

EU Parliament Approves Fourth Directive, Wire Transfer Rule

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[By Colby Adams](#)

EU lawmakers voted Tuesday to require member-states to update their laws targeting money launderers and the financiers of terrorism, in part by naming corporate owners.

Under the Fourth Anti-Money Laundering Directive, approved 645-30 by the EU Parliament, members of the 28-nation bloc would have to maintain public registers listing the owners of more than 25 percent of the shares of companies and trusts, and ensure that nonbank entities, such as casinos, real estate companies, auditors and attorneys, report the suspicious activity of their clients.

Financial institutions would also have to apply enhanced due diligence to accounts held for domestic lawmakers, high-court judges and heads of state under the directive. The Council of the European Union must also approve the planned directive before its expected implementation.

Requirements for public registries of beneficial owners “could change the game” in terms of preventing money launderers and tax criminals from abusing offshore shell companies, said Koen Roovers, an analyst with the Financial Transparency Coalition, a Washington, D.C.-based advocacy group.

“The next problem is how quickly can we get [EU] countries to write and pass these rules, and how quickly we can start seeing them enforced,” said Roovers, who noted the multi-year delays by some nations to adopt revisions mandated by the EU’s Third Anti-Money Laundering Directive.

“We still have quite a ways to go,” he said.

Lawmakers also revised the bloc’s definition of money laundering to include the act “of avoiding freezing or confiscation orders,” according to the text of the directive, which also stipulates that institutions with a “specific role” in the EU financial system should monitor compliance with the directive’s requirements “as far as possible.”

Such entities include the European Investment Bank, the European Bank for Development and Reconstruction and the central banks of EU members.

By a similar margin, the Parliament separately voted in favor of requiring banks and other payment service providers to verify the beneficiaries of transfers originating

from outside the EU when the wires exceed 1,000 euros. The adopted regulation also requires financial institutions to reject and report wire transfers that don't properly identify originators and beneficiaries.

Both the sending and receiving financial institutions must have systems in place to detect when information accompanying the wire transfer is incorrect or incomplete, under the regulation.

If adopted in a final vote next May, the Fourth Directive would bring the EU into compliance with counter-illicit finance standards promulgated by the Paris-based Financial Action Task Force. The 28-member bloc last amended its anti-money laundering directive in 2005.