:** Article 38 of Regulation 2023/1113 introduces several amendments to Directive (EU) 2015/849, including an amendment of Article 67 of Directive 2015/849 on notification of the new transposition measures. Therefore, under the new Article 67 of Directive 2015/849 as amended, Member States are expected to adopt and notify (via THEMIS) to the Commission the necessary transposition measures to comply with Article 2(1), point 3, Article 3, point (2)(g), Article

3, points (8), (18), (19) and (20), Article 19a(1), Article 19b(1) and (2), Article 45(9) and Article 47(1) of Directive 2015/849, as amended by Regulation 2023/1113.

- 2-Implementation/Application of Regulation (EU) 2023/1113: for the Regulation (EU) 2023/1113 to be fully applicable, some of its provisions require that Member States adapt national legal frameworks to allow for the implementation. In particular those relating to sanctions (Article 28 ,29, 30, 32, 33 (1)) on breaches of the provisions of this Regulation. These provisions were already contained in Regulation (EU) 2015/847 but may require additional measures from Member States to ensure they also apply administrative sanctions and measures, in particular for the breaches of the new provisions of the text on crypto-assets services providers referred to in Article 29.
- For the notification of these implementation measures to Commission’s services, Member States must communicate the corresponding national measures, clearly identifying which Article of the Regulation they are implementing, by 30 December 2024 by email to the following addresses: FISMA-REGULATIONS-NOTIFICATION@ec.europa.eu.
- During the tour de table, one delegation asked whether it was possible for Member States to take additional sanctions in addition to the ones provided by Regulation (EU) 2023/1113 Article 29, and in particular whether it was possible to add sanctions for the obligations under Article 23 (internal policies, procedures and controls to ensure implementation of restrictive measures).
- The same delegation also asked whether explanation could be given as regards the provisions of Article 29 on administrative sanctions and measures, where it noted some differences in the scope of provisions for which minimal sanctions are expected for failure by a payment service provider to implement effective risk-based procedures (article 29 (c)) and those for intermediary payment service providers (article 29 (d)).
- The European Commission asked the delegation to share its questions in writing and will revert to the EGMLTF with the answers.
- Another delegation asked how the different documents shared by the European Commission for the transposition should be used by Member States, in particular the “transposition roadmap” and the “explanatory document”. The European Commission replied that the “transposition roadmap” has to be fulfilled by Member States and then sent back to the European Commission, whereas the “explanatory document” is only meant to help the Member States in understanding the requirements they are supposed to fulfil.
- **Commission update**
AML package - Level 2 Legislation
 - The Commission provided an overview of the various level 2 workflows currently ongoing. For the financial sector instruments mentioned in the Call for Advice sent to the EBA in March this year, the EBA and the MS are working together. For the non-financial sector subgroup to the EGMLTF, the drafting teams have been assembled and are currently waiting for a first draft from the EBA. For the FIU instruments, various workstreams are ongoing via the FIU Platform. For the beneficial ownership workflows, the CPMLTF had a first discussion on two Implementing Act mandates in September, and for the two Delegated Acts relating to sanctions, the Commission reminded MS that there is an obligation in Article 68(1) AMLR to notify what sanctions are available by 10

January 2025. This notification will form the basis for the Commission's subsequent work.

- The EBA took the floor to confirm the state-of-play on the work in response to the Call for Advice, and shared more information on the upcoming intermediate milestones including a planned private sector meeting on 24 October and the following public consultation.
- The Parliament secretariat asked about the status of the guidelines on beneficial ownership, to which the Commission reiterated that work on other mandates relating to beneficial ownership registers is currently underway.

- Supranational Risk Assessment (SNRA) 2025
 - The Commission reported about the 4th edition of the Commission's SNRA. To allow further input and a more refined set of conclusions the adoption of the report is planned for the second half 2025.
 - A set of targeted questions was sent to the national FIUs last week. Replies are required by 27 November 2024. Please use this email address: FISMA-FIU-PLATFORM@ec.europa.eu.
 - Furthermore, the Commission asked the MS to provide any possible input/complementary information (also corrected data) to the functional mailbox. Please use this email address: FISMA-AML@ec.europa.eu.
 - EBA referred to its Opinion on money laundering and terrorist financing risks affecting the EU's financial sector that is planned for 2nd quarter 2025.

