



Brussels, 16 December 2016

MINUTES

<p>30th Meeting of the EU FIUs PLATFORM 13th-14th September 2016</p>

1. Adoption of the agenda and approval of the minutes of the previous meeting

The Commission welcomed the participants and referred to the revised agenda sent to delegations on 9th September 2016, to which the Commission added a point on a possible workshop with Israel on AML/CTF matters. The agenda was adopted accordingly. The revised versions of the minutes of the FIU Platform meetings of 12th May and 10th June, as circulated on 9th September, were adopted.

2. WORKSHOP WITH ISRAEL ON AML/CTF

The Commission informed about the EU-Israel Counter-terrorism Dialogue taking place on the same day, in which Israel was expected to propose the organization of a meeting on AML/CTF with EU counterparts. Israel had expressed at a previous meeting of the Sub-Committee on Justice and Legal matters its interest in exchanging experiences on topics such as VCs cases related to TF and in joining FIU.Net as well as the FIU Platform. COM had at the time clarified that the connection to FIU.Net depended on the existence of an operational agreement with Europol and that Israel could participate in ad-hoc meetings of the FIU Platform if there were topics of operational nature which could be of interest to them.

COM asked FIUs about their interest in a workshop with Israel on AML/CTF matters to take place first quarter of 2017 and about what concrete topics could be discussed. Several delegations expressed a positive reaction to the proposal, identifying possible topics such as Terrorism Financing, IT environment and matching technology. No delegation objected the proposal. The Commission decided to inform Israel and bring this topic to the next FIU Platform to further define the topics for discussion.

3. FIU.NET ADVISORY GROUP

Update on recent developments by FIU.net and Europol

The Chair of the Advisory Group (AG) reported on the discussions between the AG and Europol (two meetings and regular conference calls) that contributed to rebuild the trust between Europol and FIUs. Besides the finalisation of the SLA and the more stable situation of the staff for FIU.Net in Europol, the Chair of the AG highlighted the mapping

exercise carried out to track the accomplishment of the Common Understanding, which will form the basis for Terms of Reference between the FIUs and Europol.

Regarding the governance, the AG has approved its internal Rules of Procedure. The Chair of the AG requested the FIU Platform the approval of the version circulated on September 9th with an additional phrase explaining that the external rules of procedure will be covered in another document. Additionally, the Chair of the AG requested to postpone the rotation of the AG members and allow the current ones to continue next year, since the focus so far had been on the SLA. The FIU Platform adopted the AG Rules of Procedure and agreed on postponing the rotation of AG members. The RoP include the possibility of setting temporary teams for working on specific topics (e.g. SLA, SIENA, etc.) according to the mandate of the AG. Non-AG members interested in participating in those teams should indicate their interest to the AG. It was also clarified that since the AG has an advisory function, voting should be limited: if there was no consensus, the Chair of the AG would bring the issue to the FIU Platform in order for the Platform to take the decision.

Following a question on the Mandate of the AG as regards "FIU support related matter", it was clarified that this referred to issues related to but not directly part of FIU.net, such as matching technology.

The Chair of the AG also briefed the Platform about the work of the AG so far, focused on finalising the SLA. The final SLA was agreed by the AG and Europol at the meeting on 26th August and will replace the interim SLA once all FIUs have agreed to it. The interim SLA has been prolonged until 30th September and the final one will enter into force on 1st October. Other areas of work have been the activities of the new FIU.Net team, the technical developments of FIU.Net and the future work to identify which FIU.Net features would have to be present in SIENA for the integration to take place. 5 countries have nominated experts to map out these features. The Chair of the AG referred to the requests from third countries to get a connection to FIU.Net, which could take place, once the SLA is concluded, directly for those countries with Operational Agreement with Europol or indirectly.

