JOINT COMMITTEE OF THE EUROPEAN SUPERVISORY AUTHORITIES

EBA, ESMA and EIOPA publish two reports on Money Laundering

The Joint Committee of the three European Supervisory Authorities (EBA, ESMA and EIOPA) has today published two reports on the implementation of the third Money Laundering Directive [2005/60/EC] (3MLD).

The "Report on the legal, regulatory and supervisory implementation across EU Member States in relation to the Beneficial Owners Customer Due Diligence requirements" analyses EU Member States' current legal, regulatory and supervisory implementation of the anti-money laundering/counter terrorist financing (AML/CTF) frameworks related to the application by different credit and financial institutions of Customer Due Diligence (CDD) measures on their customers' beneficial owners. The report sought to identify differences in the implementation of the Directive and to determine whether such differences create a gap in the EU AML/CTF regime that could be exploited by criminals for money laundering and terrorist financing purposes.

The "Report on the legal and regulatory provisions and supervisory expectations across EU Member States of Simplified Due Diligence requirements where the customers are credit and financial institutions" provides an overview of EU Member States' legal and regulatory provisions and supervisory expectations in relation to the application of Simplified Due Diligence (SDD) requirements of the 3MLD. The report focuses exclusively on one particular situation of low risk where SDD is applicable, namely where the customer is a credit or financial institution situated in a EU/EEA state or in a country that imposes equivalent AML/CFT requirements.

Both reports come to the conclusion that there are significant differences in the implementation across the EU Member States, and that some of these differences could create undesirable effects on the common European Anti Money Laundering Regime. The reports find that some of these differences are not due to the Directive's minimum harmonisation approach, but instead appear to stem from different national interpretations of the Directive's requirements. Both reports also call on the European Union to consider addressing these problems.

The Joint Committee

The Joint Committee is a forum for cooperation that was established on 1st January 2011, with the goal of strengthening cooperation between the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), collectively known as the three European Supervisory Authorities (ESAs).

Through the Joint Committee, the three ESAs cooperate regularly and closely and ensure consistency in their practices. In particular, the Joint Committee works in the areas of supervision of financial conglomerates, accounting and auditing, micro-prudential analyses of cross-sectoral developments, risks and vulnerabilities for financial stability, retail investment products and measures combating money laundering.

In addition to being a forum for cooperation, the Joint Committee also plays an important role in the exchange of information with the European Systemic Risk Board (ESRB) and in developing the relationship between the ESRB and the ESAs.