- Union Risk Assessment 2028 (Article 7 Directive (EU) 2024/1640)
 - Current state of play
 - Under the new legal AML/CFT framework a Union Risk Assessment has to be carried out by 2028 at the latest according to Article 7 Directive (EU) 2024/1640.
 - The Commission shared the details of drafting the underlying methodology for this Union Risk Assessment 2028. The Commission has invited the World Bank to develop such an underlying methodology.
 - Call for volunteers for preparatory work

In the framework of the remodeling of the current supra-national risk assessment methodology, it will be important to be able to rely on and to benefit from the MS risk assessment expertise and from the information and data collected and processed by the MS. Therefore, the Commission would invite willing MS to join a steering group and delegate some Member State experts working on national risk assessments to join the project. This group of national experts should support the World Bank in its work and answer questions the World Bank may have as to the risk assessment methodologies used at MS level. We invite Member States that would be interested in

participating in this project to contact us in the coming weeks. The project work should start at the beginning of 2025.

Statistical material according to Article 44 AMLD5

Like last year, the simplified DG JUST questionnaire for the purposes of the EU Justice scoreboard will be launched before the end of the year. Member State's input is very valuable for the scoreboard.

Member States are further reminded to report to the Commission the other statistical data listed in Article 44 of the AMLD for the years 2022/2023. Where these data are contained in reports published by Member State authorities, Member States are invited to send the link to those reports. a

- AML package transposition workshop
 - AMLD6 transposition

Because of the significant changes introduced by the package, the Commission proposes to have several workshops organized by topics. Given the sequence of the transposition deadlines, it is suggested to organize the first transposition workshop on the topic of Beneficial Ownership (BO) and BO registers. It is planned to organize this first workshop in the first quarter of 2025 and to communicate the exact dates for the next EGMLTF meeting.

In the meantime, if Member States have any questions as to correct transposition, Member States are invited to send any questions they may have to the functional mailbox FISMA-AML@ec.europa.eu.

The Commission will gather all the questions and address them at the forthcoming transposition workshops.

EXTERNAL AGENDA

3. PREPARATION OF FATF WORKING GROUPS AND PLENARY MEETINGS	11.15 – 13.00
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- ECG
 - Mutual Evaluation Reports of Oman and Argentina
 - Presentation of key issues and discussion

The Commission presented the draft MER of Oman and explained the 6 key issues that will be discussed in ECG, noting that it is still confirming its position on the basis of information received from Oman and the assessors in response to its questions.

One MS took the floor to ask the Commission about its position on two immediate outcomes, to which the Commission responded that it pushed for more information on those IOs and will finalize its position on the basis of information received.

The Commission then introduced the draft MER of Argentina. There are six Key Issues for Discussions (KIDs), four of which concern the appropriateness of the ratings assigned (IO2, IO5,

IO6 and IO2) and two on the content of the analysis (IO1 and IO7). The Commission presented its preliminary views on the ratings and the assessment and enquired on MS' position vis-à-vis the six KIDs.

- Q&C Review

On the Quality and Consistency Review of the Iraqi MER, the Commission presented the concerns raised by various delegations in writing on IOs 1 (on analysis), IO6 and 9 (analysis and rating), which will be discussed during the Evaluation and Compliance Group (ECG) session during Plenary week. EC's position was still undecided and opinions from the floor were invited. One MS shared the view that the MER, in its discussion of IO6, presents several inconsistencies between weaknesses of the Iraqi system, analysis and rating concluded. FR announced the intention to take the floor on IO6, but still considering a stance on IO9.

Another MS shared concerns with the analysis of IO1, which may have weaknesses that spill over to the assessment and rating of IOs 6 and 9.

- Ensuring a consistent and coherent approach to EU Supranational measures

The Commission presented the ECG update on the ongoing FATF project “ensuring a consistent and coherent approach to EU Supranational measures”, stressing the key importance of this work-stream for both FATF and Moneyval members.

One MS enquired about the Recommendation in scope of the project (and in particular R13) and asks confirmation that the assessment in the Annex would be complemented by national measures where needed, which the EC confirmed. The EC also explained that this project is to be kept distinct from the potential approach to assess certain Recommendations from a supranational perspective, for which the FATF Methodology for the 5th round provides a specific mechanism.