4. FIU.NET AND EUROPOL EMBEDMENT PROCESS

- Update on Service Legal Agreement

The representative of the AG gave a detailed explanation of the SLA as agreed by the AG and Europol with the aim of ensuring FIUs are in the position of signing the SLA. The final SLA describes the services offered by Europol and the responsibilities of FIUs and of Europol, and will replace the interim SLA as of 1st October 2016, without an end date. The SLA is a bilateral agreement between the 28 EU FIUs and Europol. The SLA is dependent on other agreements, notably the agreement between Europol and the Dutch Ministry of Security and Justice for the hosting and administration of FIU.Net system and the still pending agreement with the authority which owns the technology for the crypto devices.

Following the structure of the SLA, the governance of FIU.Net was presented. Europol may use contractors, but the responsibility resides within Europol. The representative of the AG described the FIU.Net product and its functionalities, elaborating on the

functions, connectivity and level of security of each of the four domains of FIU.Net. One has to distinguish between countries which manage the infrastructure of the green domain and those where the technical infrastructure is managed with support from Europol.

As regards the evolution of FIU.Net, it was highlighted that the development will be user-driven but also needs to be Innovation-driven (e.g. as it was with Ma³tch) and that it will be according to the prioritisation and resources of Europol's demand cycle. Europol is responsible for the application, including its security, but it is not responsible for an attack on the Ma³tch filters (the FIU which receives the filter would be responsible). The product support services were explained, as well as the training services, which include one user workshop per year and between 1 and 3 dedicated workshops annually.

Regarding the local operations, it was first explained the responsibilities independently of the support model: the FIU provides the server room, physical protection and the connection, while Europol provides the encryptor and the blue firewall (with a disclaimer that Europol is not fully liable since it has not inspected the equipment). The responsibilities in the FIU-managed infrastructure were not explained since they only apply to one FIU. In the Europol-supported infrastructure, FIUs must ensure that infrastructure is compliant with technical specifications (this will be particularly relevant when buying new servers in the future) and must take care of installing the spare parts. The spare parts are provided by Europol from the existing pool, but FIUs will have to request it as well to the server provider under the warranty contract and send the spare part received from the latter to Europol.

As regards the software, in particular of the green domain, FIUs are responsible for the completeness of data. FIUs have to provide the contact person for local support and provide timely response. Europol is responsible for phone and e-mail support to FIUs. In addition, the responsibilities in the Europol-supported Green Domain were detailed as follows: FIUs have to grant access to Europol, accept the auditing and security limitations and retrieve and store the encrypted back-ups outside the green domain. At the moment only 6 to 7 FIUs retrieve the back-ups, but in that case no-one is responsible if the green domain disappears. FIUs are also responsible for storing the encryption key, which is necessary for Europol to restore the green domain. Europol, for its part, is responsible for the remote monitoring and maintenance, installations, back-up creation, protection against unauthorized access through Blue Firewall. Europol cannot guarantee the integrity of the data and the audit logs of the green domain. Disaster recovery is also responsibility of Europol, if really necessary Europol will cover the costs of on-site visits to build the green domain (with travel expenses covered by the FIU).

Regarding the non-local operations, Europol is responsible for the security of the communication lines access, the helpdesk as well as for monitoring and informing FIUs as soon as a problem is detected. Among the other services, it was highlighted that strategic analysis goes beyond statistics.

In terms of procedure, FIUs were requested to send the physical copy of the SLA signed back to Europol by registered mail before the end of September, attaching the name of the FIU Product Owner in every country, or to send the scanned copy by e-mail.

The ensuing discussion focused around the pros and cons of the self-management of the green domain by the FIU. This was considered as the final goal of a system which is

decentralized, since in such a model no one else but the FIU has access to its own data. Handling the green domain however requires time and effort, extending self-management to other FIUs would require a decision to allocate resources from the development of FIU.Net to make sure the management is easier. Europol expressed that it is a decision of the FIU to go for one model or another and that upgrading the management of the green domain does not necessarily go against the development of FIU.Net, since security is a top priority. Europol indicated that, if more than one country managed its own green domain, it would be necessary to think how to retrieve statistical data for those FIUs.

