BAV WEALTH CARE

AML FUNDAMENTALS

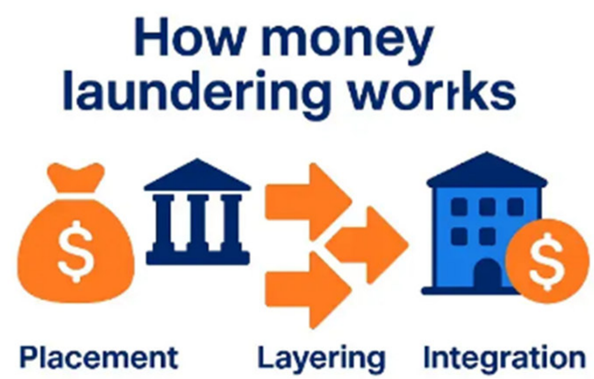
Global Standards and European Union Regulations

STRATEGIC COMPLIANCE SERIES

THE THREE STAGES

To effectively combat financial crime, we must understand the mechanics of how illicit funds are sanitized:

1. **Placement:** The initial entry of "dirty money" into the legitimate financial system.
2. **Layering:** Distancing the funds from their source through complex layers of transactions.
3. **Integration:** Returning the "clean" funds to the criminal in a seemingly legitimate form.



GLOBAL STANDARDS

THE FATF "GOLD STANDARD"

The Financial Action Task Force (FATF) is the global watchdog that sets the international standards intended to prevent money laundering and terrorist financing.

- **The 40 Recommendations:** The comprehensive framework for AML/CFT measures worldwide.
- **Black & Grey Lists:** Identifying jurisdictions with strategic deficiencies in their AML regimes.
- **International Cooperation:** Facilitating the exchange of financial intelligence across borders.

CORE COMPLIANCE PILLARS

KYC & CDD

Know Your Customer (KYC) and Customer Due Diligence (CDD) are the first line of defense to verify identities and assess risk.

TRANSACTION MONITORING

Ongoing analysis of account activity to detect patterns that deviate from a customer's known profile.

SAR REPORTING

Legal obligation to file Suspicious Activity Reports (SARs) to national Financial Intelligence Units (FIUs).

EU REGULATION

AML PACKAGE

The European Union has moved from a Directive-based approach to a more harmonized "Single Rulebook" to eliminate national discrepancies.

Key Components:
- **AMLR:** Directly applicable regulation across all Member States.
- **6AMLD:** The 6th Directive focusing on national powers and supervision.
- **TFR:** Recast Transfer of Funds Regulation (covering Crypto assets).

AMLA: THE CENTRAL HUB

ESTABLISHMENT

A NEW ERA OF SUPERVISION

The Anti-Money Laundering Authority (AMLA) is the new EU-wide body established to unify supervision and enforcement.

- **Direct Supervision:** Oversight of the highest-risk financial institutions in the EU.
- **Single Rulebook:** Drafting technical standards to be used by all national authorities.
- **FIU Coordination:** Supporting national Financial Intelligence Units in joint analyses.

KEY REGULATORY CHANGES

22 PREDICATE OFFENCES

Harmonized list of crimes that feed money laundering, including cybercrime and environmental crimes.

UBO TRANSPARENCY

Stricter identification of Ultimate Beneficial Owners (UBO) with interconnected national registers.

€10,000 CASH LIMIT

Introduction of an EU-wide upper limit on large cash payments to reduce anonymity in trade.

OBLIGED ENTITIES

BEYOND BANKING

The "Single Rulebook" expands the scope of entities required to maintain AML programs:

- **Crypto-Assets:** All Crypto-Asset Service Providers (CASPs) must perform KYC.
- **Luxury Goods:** Dealers in luxury cars, yachts, and high-value art.
- **Real Estate:** Increased scrutiny on foreign investment and intermediaries.

PROFESSIONAL ENABLERS

Lawyers, accountants, and tax advisors face stricter liability for aiding, abetting, or inciting money laundering.

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