Another MS asked whether they could rely on the draft analysis in the Annex of the paper for their submission on Technical Compliance in the context of their upcoming Mutual Evaluation, to which the EC replied positively.

Finally, the Commission presented the options paper related to the horizontal review of DNFBPs technical compliance conducted by the FATF and stressed the importance of following up on the results of the review.

ICRG

COM informed the EGMLTF members about the likely listings and de-listings at the upcoming FATF Plenary. COM also provided an overview of the progress reports of the other countries in the process and informed about the countries entering the observation period.

- Nomination

The Commission explained the paper made available to delegations. There were no questions from the floor.

LUNCH BREAK (13.00 -14.00)

- PDG

- Potential Revision to R16

The European commission recalled the aim of the project, launched in October 2022, to carry out technical updates to FATF Recommendation 16 and its interpretative note (INR16) on wire transfers, in order to adapt them to changes in payment standards (particularly ISO20022) and payment market structures.

After several PDG meetings, the June 2024 Plenary meeting agreed on a revised timeline of the R.16, with a finalisation of the revisions in February 2025 before a second written consultation, for possible adoption in June.

The FATF October 2024 Plenary PDG session would be the occasion to have a new half a day discussion on Rec.16, with 4 key topics for discussions, namely (i) the elements of information that will accompany the transfers of funds and decision on which should be mandatory and other optional; (ii) how should the FATF ensure adequate transparency about the account which is the origin of the funds, in cases where this is not the account from which the payment is ordered, topic that touches notably upon virtual IBANs regulation but is also a question for other types of accounts in cross-border transactions; (iii) the possibility to use Confirmation of payee models instead of, or in combination with verification of alignment of information by beneficiary FIs; (iv) the possibility to introduce some recognition of Application Programming Interface) models for ensuring information availability in the standards.

The European Commission explained that as regards the first topic, it would be important to obtain a sufficiently demanding regime for information accompanying transfer of funds, and then for the second topic, it would likely be the most sensitive for the EU, and that it was important for all jurisdictions to understand that the transparency on the account of origin of funds in a transfer is a topic of importance for all transfers and not only the ones performed with an IBAN

One MS intervened to confirm it shared the analysis of the European Commission on the 2 topics.

- Financial Exclusion and de-risking: potential revision of R. 1

The Commission explained the papers sent to delegations and the questions posed therein. The Commission also shared some of its technical input with regards to the questions.

One MS shared their position and concerns with regard to the FATF Secretariat's proposed way forward. In particular, they questioned whether changing "commensurate" to "proportionate" would be in line with the project's intent to make as few changes as possible, whether the proposed adjustment of the list of high risk factors was motivated by objective circumstances, and finally whether the Plenary would be comfortable with approving a product for public consultation even though it will not be ready at the moment of approval.

- Report by the VACG co-chairs

The European Commission presented the report as summarising for information the last developments in the work of the Virtual Assets Contact Group (VACG) since its last report in June 2024. It highlights in particular the experience of jurisdictions in seeking and receiving technical assistance (TA); the efforts made by jurisdictions, but also International organisations and other standard setting bodies for providing this assistance; last, the report provides details

on the VACG Work Programme for the next biennium (2024- 2026): members broadly agreed to prioritise producing a targeted report on stablecoins and unhosted wallets (P2P), as well as two targeted discussions and short reports on offshore VASPs and DeFi.

There was no reaction from EGMLTF members on this point.

- Asset recovery guidance

The Commission presented the ongoing work in FATF on an asset recovery guidance. This follows the work carried out in the past on the revision of the asset recovery standards and the FATF methodology. The objective is to finalise the guidance and have it adopted at the October 2025 Plenary. The Commission stressed the importance of ensuring effective coordination at national level and involving all authorities with a stake in this guidance, e.g., law enforcement, prosecutors and Financial Intelligence Units (FIUs).

- Supporting National implementation of Beneficial Ownership obligations

The Commission explained the paper and referred to the well-received beneficial ownership event organised at the June Plenary, thanking in particular two MS who made panellists available. There were no questions or comments from the floor.

- **RTMG**

- Update on ongoing work-streams

The Commission updated participants with regard to the ongoing work-streams in RTMG, including a project on online child sexual exploitation, a comprehensive update on terrorist financing risks and on informal cooperation in the context of investigating and prosecuting money laundering. The Commission also informed EGMLTF members about the current state of play of FATF's ML NRA guidance update, , due for adoption at the upcoming plenary.