- FIU.Net Work Plan 2016-2017 and update on recent developments by Europol

Europol presented the new members of the FIU.Net team, which currently is part of the Financial Intelligence group of the European Counter Terrorism Center. As from October the Financial Intelligence group, except for the TFTP team, will be part of the Horizontal Operational Support (HOS), reporting to the corresponding Business Manager and ultimately to the Head of Business Area (HOBAS HOS). The recruitment process for the Innovation position is ongoing.

The work plan of the O46 FIU.Net team is clustered in five work streams: governance and strategy, training, operations, development and administration. Every work stream has objectives which are translated into specific deliverables. The work streams are interrelated: e.g. the users' workshop provisionally planned for 21st and 22nd December is part of the Training stream but will impact on the Development stream. IT development takes place in the IT department: the role of the Innovations officer is to gather the needs from the users and to steer accordingly the work in IT. Comments to the work plan can be sent through the AG or directly to Europol, although this is considered as an internal document to guide the work of the team that can be modified over time. The budget of the team has been modified following comments from the AG.

As regards third countries, Europol informed that there have been three requests for connecting to FIU.Net. For those countries which have an Operational Agreement with Europol, it will be possible once finalized the SLA. Those FIUs with an unusual status, may be connected through one MS. FIUs were present together with Europol at the meeting with FINCEN about Egmont Secure Web. The MoU between FIU.Net and FINCEN is being updated to be concluded among the correct parties and Europol is applying to become an observer in Egmont, being allowed to attend the meetings so far under grandfathering provisions.

Europol informed about its ICT demand cycle, based on annual planning but allowing for change requests. Europol informed that the FIU.Net team has submitted changes requests for the ICT work plan 2016 to cover the developments for the cross-border dissemination functionality and the updated queries for statistics, as well as to fund the three expert meetings to be held in October-November to define the requirements for a possible integration of FIU.Net into SIENA. Items for the 2017 cycle will be the continuation of developments for cross-border dissemination and of the work on integration, work on new connections as well as updated queries for statistics. A number of previous requests for development have been listed; the AG is expected to prioritise developments out of that list. **A process to treat the user demands will be established.**

Europol presented the European Platform for Expert, the collaborative website where the FIU.Net platform has migrated, allowing to exchange documents and other

functionalities. FIUs need to obtain a login and password, which needs to be changed every three months. To request membership to EPE, FIUs are invited to send an e-mail to Europol.

In the ensuing discussion FIUs signalled the importance to make best use of the AG meetings since this is the main user of O46 funds. Regarding the integration with SIENA, FIUs signalled the importance of having clarity on this matter and highlighted the challenge of replicating the sophisticated environment of FIU.Net into SIENA, which might not be feasible. Europol clarified that the objective of the expert meetings is to identify what is missing in SIENA so that technicians can calculate how these could be integrated for the whole SIENA community before proposing Europol management to bring it forward. It was clarified that with the SLA, the development of FIU.Net is guaranteed, with or without the integration in SIENA. **Europol will provide an update on the integration with SIENA at the next FIU Platform meeting.** Following a question on the approval of connections from third countries, Europol clarified that the decision is taken by the FIU Platform following the advice from the AG and by Europol's Management Board. The connection is possible provided there is an Operation Agreement (OA) with the third country, which under the new Regulation will be negotiated by the European Commission. **Europol will explore whether under article 18(2) of the new Europol Regulation it would be possible to get a connection without an OA, with Europol acting as a service provider to MSs.** Regarding the governance of the AG, it was explained that the Common Understanding provides the basis, while the ToR will define in detail how the Ag provides its advice to Europol FIU.Net team, which uses its Work Plan as a tool to organize the daily work: a reference in each document to the others could be included.

Finally, Europol presented the statistics on FIU.Net requests per MS in the first eight months of 2016. Monthly statistics show an upward trend since 2014, but for the first time since 2008 the annual requests have decreased. This is due to the use of the cross-border functionality by one FIU that has reduced its requests by 700 in 2016. Without that change, there would be an increase in the number of requests. Cross-border reports have also increased, with two receiving countries well ahead of the rest. Statistics on the use of filters were also shown, with 21 FIUs having filters in place and seven which do not use ma³tch. These countries are invited to contact Europol if training to use ma³tch is needed.

