

FRANS TIMMERMANS
First Vice-President of the
European Commission

VALDIS DOMBROVSKIS
Vice-President of the European
Commission

VĚRA JOUROVÁ
Member of the European
Commission

Brussels,
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Dear Chairs,

There have been a number of high profile incidents in recent months involving European banks' alleged involvement in money laundering activities, some of which have contributed to bank failures. These incidents serve to highlight the clear links that exist between effective anti-money laundering (AML) and financial stability: failure to address shortcomings in a bank's or any financial institutions or financial market participant's AML systems can potentially have serious detrimental effects on the financial soundness of individual institutions.

As the institutional set-up for prudential and AML supervision differs, these incidents also give rise to questions about the effectiveness of existing cooperation arrangements among the various competent authorities, and whether important information available to AML supervisors is always shared in a timely manner. The recently agreed 5th Anti-Money Directive significantly improves the legal framework for AML supervision and information-sharing among authorities. On that basis, it is now important to strengthen EU coordination arrangements in practice.

The purpose of this letter is therefore to initiate a collective reflection on how we can work together to improve the framework for cooperation between AML and prudential supervision. We also need to consider how to best integrate anti-money laundering considerations in prudential supervision, both in terms of licensing of banks and in assessing risky business models.

To that end, we would like to invite your respective organisations to a joint working group with the competent Commission services, to identify specific actions to be taken by the respective authorities, in order to improve the practical coordination of AML supervision of financial institutions, in the short term and beyond.

Ms Danièle Nouy,
Chair of the supervisory Board of the SSM, European Central Bank
Mr Andrea Enria,
Chair of the European Banking Authority
Mr Gabriel Bernardino,
Chair of the European Insurance and Occupational Pensions Authority
Mr Steven Maijoor,
Chair of the European Securities and Markets Authority

We would envisage that the set of actions could address the following points:

- Better use of the European Supervisory Authorities powers to ensure the correct application of EU law and supervisory convergence by national AML authorities;
- Better integration of AML considerations into prudential supervision;
- Greater use of supervisory colleges to consider AML issues;
- More clarity on when and how the power to revoke a banking (or other financial institution's) license can be used in the case of money laundering concerns;
- Improving coordination and exchange of information;
- Consideration of any further steps necessary for a stronger common Union approach to AML supervision and compliance.

We would invite the working group to carefully assess also the potential resource implications of these considerations.

On the basis of recent discussions, most notably during last week's Eurogroup, this is an issue which requires us to respond with some degree of urgency.

We would therefore expect that the joint working group would agree, as a first step, before the end of July, on the scope, expected deliverables and actions, as well as a time-frame for the follow-up work.

Yours sincerely



Frans TIMMERMANS



Valdis DOMBROVSKIS



Věra JOUROVÁ