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LETTER

From:	Presidency
To:	Financial Services Attachés Working Party on Financial Services and the Banking Union (AML)
Subject:	AMLA: Letter from the Joint Chairs of the ESAs regarding the composition of the General Board of the anti-money laundering and countering the financing of terrorism (AML/CFT) authority

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23 June 2022

Ms Mairead McGuinness
Commissioner for Financial Services,
Financial Stability and Capital Markets Union

Mr Bruno Le Maire,
President of the ECOFIN Council
Council of the European Union

Mr Luis Garicano, MEP
Co-rapporteur of the AMLA Regulation
Member of the Committee on Economic and Monetary Affairs (ECON)
European Parliament

Mr Emil Radev, MEP
Co-rapporteur of the AMLA Regulation
Member of the Committee on Civil Liberties, Justice and Home Affairs (LIBE)
European Parliament

Subject: Composition of the AMLA's General Board

Dear Commissioner McGuinness, Mr Le Maire, Mr Garicano and Mr Radev,

We are writing to you with regards to the proposed Regulation for the creation of a new anti-money laundering and countering the financing of terrorism (AML/CFT) authority, AMLA, that the European Commission published in July 2021.

AMLA will have direct and indirect supervisory powers over credit and financial institutions, and rule-making powers in relation to all 'obliged entities' that fall within the scope of the EU's AML/CFT regime. It will take over the mandate and powers of the European Banking Authority (EBA) that are specific to AML/CFT. The EBA, alongside the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA), will remain responsible for addressing money laundering and terrorist financing (ML/TF) risk through prudential and conduct rules.

ML/TF cannot be fought effectively in isolation. A holistic approach to regulation and effective collaboration among authorities is essential. This is why the European Supervisory Authorities (ESAs) have put in place a holistic approach to tackling ML/TF risk across all areas of financial services supervision and across all aspects of an institution's operations. To protect this approach, and to make sure that regulatory standards in the financial services field complement each other rather than diverge, channels must be in place to ensure that AMLA and the three ESAs can cooperate effectively going forward. Such channels include reciprocal governance arrangements.



Article 46(2) of the Commission's proposal envisages that the ESAs attend AMLA's policy-making board, the General Board, on AMLA's invitation as observers. At the same time, Articles 89(8), 90(2) and 91(2) of the draft AMLA Regulation envisage that AMLA will be a permanent non-voting member on the Boards of Supervisors of EBA, ESMA and EIOPA. This means that, while AMLA through its permanent seat at the ESAs' Boards of Supervisors will be able to contribute proactively on any matters relevant to it, the ESAs will not have that opportunity. Instead, the ESAs will depend on AMLA, which will not have a prudential or conduct remit, to predict whether discussions at its General Board may be relevant to the ESAs' respective mandates and tasks. In our experience, institutional fragmentation without adequate governance arrangements gives rise to a risk that important synergies across regulatory initiatives may be missed, that complexity increases and that divergent approaches develop, which may hamper the effectiveness of prudential, conduct and importantly, AML/CFT supervision going forward.

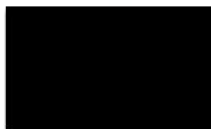
We therefore ask that you give consideration to amending Article 46(2) of the AMLAR to include the ESAs as a permanent non-voting member on the General Board of the AMLA in its supervisory composition. We note in this context that the draft report of the European Parliament proposes to make Europol a non-voting member of AMLA's General Board in its Financial Intelligence Units (FIU) composition.

We are committed to protecting the integrity of the EU's financial system and remain at your disposal to discuss.

Yours sincerely,



José Manuel Campa
EBA Chair



Petra Hielkema
EIOPA Chair



Verena Ross
ESMA Chair

cc.: Irene Tinagli, MEP, Chair of the Committee on Economic and Monetary Affairs, European Parliament

Juan Fernando Lopez Aguilar, MEP, Chair of Committee on Civil Liberties, Justice and Home Affairs, European Parliament

Didier Seeuws, Acting Secretary-General of the Council of the European Union

John Berrigan, Director-General, DG Financial Stability, Financial Services and Capital Markets Union, European Commission

Raluca Pruna, Head of Financial Crime Unit (D.2), DG Financial Stability, Financial Services and Capital Markets Union, European Commission