- Update by Europol on Europol's channel for FIUs to request searches in TFTP

Europol gave an update on the first pilot to enhance the synergies between financial intelligence from FIUS and criminal intelligence from other agencies. The proposal from Europol was sent for written approval to the Heads of National Units (HENUs) in Europol. There were two scenarios: either to approve direct access of FIUs to the TFTP or to give FIUs access through other means. The HENUs of 22 MS gave positive authorization and Europol is now visible to those 22 FIUs in FIU.Net. Europol presented the process for FIUs to request searches to be done in TFTP. A SIENA account for O46 has also been created in order to transmit the messages to the TFTP Focal Point. FIUs are obliged to inform their Europol's national unit, for the purpose of de-conflicting. Europol can also check the subject in the request against its CT and SOC databases: even if Europol is not allowed to retrieve data from SIENA, it can ask the owner of the data to share the data with the FIU.

The template to make the request will be adapted to the FIU terminology. It will contain a description substantial enough to justify the search as well as the information that is requested. Two SIENA handling codes should be used: H2 (no dissemination without permission of the provider, i.e. the FIU) and H3 (authorising Europol to disseminate to FP TFTP to conduct the checks, and to check against Europol's databases).

The result that Europol will receive is 'leads' for intelligence use only - i.e. not for judicial proceedings-, indicating the countries to which this should be sent. FIUs will receive a pdf with dates, bank information, free text (justification of transfer), IBAN and information on receiving and sending bank. The leads can include transfer between two third countries. The next step is to make the account visible, in the future further projects could be carried out, e.g. creating filters, for example on FTFs.

An FIU requested about the reasons of those countries which have not granted their FIUs access to the TFTP and whether HENUs need to be informed when a request to TFTP is made. Europol explained that it had asked written feedback to understand the reasons and that it will follow-up on this matter with HENUs. It also clarified that Europol had to share the requests as such with the national units, which are obliged to treat it as if it was a national request, following national rules on the treatment of information. As regards the question on whether the CT and SOC databases could be accessed without access to TFTP, Europol explained that it was possible, by contacting the national unit in Europol. Following a question on the transactions that will be received, Europol clarified that FIUs will receive information on several transfers and thus FIUs should specify the request as much as possible (time period, birth dates and if possible the location/area of the subject) to ensure the information received is relevant. Europol confirmed that **the template will be circulated to FIUs soon** and that **this item will be presented at the next users' workshop**.

5. PROJECT "STANDARDIZATION OF CROSS-BORDER DISSEMINATION IN THE CONTEXT OF FIU.NET"

The project leader reminded that the first steps of the project had been presented at the FIU Platform meeting in May and recalled that article 53.1 of the AMLD required FIUs to promptly forward STRs concerning other MSs. The project is still in the preparation phase, with the technical solution to be validated by FIU.Net team in Europol.

The first step is to identify whether the reporting entity operates under the free provision of services. In this case, the STR as such has to be shared using the FIU.Net cross border system if those STRs are standardized, meet all legal requirements to be shared and are transmitted in English. The project leader **encouraged FIUs to identify such reporting entities operating under the free provision of services and start sharing the STRs**.

For STRs from reporting entities which do not operate under the free provision of services, a number of selection criteria have been defined for natural persons (nationality, country of birth, residence, whether the person is a subject in a criminal investigation in a given country), legal persons (country of establishment, country of location, whether the person is a subject in a criminal investigation in a given country) and financial assets (the country of origin/destination of the financial flows and the country where an account is

held). These selection criteria should be mandatory if the information is retrievable from the STR and it should be standardised to allow for an IT system to do the work. For STRs meeting the selection criteria, this will not be automatically shared but ma³tch filters will be created (now there are only filters for natural persons, not for legal persons and financial assets) so that if an FIU starts working on a given person or account, they will know there is information available in another MS.

