

The logo for Diligex, featuring the word "DILIGEX" in a bold, white, sans-serif font. A small red circle is positioned to the right of the letter "X".

DILIGEX.

**Anti-Money Laundering Regulation
What is on the Horizon?**

Malta Stock Exchange GRC Summit 2023
Matthew Agius Mamo – CEO Diligex
2nd February 2023

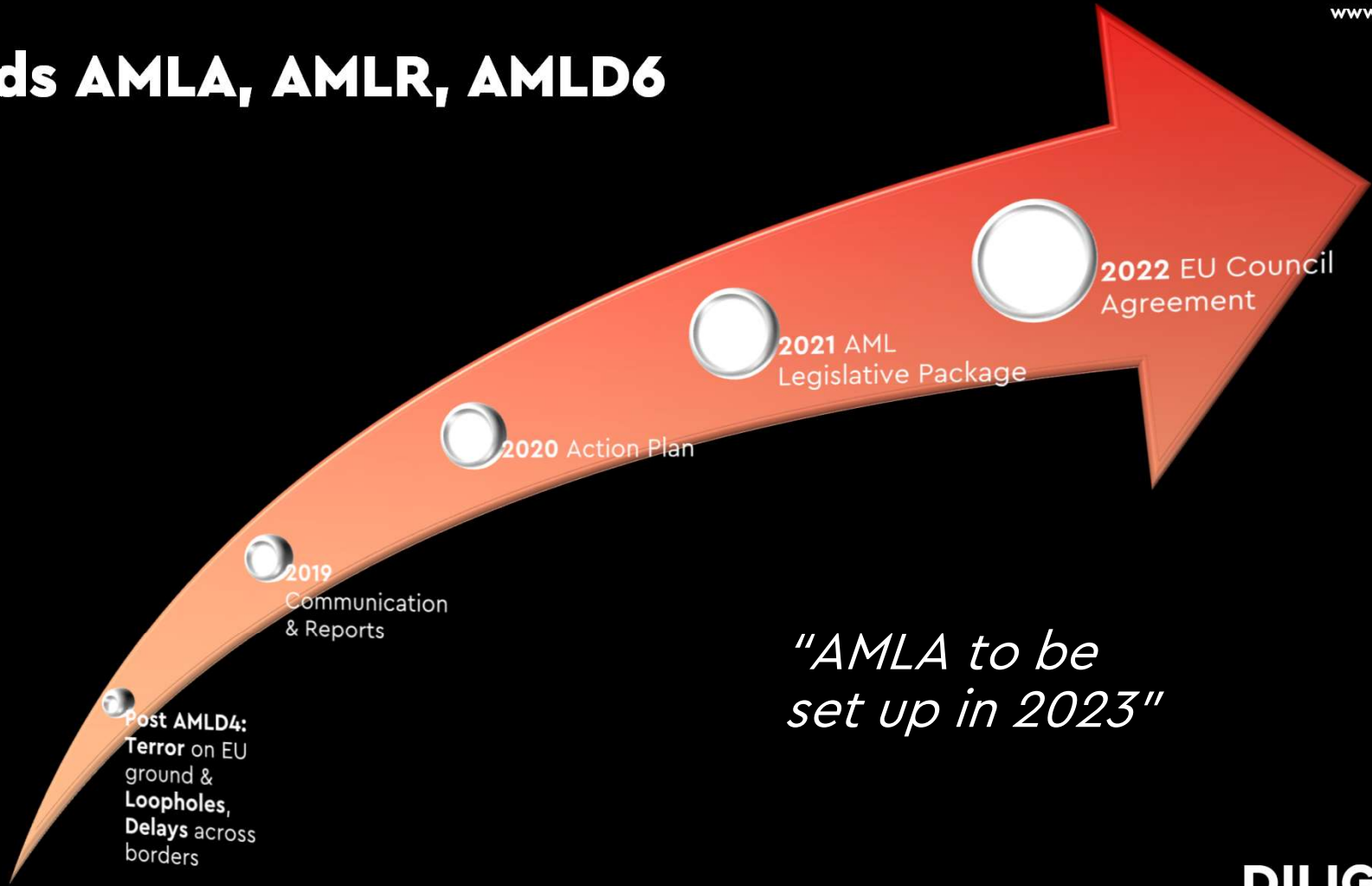
Setting the Scene

A Culture Change, followed by a stronger appetite for collaboration

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Towards AMLA, AMLR, AMLD6



Post AMLD4:
Terror on EU
ground &
Loopholes,
Delays across
borders

2019
Communication
& Reports

2020 Action Plan

2021 AML
Legislative Package

2022 EU Council
Agreement

*"AMLA to be
set up in 2023"*

The AML Package

Having identified:

- Robust Framework & Commitment
- Inconsistent Supervision, Rules, Remits
- Insufficient coordination among FIUs
- Criminals may fall between two stools
- Difficulty to coordinate timely responses

It puts forward 4 legislative proposals:



New EU
Authority
(AMLA)



New
AML/CFT
Regulation



6th AMLD



Revision of
2015/847/EU
(Transfer of
Funds)



The Legislative Package – An Overview

AML Authority



Supervisory Powers

- Direct
- Over Supervisors
- Indirect



Coordination/Support

- EU FIU Platform
- Technical Standards
- Guidance, Joint Analyses



Direct Intervention

- Direct Guidance
- Take-over unaddressed non-compliance
- Sanctions, Suspensions



The Legislative Package – An Overview

AMLR – Single Rulebook:

- List of Obligated Entities
- Compliance function responsibilities and requirement for AML/CFT processes
- CDD measures:
 - Eur10k threshold for occasional transaction;
 - Harmonization on remote onboarding and reliance/outsourcing;
 - De-risking records & SDD framework clarified
 - Credit Institutions declared failing or likely to fail, to apply CDD (under supervision)
- EDD
- Beneficial Ownership
- Reporting
- Anonymous, Bearer Instruments
- ***Risk Assessments, Registers, FIUs, national supervision, and cooperation remain under AMLD6***



The Legislative Package – An Overview

AMLD6:

- Replacing AMLD4 as amended by AMLD5, with matters that require national transposition
- Rules concerning national supervisors and FIUs of Member States

Fund Transfer Regulation (Update):

- The regulation's obligations in terms of cross-border credit transfers involving access to complete information on both payer and payee is now extended to crypto assets



Considerations

- Change which brings more change but will it stabilize?
- Will this be just the first step?
- Jurisdictional political will
- Operational changes and resource considerations
- Will there be market disparities between those under direct supervision and those not?
- Principle of Subsidiarity – decisions too far away from home?
- Is the AMLA an alternative or additional supervision?
- Are we moving too fast? Have we stopped to assess the implementation of the risk-based approach in practice? Is there already too much regulatory 'noise' and will this reduce it?



Concluding Reflections

- Criminals know no borders, so we're bringing ours down
- Tried and tested model
- Technology is going to become ever more central
- We've upped our game; this can bring a level playing field
- Harmonized requirements, happier clients, smoother operations?
- Collaboration is the way forward
- Change is happening and it is happening fast:
Steer ahead or get dragged in?



AML compliance simplified through innovation and experience

Thank You
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