



February 2020

Anti-Money Laundering Risk Factor Guidelines to be revised – consultation open

Background

On 5 February 2020, the European Banking Authority (“**EBA**”) issued a consultation paper in relation to a revision of the guidelines issued by the European Supervisory Authorities in January 2018 on simplified and enhanced customer due diligence (“**CDD**”) and the factors credit and financial institutions should consider when assessing money laundering and terrorist financing risk (the “**Risk Factor Guidelines**”).

The consultation paper was issued by the EBA as, since the beginning of this year, the EBA is the only one of the three supervisory authorities with direct responsibility for anti-money laundering and countering the financing of terrorism (“**AML/CFT**”). Further centralisation of AML/CFT supervision in the EU is likely to feature in the European Commission’s forthcoming AML/CFT action plan.

Why are the guidelines being revised?

The EBA cites changes in the legislative framework and the emergence of new risks as reasons for the review. Since the Risk Factor Guidelines were first published, Directive 2018/843/EU - Fifth Money Laundering Directive has come into effect and the EBA is of the view that the changes introduced warrant a review of the guidelines to ensure that they remain accurate and relevant. This is particularly the case, in the EBA’s view, in relation to the provisions

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of the guidelines dealing with enhanced CDD and high-risk non-EU countries.

What are the proposed changes?

Some of the more significant changes proposed by the EBA in the draft revised guidelines attached to the consultation paper include:

- ▣ enhanced guidelines on business-wide and individual risk assessments;
- ▣ enhanced guidelines on enhanced customer due diligence related to high-risk third countries;
- ▣ more details on terrorist financing risk factors;
- ▣ updated guidelines on CDD measures including on the identification of beneficial owners;
- ▣ new guidance on emerging risks, such as the use of innovative solutions for CDD purposes; and
- ▣ the introduction of new sectoral guidelines on crowdfunding platforms, providers of currency exchange services, corporate finance, and payment initiation services providers and account information service providers.

Next steps

Firm and other stakeholders have until 5 May 2020 to make their submissions. The EBA will repeal the June 2017 version of the guidelines once the revisions have been finalised. You can find a link to the Consultation Paper [here](#).

If you require assistance in assessing or meeting your AML/CFT obligations, please contact the writer or your usual contact in Dillon Eustace.

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