After the cross-border check, a relevance check needs to be carried out to decide whether it is really necessary to share the information from the STR. This is necessary to balance information sharing requirements with efficiency. The relevance criteria are whether the subject has committed a criminal offence in another MS (this will depend on the availability of filters), whether there is a hit with a sanction list of with World-Check, whether there are money flows to or from another Member State, etc.

If the STR meets the relevance criteria, the sending FIU will create case file in FIU.Net if the STR is also relevant for the sending FIU. Otherwise it will send a cross border report with specific information on the subject, amount, link to the MS (the selection criteria), the relevance as well as the file attached.

Europol presented the proof of concept carried out to test the workability and effectiveness of the model, to understand whether the criteria could be applied automatically and to get a first impression of the volumes generated. Four FIUs have participated in the proof of concept. The selection of STRs can be done mostly in an automated manner; the number of STRs will vary depending on the time period. Regarding the criteria for natural or legal persons, it is particularly complex to apply the criteria on whether the person is subject in a criminal investigation, which is not available or requires manual work in the FIUs which participated in the proof of concept. The solution would be to share ma³tch filters with criminal investigation subjects. As regards the selection criteria for financial assets, the country of origin/destination is not available for one FIU while for the others the application of the criteria is (semi)automated. For the FIUs which have information on the country where the account is held, it can be automated but often the data is missing. A possible solution is to deduct the country from the IBAN.

As regards the relevance criteria, the application is more difficult but there are some possible solutions. One FIU did not manage to apply any criteria while the others had to perform manual actions. For the criminal offence element, the solution is to share ma³tch filters, while for the hits with sanctions list/World-Check, the ma³tch import/export is necessary. The FIU assessment with motivation is a manual task which is difficult due to the large volumes.

The preliminary results of the proof of concept show that the application of the relevance criteria is relatively easy, while it has been more difficult for the relevance criteria, even if the participating FIUs have a high level of automation. Therefore, Europol invited **additional FIUs to participate in the Proof of Concept of the FIU.Net cross-border dissemination model.**

An FIU enquired about how to create ma³tch filters for persons/entities subject of criminal investigations. A ma³tch filter with all criminal proceedings would still require a selection of the predicate offences. The team leader agreed on the need for strict criteria to create the filters, in order to include only the relevant offences, while for the format it

is necessary to find solutions, e.g. a standardised xml file. Another FIU wondered how the filters could work when some FIUs have no access to the criminal investigation databases. Following a suggestion from one FIU, Europol considered the possibility of creating filters for the database on cross-border crimes as well as with Sustrans FP, but this would not be possible before the transposition deadline of the 4 AMLD.

6. PROJECT "MAPPING EXERCISE ON FIU POWERS AND OBSTACLES FOR COOPERATION"

The Commission acknowledged the work carried out by the team to deliver a first draft of the report, which was circulated to all FIUs on September 6th.

The team leader introduced this point by recalling the objective and scope of the mapping exercise and highlighting the combination of a top-down back-test of the problems encountered in FIU-to-FIU cooperation and a bottom-up analysis of different building blocks, starting from the FIU status, capacity to access information and the domestic functions. These elements affect the cooperation with other FIUs and agencies, an issue which merits its own chapter in the report. The team leader introduced the structure and recalled the political context of the initiative and the process to prepare the first draft. As regards next steps, FIUs were invited to provide comments by September 23rd in order to have a revised version by October. FIUs could then provide additional feedback by mid-November in order to have a final version for discussion and adoption at the next FIU Platform meeting in December. In addition to the draft report, a compilation of responses is being prepared and will be circulated soon to FIUs.

Participants discussed the different chapters analysing the feedback from the questionnaires. Those building blocks concerned:

- “FIUs’ domestic status, organization and autonomy” (Chapters 1 and 2)
- “Information received and accessible and FIUs’ powers to obtain information” (Chapters 3 and 4)
- “FIUs’ domestic functions: receipt, analysis, dissemination” (Chapter 5)
- “FIU-to-FIU cooperation” (Chapters 6 and 7)
- “Data protection” (chapter 8)

As next steps, the team leader invited FIUs to **provide comments on the report until September 23rd, focusing on verifying the factual information, especially when referred to individual FIUs**, to ensure that the findings are based on the responses provided. Since the conclusions are not coming from the responses, the project team will focus on a second stage on the analytical part.

