

Regulatory News Alert

EU Commission proposal to amend the regulation establishing the European Banking Authority (EBA)

18 September 2018

Introduction and context

On 12 September, the EU Commission released a communication that proposed to strengthen the supervision of EU financial institutions to better address money-laundering and terrorist financing threats.

Recent cases involving money laundering in some EU banks have raised concerns that the current rules are not always supervised and enforced effectively across the EU. Therefore, the EU Commission proposes to amend the regulation establishing the European Banking Authority to include AML competencies.

This option would introduce amendments to the current ambitious review of EBA (and ESMA). The objective is to **give EBA the role of anti-money laundering EU supervisor for the entire financial sector.**

The Commission wants to strengthen the EBA role and give it the necessary tools and resources to ensure effective cooperation and convergence of supervisory standards.

Enhancing the role of the European Banking Authority

The amended regulation will:

- Ensure that **breaches of anti-money laundering rules are consistently investigated.** The **EBA will be able to request national anti-money laundering supervisors to investigate** potential material breaches and to request them to consider targeted actions, such as sanctions.
- Provide that the national anti-money laundering supervisors comply with EU rules and cooperate properly with prudential supervisors. The EBA's existing powers will be reinforced so that, as a last resort if national authorities do not act, the EBA will be able to address decisions directly to individual financial sector operators.
- **Enhance the quality of supervision** through common standards.
- Enable the **EBA to act as a data hub**, collecting information on money-laundering risks and trends and fostering the exchange of information between national authorities.

- Facilitate cooperation with non-EU countries in cross-border cases.
- Create a permanent committee to bring together national anti-money laundering authorities.

Given the recent events involving AML cases in several Member States, the new twist brought to the politically difficult subject of ESAs' review (review of powers and duties of EU supervisory authorities) might experience an acceleration with this new AML focus, hence closing the review sooner rather than later.

Next steps

These targeted amendments will feed into the ongoing discussions of the Commission proposal to review ESAs' regulations, adopted by the Commission in September 2017, intending to strengthen the capacity to ESAs to ensure convergent and effective financial supervision. The Commission encourages the European Parliament and the Council to reach agreement on these proposals as soon as possible.

How Deloitte can help

Deloitte can help you prepare for the foreseen changes, update your organizational procedures, and adapt your organization to the new duties.

We can also help you with our Kaleidoscope RegWatch service to stay on top of regulatory news and to incorporate changes into your regulatory strategy.

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