



**GLOBAL FUND SERVICES**  
**AML Working Group**

## **5<sup>th</sup> Anti-money Laundering Directive**

### **Summary of changes from the 4<sup>th</sup> Anti-money Laundering Directive**

The fifth directive on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the "Fifth AML Directive") was published in the Official Journal of the European Union on 19<sup>th</sup> June 2018. Member States have until 10<sup>th</sup> January 2020 to bring the laws and regulations into force.

The directive is a series of amendments to the fourth directive rather than wholesale change, which will further strengthen transparency and the existing preventative framework. It brings crypto currencies and prepaid cards within the money laundering regime and has also been extended to cover all forms of tax advisory service, lettings agents and art dealers.

The directive has recently been consulted on with responses provided to HMT by 10<sup>th</sup> June.

The main changes for the Transfer Agency sector are:

#### **Customer Due Diligence**

- Additional wording to provide greater clarity to firms around electronic verification
- Expansion of the types of trusts required to be entered on to the Trust Register
- Firms will need to collect proof of a trust's registration on the Trust Register from the customer
- Where the Beneficial Owner cannot be identified the Senior Managing Official should be verified

#### **Ongoing Due Diligence**

- Requirement to review Beneficial Ownership information when a firm has a legal duty to contact a client in any calendar year or under tax compliance regulations

#### **Enhanced Due Diligence**

- Expands the scope of persons on whom EDD must be conducted from 'persons or legal entities established in the third countries', to 'business relationships or transactions involving high risk third countries'
- Introduction of enhanced relevant reporting mechanisms or systemic reporting of financial transactions

#### **PEPs**

- Member States to keep an up-to-date list of which functions constitute "prominent public functions"

#### **Beneficial Ownership Discrepancies**

- Firms to report any discrepancies identified between central registers and the information available to them or which they hold
- Requirement to collect proof of registration or excerpt of the register



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**Beneficial Ownership Register**

- Member States to make legal entity registers public. UK register at Companies House already public
- Member States on condition of online registration, are able to charge a fee, not more than administrative costs, for accessing information on the central registers

**Bank Account Register**

- Member States to establish a central registry of natural and legal persons who own bank accounts. It is not anticipated that this will be public.

**New Technologies**

- Firms should be required to undertake risk assessments prior to the launch or use of new products, new business practices and delivery mechanisms. Currently only a requirement to undertake a risk assessment of new technology