7. NEED FOR NEW PROJECTS ON "JOINT ANALYSIS" AND CURRENT OPERATIONAL CHALLENGES

The Commission initiated this point by recalling the ambition as regards joint analysis by FIUs, this is, to design new ways for FIUs to work together in analysis cross-border issues in order to achieve a common output. Three different starting points for joint analysis can be distinguished: the predicate offence, the operational or business needs or the reporting from a large financial entity.

The project on migrant smuggling was an example of the first entry point to joint analysis. A number of issues were raised after the presentation of this project at the FIU Platform in May: the synergies with a related project from the law enforcement perspective, the follow-up on lessons learnt in terms of methodology, and how to leverage the project to advance towards a genuine joint analysis.

Another entry point can be the operational needs. Previously it has been discussed whether there were specific needs requiring joint analysis on topics such as the Panama papers and terrorist financing, but there was no consensus to move forward. Additionally, FIUs had been invited to look for candidates to launch a joint analysis starting from the reporting by a financial conglomerate. A joint analysis of STRs based on shared information could allow to 'put the puzzle together'.

The team leader informed FIUs that the Dutch version of the report of the migrant smuggling joint analysis project had been finalised. Once the English translation is available, it will be circulated to all FIUs. After that it would be seen how to follow up at the next FIU platform meeting.

In addition, the team leader informed of the preliminary work to start a new project. It had asked a large reporting entity to identify a case exceeding jurisdictions, possibly a TF case, where several FIUs would be involved. The objective would be to start working with FIUs under a temporary legal framework, allowing FIUs to establish whether multilateral analysis is useful and to identify what are the legal impediments. Following the initial discussions, the team leader has sent a letter to the reporting entity which is now looking for such a case.

Several FIUs thanked the team leader for the ongoing work and emphasized the need to incorporate lessons learnt to develop common practices/methodology to carry out joint analyses, an element included in the Directive. Another FIU pointed that it is not clear which information can be used for the joint analysis. Tools such as the cross-border dissemination were also necessary before going into joint analysis. **The team leader will inform other FIUs of new developments** and will report at the next FIU Platform meeting.

8. RESULTS OF THE PROJECT "CASH COURIERS"

The project leader briefly referred to this project, in which two other FIUs were working on an ad-hoc basis when there are relevant cases of cash couriers. No other FIU had requested to join since a call for interest was made at the FIU Platform meeting in May, therefore the project would continue until end December. After that, an evaluation of the project will be carried out.

9. REVIEW OF THE FIU PLATFORM WORKPLAN

The Commission and FIUs went through the various items and identified items to be updated. As regards the project on Obstacles for further dissemination through the "use for intelligence purposes", the project leader asked to reflect the adoption of the report at July platform meeting and the decision to update annually the annexed matrix. On the item of joint analysis, the project leader asked to update the participants in the Migrant Smuggling project and to leave open the participants in the project with a large reporting entity. Another FIU expressed its availability in future joint analysis projects. On the items of Diagonal Cooperation and of Mapping of information sources/CTR, it was considered that the topics are still relevant. The latter could go beyond mapping out information sources and establish a minimum set of information that would facilitate the sharing of information.

Other potential topics for future projects are the consent for further use (beyond intelligence purposes), freezing and postponement of transactions as well as the use of handling codes. **The Commission will send an updated table to which FIUs can provide comments before it is discussed again at the next FIU Platform.**

10. CROSS BORDER REPORTING: FEEDBACK FROM MS FIUS REGARDING SOME REPORTS FROM A LARGE REPORTING ENTITY

The project leader informed the FIU Platform about the recently developed solution regarding the high number of cross-border reports received from a large reporting entity. The main problem for some FIUs is that it is not possible yet to export cross border reports from FIU.Net, therefore the analysis is carried out either in FIU.net or in a separate database. Regarding the STRs about people paying through wire transfers instead of using the marketplace, the RE indicated that in many cases the goods are not delivered. Additionally, they don't pay VAT. The RE believes this is a practice carried out by organised criminal groups.

