



## Regulatory Newsflash

### Adoption of the fifth Anti-Money Laundering Directive (AMLD V)

#### Introduction

On 14 May the Council of the European Union has adopted the 5<sup>th</sup> AML Directive ([AMLD V](#)). This Directive builds upon and amends the the 4<sup>th</sup> AML Directive ([AMLD IV](#)). The European Parliament had already agreed the text on 19 April 2018.

#### Content

The main amendments introduced by AMLD V focus on the following topics:

- Broadening access to information on beneficial ownership, improving transparency in the ownership of companies and trusts (preventing money laundering and terrorist financing via e.g. opaque structures) by making the national registers on beneficial ownership information publicly accessible. Furthermore these registers will be interconnected directly to facilitate cooperation and exchange of information between Member States;

- Lifting the anonymity on electronic money products (prepaid cards) in particular when used online;
- Addressing risks linked to virtual currencies (see below for more details);
- Further cooperation and increased exchange of information between financial intelligence units;
- Improved checks on transactions involving high-risk third countries;
- Setting up centralised bank account registers or retrieval systems.

### **Specific focus on Virtual Currencies**

According to the European Banking Authority (EBA) [Opinion on 'Virtual Currencies'](#) the following money laundering and terrorist financing risks are closely linked to the use of virtual currencies:

- Criminals are able to launder proceeds of crime because they can deposit and transfer virtual currencies anonymously globally, rapidly and irrevocably;
- Criminals or terrorists use the virtual currencies remittance systems and accounts for financing purposes;
- Criminal or terrorists disguise the origins of criminal proceeds, undermining the ability of enforcement authorities to obtain evidence and recover criminal assets;
- Market participants can be controlled by criminals, terrorist and related organisations.

AMLD V tackles these risks by:

- Expanding the scope of the Directive to include virtual currency exchange platforms ("VCEPs") and custodian wallet providers ("CWPs") as 'obliged entities' subject to EU regulations. As 'obliged entities' VCEPs and CWPs now will be covered by the same regulatory requirements as banks and other financial institutions;
- Proposing that Member States create central databases comprised of virtual currency users' identities and wallet addresses - not only those using VCEPs or CWS - as well as self-declaration forms submitted by virtual currency users. Member States shall authorize national FIUs to access the information stored in central databases;
- Member States need to implement standard key terms and regulatory definitions into their AML legislation such as 'virtual currencies' and 'CWPs'.

## Next steps

AMLD V will enter into force three days after its publication in the Official Journal of the European Union. Member states will then have 18 months to transpose the new rules into national law.

## Contact

For further information on the challenges of AMLD V or the impact on your organisation, please contact [Caroline Veris](#), [Edwin Somers](#) or [Inneke Geyskens-Borgions](#).

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