

6th ANTI MONEY LAUNDERING DIRECTIVE

With its publication in the Official Journal of the European Union in late 2018, the Sixth EU Anti-Money Laundering Directive (6AMLD) is now on its way.

6AMLD is due to be transposed into national laws by December 2020, with member states required to implement the new regulations by **June 3, 2021**.

Below are a few bullet points with regards to 6AMLD changes:

- **Definition of Money Laundering** - The 6AMLD harmonizes the definition of money laundering across the EU with the goal of removing loopholes in the domestic legislation of member states.
6AMLD defines and standardizes 22 predicate offenses (see below) for money laundering in all EU member states:
 1. Participation in an organised criminal group and racketeering;
 2. Terrorism;
 3. Human trafficking and migrant smuggling;
 4. Sexual exploitation;
 5. Illicit trafficking in narcotics and psychotropic substances;
 6. Illicit arms trafficking;
 7. Illicit trafficking in stolen goods;
 8. Corruption;
 9. Fraud;
 10. Counterfeiting of currency;
 11. Counterfeiting and piracy of products;
 12. Environmental crime;
 13. Murder, grievous bodily injury;
 14. Kidnapping, illegal restraint and hostage-taking;
 15. Robbery or theft;
 16. Smuggling;
 17. Tax crimes relating to direct and indirect taxes;
 18. Extortion;
 19. Forgery;
 20. Piracy;
 21. Insider trading and market manipulation
 22. Cybercrime
- **Adverse media checks** - firms must adjust their adverse media screening process to ensure they identify the appropriate breaking news stories in a timely manner. Given the time-consuming and labour-intensive work involved in that process, adverse media categorisation is a valuable efficiency tool that allows firms to sort and prioritize news stories and gauge the degree to which the adverse media changes a client's risk profile.
- **Extension of criminal liability to legal persons** – While previously only individuals could be convicted for committing financial crimes, this has now been extended to include legal persons (i.e. companies or partnerships). Lack of supervision or control by a “directing mind” within the

organisation which leads to money laundering (even if the offender or root of illegal funds is not identified) now qualifies business leaders to experience penalties themselves.

- **Tougher punishments** – In a significant step, 6AMLD has amended the maximum imprisonment for money laundering offences from one year to four years. Additionally, any sentence may be supplemented with sanctions and fines (up to €5 million), including the complete shut-down of a business.
- **Cooperation** – Under 6AMLD, EU member states are now required to cooperate with one another in the prosecution of money laundering crimes.

It is not clear how this will transpose to UK law, however there is strong suggestion that UK will follow EU standards.

If you would like additional guidance on this matter please contact us:

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