The responses to a short questionnaire to FIUs have provided mixed views on the usefulness of the reports, which often refer to small amounts and without clear reference to any criminal offence. However, the project leader had found links between different STRs: in many cases the same names, addresses or bank accounts are reported in different STRs. In many occasions it is a case of 'hit and run': the seller opens consecutively different accounts to sell the same product.

The solution agreed was that the reporting entity would do further analysis and cluster interrelated STRs into one Excel file, which would be forwarded by the project leader to the relevant FIUs. However, the RE will require more time to collect the information and make the analysis, up to a maximum of 2 months to link the STRs. The new mode of working was already being implemented. An FIU highlighted the need to allow the extraction of the STRs in FIU.Net; Europol confirmed that the request for development has been handed over to the IT team.

11. 4TH AML DIRECTIVE – TARGETED AMENDMENTS

The Commission presented the context of the proposal presented on 5th July, following the recent terrorist attacks and the scandal of the Panama papers. The proposal clarifies

the obligations of enhanced CDD towards high risk third countries by providing a mandatory set of measures and an illustrative list of additional mitigating measures. Virtual currency exchanges and custodian wallet providers are now included as obliged entities. Regarding anonymous prepaid instruments, the thresholds for CDD exemption has been lowered from 250 to 150€ and has been eliminated when prepaid cards are used online. The Commission has also extended these requirements for foreign prepaid cards used in the EU.

The proposal also requires Member States to set an automated central mechanism to identify the holders of bank and payment accounts. The proposal provides flexibility to the MSs to establish such a system in the form of registries or as electronic data retrieval system, allowing MSs that already have a system to keep it as far as it is an IT system and centralised. Furthermore, the Commission proposes to harmonize the minimum set of information of the bank account registers and to ensure the direct access of FIUs to this information. During the discussions, participants stressed the need to provide direct access to such bank account registers to FIU since it constitutes a core information sources for their analysis work. It was also stressed that those bank account registers shall contain information on beneficial owners of bank accounts. BO information in bank account registers should serve as an intelligence tool – with a different scope, content and purpose than BO registers set under art. 30 and 31 of 4AMLD (mainly CDD tool).

Regarding the powers of FIUs, the proposal aims at ensuring that FIUs can obtain additional information from an obliged entity even without a prior STR, that they are able to obtain the information directly and exchange it with other FIUs. Options examined in the Impact Assessment which were discarded at this stage are the establishment of a single European FIU replacing national FIUs or of an EU FIU supporting MS's FIUs. Those options will be further analysed in case of further legislative proposals on FIU cooperation.

On the issue of transparency of beneficial ownership information, the amendments require full public access to the BO information of corporate and other legal entities and broaden the scope as regards trusts and similar legal arrangements: registration of all trusts, and not only the ones generating tax consequences, in the country where the trust is administered and wider access to the BO information. Both registers of companies and trusts BO information will be interconnected via BRIS. Furthermore, a number of technical amendments have been introduced to avoid undue interpretations of some articles of the 4 AMLD.

Following a question on the access to the BO registers, the Commission explained that MSs are free to introduce fees for its use by reporting entities; the cost will depend on the Member State.

12. REVISION OF CASH CONTROL REGULATION

The Commission presented the key points being considered in the revision of the Cash Control Regulation following the evaluation carried out in 2015, in view of presenting a proposal by January 2017. The Regulation obliges persons entering or leaving the EU with €10,000 or more in cash to fill a declaration. There are around 100,000 declarations filled every year, representing €60-70 billion. The declaration data are made available to the FIUs. The Commission introduced some of the areas for improvement identified in the evaluation, notably the fact that the cash control obligation does not cover cash

shipped in post and freight, the information exchange, the smurfing (i.e. the practice of carrying out sub-threshold amounts to avoid the obligation to declare), and the need to expand the definition of cash in order to cover additional elements such as precious metals and commodities, an issue currently under examination. Some possible approaches to address these issues were presented. As regards information exchange, the issues in stake are the exchange between customs and FIUs and with other competent authorities at domestic level as well as the exchange of information with customs authorities in other EU MSs and with third countries.

