

We need increased transparency to be more efficient against money laundering and terrorist financing

Tuesday 28th February 2017

S&D Press release

S&D Euro MPs in the civil liberties and in the economic and monetary affairs committees today jointly backed a revision of an EU law in order to step up the fight against money laundering in criminal activities and terrorist financing. S&D MEPS successfully pushed for very ambitious rules. These include greater transparency on beneficial ownership of corporates or trusts, legal protection for whistle-blowers and they paved the way for a European financial intelligence unit. The revision was launched in the wake of the terrorist attacks in Paris and the revelations in the 'Panama Papers'.

S&D Group negotiator for the economic and monetary affairs committee, Peter Simon, said:

"The Panama Papers have shown that the fight against money laundering and tax avoidance can only be victorious through transparency because there is no entity more feared by the cover-up industry and their clients than the public. This is why there is no halfway when talking about transparency. The information on the true profiteers of non-transparent company structures and letterbox companies needs to be available to everybody and not only to a chosen circle. Semi-transparency only helps those against whom we want to take action. Therefore, we will not move from our zero tolerance position in the coming negotiations.

"A public register needs to be made available to the public. As real estate's get more and more exploited for money laundering, we also need a linked real estate register in the EU. Otherwise, the fight against money laundering already stops at our national borders."

S&D Group negotiator in the civil liberties committee, Ana Gomes, added:

"The Panama Papers leaks shed light on very complex ownership structures that are used to hide criminal activities or tax avoidance. We need more transparency. We need to know who really owns companies and trusts, and their dealings. We are proposing to increase access to information concerning beneficial ownership of corporations and trusts. So far, the access is limited to the competent authorities 'with a legitimate interest', but with our proposal, journalists, and whistle-blowers in particular, will be able to access the information contained in the national public registers with no restrictions. In the interest of countering offshore and secrecy activities, foreign companies active in the EU will also have to respect the beneficial owner registration. In order to close a major loophole in current legislation, the S&Ds also proposed to introduce sanctions such as the termination of the business relationship, which will be applied in cases where the beneficial owner cannot be identified.

"We are also defending a larger definition of beneficial ownership. Anyone or any company holding 10% of shares (instead of the conservative 25%) must be considered as having

beneficial ownership.

“Moreover, we are calling on EU member states to legally protect whistle-blowers who report suspicions of money laundering or terrorist financing. These people, who often sacrifice themselves in the interests of the public, need to be protected from any hostile threats or disciplinary action.

“We are proposing to increase the exchange of information between financial intelligence units which track down any suspicious transaction regarding money laundering or terrorist financing. In order to complete the improved functioning of financial intelligence units, the voted text also requests the Commission to present a proposal by the end of this year to create a European financial intelligence unit.

“We expect difficult negotiations with the member states, but we are ready to stand firm on our position and have achieved a very strong negotiating position.”

<http://www.socialistsanddemocrats.eu/newsroom/sds-we-need-increased-transparency-be-more-efficient-against-money-laundering-and-terrorist>