

## ■ The Commission's AML Package

On 20 July 2021, the European Commission presented a package of legislative proposals to strengthen the EU rules on anti-money laundering and countering the financing of terrorism (AML/CFT). The package takes into account new and emerging challenges linked to technological innovation, including electronic identification and virtual currencies as well as cross-border activities. It also includes a proposal for the creation of a new EU Authority to supervise enforcement of AML rules.

The Commission's AML package consists of **four legislative proposals**:

1. a [Regulation establishing a new EU AML/CFT Authority](#);
2. a [Regulation on AML/CFT](#), containing directly applicable rules, including the areas of Customer Due Diligence and Beneficial Ownership;
3. a [sixth Directive on AML/CFT \("AMLD6"\)](#), replacing the existing Directive 2015/849/EU (the fourth AML Directive as amended by the fifth AML Directive), containing rules on national supervisors and Financial Intelligence Units in Member States as well as on registers of beneficial ownership;
4. a [revision of the 2015 Regulation on Transfers of Funds](#) to trace transfers of crypto-assets.

In line with what BIPAR has been promoting, the scope of EU AML rules does not change. According to the proposed Regulation, AML rules apply to:

- a) an insurance intermediary as defined in the IDD where it acts with respect to life insurance and other investment-related services;
- b) an investment firm as defined in the MiFID II.

The Commission's package of proposals on AML is now under examination by the Council of the EU and the European Parliament. BIPAR is closely following the AML proposals and suggests further integrating the proportionality principle in the proposed rules to reflect the specificities of the insurance sector and of various obliged entities. BIPAR key messages relate to the following:

- the risk-based approach in the identification of beneficial owner in the case of life or other investment-related insurance business;
- the obligation to appoint an AML compliance manager and a AML compliance officer;
- the possibility to outsource the AML compliance function;
- the introduction of consumer credit intermediaries in the scope;
- the exclusion from the scope of occupational funds and pure life insurance products.

## ■ EBA Guidelines

Since 1 January 2020, following the European Supervisory Authorities' (ESAs) review, the European Banking Authority (EBA) has been solely responsible for leading, coordinating and monitoring AML/CFT efforts across the entire EU financial sector. The most recent work of EBA on AML that is relevant to our sector is the following:

- 1) **EBA Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT compliance officer** - EBA launched in August 2021 a consultation on its draft Guidelines on compliance management and on the AML compliance officer. The objective is to achieve a common understanding by competent authorities and financial sector operators of the role and responsibilities of the AML/CFT compliance officer and the management body with regard to AML/CFT, based on the requirements prescribed in the Fourth AML Directive. BIPAR responded to this EBA consultation.
- 2) **EBA revised Guidelines on risk-based supervision** - EBA published mid-December 2021 its [revised Guidelines](#) on risk-based supervision of the compliance of credit and financial institutions, including insurance intermediaries, with AML/CFT obligations. The revised EBA Guidelines set out a four-step approach for supervisors to ensure adequate AML/CFT oversight of their sector and provide additional guidance on ML/TF risk assessments, including the sectoral risk assessment. The revised Guidelines also aim to help supervisors choose the most effective tools to meet their supervisory objectives. BIPAR also responded to the relevant EBA consultation.