In the ensuing discussion, an FIU signalled the loss of information due to lack of sufficient exchange between customs of different MS and welcome any developments to improve this situation. The Commission reassured that it would work to find a feasible solution and highlighted the need to improve existing databases on cash transportation. Another FIU welcomed the possibility of establishing a suspension mechanism, despite the challenges of setting this up, and raised the question of the proportionality of sanctions, since there is on one hand pressure to ensure these are dissuasive but then judicial authorities can consider they are not proportionate. Following a question from the same FIU, the Commission clarified that introducing internal cash controls is not under consideration.

Another FIU enquired about the available databases in Europol, which clarified that there is no central database for cash detection. However, it would be interesting to identify STRs on cash withdrawal and crosscheck with CTRs.

13. FOLLOW-UP OF THE ACTION PLAN ON TERRORISM FINANCING

The Commission introduced the next steps for three of the initiatives of the Action Plan against Terrorism Financing (criminalisation of money laundering,) for which targeted consultations are planned by the third quarter of 2016.

The consultation of the legislative proposal harmonising ML offences and sanctions will build on an existing study and country fiches which will need to be updated. The consultation aims at having a clear picture of which activities are considered money laundering nationally, to which predicate offences the ML offence applies, what is the level of sanctions and whether there are requirements such as previous conviction for the predicate offence. The obstacles to cross-border cooperation will also be addressed in the consultation.

Regarding the appraisals of an EU asset-freezing regime under article 75 TFEU, the existing study will be complemented with information on the application of freezing measures in the national systems, the views of MSs as regards the scope of article 75 and as regards the disruptive effect of asset freezing.

On the appraisal of an EU system complementing the EU-US TFTP Agreement (the so-called TFTS), the consultation will focus on which entities and type of transfers should be included in a possible TFTS, what could be the added value of a TFTS as well as the safeguards that would need to be established.

Regarding asset freezing, one FIU responsible for the implementation of asset freezing measures indicated that in some countries, the freezing decision requires a previous investigation, and therefore criminal law tools might be better suited, and highlighted the

challenge of freezing low amounts, since designated persons usually have access to funds necessary for basic expenses.

14. EU SUPRANATIONAL RISK ASSESSMENT

The Commission reminded the objective and methodology to elaborate the EU Supranational Risk Assessment required by the 4th AMLD. The Commission informed that on 30th and 31st of May took place the workshop to define the vulnerability level for money laundering, and on July 5th took place the one on Terrorism Financing. The Commission presented the main preliminary results of those workshops. Based on this work, the Commission will fine-tune the analysis: currently it is developing "product fiches" for each of the identified ML and TF scenarios. These will present the narrative and evidence to justify the rating – by presenting the *modi operandi*, the size of the sector/problem, the level of threat and level of vulnerability. Following a second consultation with the private sector on 5th and 6th October, the Commission will consult FIUs on the matrix and fiches at the Platform meeting in December.

15. ANY OTHER BUSINESS

The Commission reminded that the next FATF Plenary will take place in Paris from 16 to 21 October. The agenda is not available yet. However, the FATF Operational Plan indicated the issues that will be in the pipeline of FATF in the coming months. The Commission enquired whether FIUs would be interested to extend the best practices on domestic cooperation which is to take place in FATF to the other EU FIUs which are not part of FATF.

FIUs informed that a paper in Egmont on domestic agency cooperation would be presented in Doha the following week and expressed interest on being informed about developments in FATF on this issue.

16. NEXT EU FIUS PLATFORM MEETING

The next meeting will take place on 15th and 16th December (confirmation pending of availability of the room).