

Commissioner Jourová's speaking points in front of the Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance, at the European Parliament on 25 June 2018

*Speech by Commissioner **Jourová**, in charge of Justice, Consumers and Gender Equality, in front of the Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance, at the European Parliament, on 25 June 2018*

Honourable Members,

Thank you very much for the invitation to address this special committee. The Commission appreciates your continued focus on the fight against money laundering and tax evasion. These are crucial issues for citizens and their trust in institutions both at national and EU level.

We have advanced considerably together and I thank you for your support. Since my last appearance before the Money laundering, tax avoidance and tax evasion Committee, we have taken very important steps to strengthen the EU legal framework to combat financial crime, including money laundering.

In the remainder of my mandate, my focus will be on implementing and enforcing the Anti-Money Laundering framework, finalising pending legislative initiatives against financial crime and working to address future challenges and new technologies.

As you know the **revised (5th) Anti-Money Laundering Directive** enters into force in two weeks' time. Member States have until January 2020 to transpose its important innovations, notably on the key issues of beneficial ownership transparency, virtual currencies and supervision. The Commission will support Member States in this process.

I would also like to welcome the recent trilogue agreement on the Regulation on mutual recognition of **freezing and confiscation** measures. This is a very important step in preventing the further use of criminal assets.

I would now like to give you an overview of where we stand in monitoring the **implementation of the 4th Anti-Money Laundering Directive**.

One year after the transposition deadline, I am disappointed that the transposition process by Member States has been slow and unsatisfactory. The Commission has already opened infringement proceedings against all those Member States that failed to notify their implementing legislation by the deadline for transposition.

There are currently open infringement procedures against 20 Member States in relation to their non-transposition. Meanwhile, most Member States have adopted and notified missing transposition measures. We will continue infringement proceedings against those Member States whose transposition of the 4th Anti Money Laundering Directive remains missing or incomplete.

In parallel we have started the process of scrutinizing the content of the notified legislation.

The Commission also has to do its part in the concrete implementation of the Anti-Money Laundering Directive, for example with regard to Article 9 on high risk third countries.

The detailed **methodology for assessing third countries** was published last Friday 22 June and transmitted to your Committee chair.

This has to be a transparent process. Third countries will not be taken by surprise, but indeed assisted to address deficiencies in their Anti-Money Laundering /Countering Terrorist Financing regimes.

Firstly, we will prioritise which countries need to be assessed by the end of this year. We will work with information from Europol, the European External Action Service and the Financial Action Task Force, looking at where the risk is highest for the integrity of the EU financial system.

The assessment criteria are based on the requirements of the Anti-Money Laundering Directive. A qualitative assessment will be done for each of those criteria taking into account the risk profile of the country, resulting in the identification of third countries presenting strategic deficiencies.

And by the end of this year, the Commission will present its first Delegated Regulation updating the list of high-risk third countries, based on the autonomous EU methodology.

As from 2019, the Commission will ensure follow-up of the listed countries, monitor their progress in addressing their deficiencies and remove them from the EU list if they correct strategic deficiencies, based on specific criteria. The situation of countries already assessed will be reviewed when new information becomes available.

The assessment of priority 2 countries will start in 2019. I know that there have been questions raised with regard to the completion of this process that will take several years. However, according our estimate, more than 85% of all countries in the scope of the EU assessment will be covered by 2022, which means most of the countries with substantial transactions with the EU financial system.

I would like to thank Members of the European Parliament who have provided input to our work on this methodology.

My services in DG Justice will make themselves available for further discussions on this methodology, if you would find this useful.

In the meantime, the Commission remains strongly engaged in the **Financial Action Task Force (FATF) framework**. The FATF plenary takes place as we speak.

The Commission seeks to ensure a coordinated EU approach in these discussions. And we will carefully assess the outcome in terms of listing of third countries.

Let me now briefly refer to several relevant pending legislative initiatives the Commission has tabled in April this year.

The recommendations of the Panama inquiry committees called for a **stronger cooperation between Financial Intelligence Units**. We have therefore adopted on 17 April a proposal to further facilitate such co-operation, including between Financial Intelligence Units and law enforcement authorities. I hope that the Parliament can quickly decide on the responsible committee(s), so that the work can start and we will be able to reach agreement before the European elections.

The Panama recommendations also asked for **stronger protection of whistle-blowers**. The Commission has therefore proposed high common minimum standards of protection for whistle-blowers who unveil illegal activities and abuses in a wide range of areas:

- where violations of EU law can cause serious harm to the public interest and
- where protection of whistle-blowers, thanks to the information they bring, is necessary to improve enforcement of EU law.

The proposal envisages the establishment of safe channels for reporting both within an organisation and to public authorities. It will also protect whistle-blowers against dismissal, demotion and other forms of retaliation.

I would also like to mention the importance of our proposal **on cross-border access to electronic evidence**. This is extremely important for the work of our prosecutors on all criminal investigations, including on money laundering and tax evasion. The proposal updates the legal framework to the challenges of the digital age and I hope that the Civil Liberties, Justice and Home Affairs Committee will start working on this file as soon as possible.

This brings me to the work we are doing to prepare the ground for future work in the area of money laundering.

The digital age brings specific challenges also in this area. We are following closely the **impact of new technologies in the financial sector**, for example with a new Expert group on electronic identification established in December 2017.

Furthermore, as foreseen by the , the Commission will assess by June 2019 the exchange of information between Financial Intelligence Units and third countries and on ways to **strengthen intra-EU cooperation**, including the possibility to set up a centralised body.

The recent scandals with the Maltese Pilatus and Latvian ABLV banks also show that cooperation between Anti-Money Laundering and banking supervision should be improved.

The 5th Anti-Money Laundering Directive that I mentioned at the outset provides the legal framework for this. And we need to draw practical lessons from the events in Malta and Latvia.

Together with Vice-Presidents **Timmermans** and **Dombrovskis**, I have therefore launched a new Joint Working Group, which includes the European financial supervisory authorities. It will discuss how to better integrate Anti-Money Laundering aspects into prudential supervision and how to improve cooperation and information exchange between anti-money laundering supervisors and other (prudential) banking supervisors.

Thank you for your attention and I look forward to your questions