One Member State took the floor highlighting certain expectations from their side as to what should be subject to discussion at RTMG in relation to the project on a comprehensive update on terrorist financing risks.

- **PLENARY**

- Funding the FATF work programme

The Commission briefly presented the paper on funding, there was no reaction from the floor.

- FATF members' contributions to the FSRBs next round of ME (GNCG)

The European Commission presented the paper and the final compromise put forward by the FATF Secretariat, with the four main elements to be agreed at the GNCG meeting:

- "Critical needs" of FSRBs: new paper brings updated overview of needs, with a slight reduction of GAFILAT needs
- Equitable distribution of individual targets: a further adjustment - non-joint members in the same capacity group should not have higher targets than joint members' minimum contributions in the same capacity group

- Flexibility: threshold of 25% to the financial contributions that can be counted in lieu of human resources
- Surplus redistribution principle: threshold for FATF minimum contributions could be lowered to 66% (from 75% as proposed in the previous paper) à flexibility of at least one assessor (or equivalent FTE) to all FATF members

One MS shared that there are remaining concerns, especially on the equitability of the distribution of contributions, with smaller countries having substantial obligations. The same MS acknowledged the FATF Secretariat, EC and other MS who worked together to finetune this issue over the past months and acknowledged that it looks difficult to achieve more than set out in the current paper. Two MS shared the view that the outcome is not ideal, yet there was intense collaboration with the FATF Secretariat to arrive at the current result. Finally, two other MS (FR and PT) shared that they would support the compromise reached in this paper.

EXTERNAL VERSION:

- **ECG**
 - Mutual Evaluation Reports of Oman and Argentina
 - Presentation of key issues and discussion
 - Q&C Review
 - Ensuring a consistent and coherent approach to EU Supranational measures

The Commission presented the key issue documents of the draft Mutual Evaluation Reports of Oman and Argentina, also noting its preliminary positions.

The Commission also presented the issues highlighted in the Q&C review document, followed by an exchange of views among EGMLTF members.

Finally, the Commission presented the ECG update on the ongoing FATF project “ensuring a consistent and coherent approach to EU Supranational measures”, stressing the key importance of this work-stream for both FATF and Moneyval members and replying to some clarification questions asked by two EGMLTF members on the scope and process of the project.

Finally, the Commission presented the options paper related to the horizontal review of DNFBPs technical compliance conducted by the FATF and stressed the importance of following up on the results of the review.

ICRG

- Possible FATF listings and de-listings
- Nomination

The Commission provided an overview of possible FATF listings and de-listings and discussed it with EGMLTF members. The EC also explained the paper made available to delegations on the nomination and there were no questions from the floor.

LUNCH BREAK (13.00 -14.00)

4. PREPARATION OF THE FATF WORKING GROUPS AND PLENARY MEETINGS	14:00 – 17:30
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- **PDG**

- Potential Revision to R16

The European commission recalled the aim of the project to carry out technical updates to FATF Recommendation 16 and its interpretative note (INR16) on wire transfers, in order to adapt them to changes in payment standards (particularly ISO20022) and payment market structures. The EC then presented the key topic for discussion at the upcoming meeting, which was followed by a short discussion among EGMLTF members.

- Financial Exclusion and de-risking: potential revision of R. 1

The Commission explained the papers sent to delegations and the questions posed therein. The Commission also shared some of its technical input with regards to the questions. One MS shared their position and concerns with regard to the FATF Secretariat's proposed way forward.

- Report by the VACG co-chairs

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- Asset recovery guidance

The Commission presented the ongoing work in FATF on an asset recovery guidance. This follows the work carried out in the past on the revision of the asset recovery standards and the FATF methodology. The Commission stressed the importance of ensuring effective coordination at national level and involving all authorities with a stake in this guidance, e.g., law enforcement, prosecutors and Financial Intelligence Units (FIUs).

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- **PLENARY**

- Funding the FATF work programme
- FATF members' contributions to the FSRBs next round of ME (GNCG)

The Commission briefly presented the paper on funding, there was no reaction from the floor. The Commission then presented the paper on FATF members' contributions to the FSRBs next round of ME and collected views from EGMLTF members on it.

5. AOB

17.30 – 18.00

END OF MEETING
