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**NOTE**

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From: Presidency  
To: Permanent Representatives Committee/Council  
Subject: European system of financial supervision review  
- Policy debate

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**I. INTRODUCTION**

1. On 20 September 2017, the Commission presented a package of legislative proposals referred to as the European System of Financial Supervision package (the “ESFS package”)<sup>1</sup>.
2. The Anti-Money Laundering/Countering Terrorist Financing (AML/CFT) component was further added by the Commission to this legislative package with a proposal issued on 12 September 2018<sup>2</sup>.
3. At the ECOFIN meeting on 2 October 2018, Member States broadly recognized AML/CFT as a priority and further mandated the preparation of an action plan on anti-money laundering which was in the meantime adopted<sup>3</sup>.

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<sup>1</sup> Documents 12420/17, 12422/17, 12430/17, 12431/17

<sup>2</sup> Doc. 12111/18

<sup>3</sup> Doc. 15164/18

4. The European Central Bank adopted its opinion on the amended (AML/CFT) proposal on 7 December 2018<sup>4</sup> and the European Economic and Social Committee adopted its opinion on 12 December 2018<sup>5</sup>.
5. On 19 December 2018, the Permanent Representatives Committee agreed on a partial mandate for negotiations on the AML/CFT component<sup>6</sup>, while leaving the remainder of the ESFS file for continued discussion in the Council Working Party.
6. On 10 January, European Parliament's Committee on Economic and Monetary Affairs voted its opinion on the whole ESFS package.
7. At the Working Party on Financial Services on 11 January, the Presidency invited delegations to consider front loading of the AML/CFT component and separate it from the rest of the file, for which it received wide support.

## II. STATE OF PLAY

8. The Presidency stands ready to go ahead with negotiations with the European Parliament on the AML/CFT component of the file, as soon as possible.
9. At the same time, the Presidency aims to continue working at technical level on the remaining of the legislative package, where wide majority has not yet been reached and where further discussions are needed, with a view to securing a strong negotiating mandate. This includes further work on both the European Supervisory Authorities' framework and on the ESRB regulation.

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<sup>4</sup> Doc. 15468/18

<sup>5</sup> Doc. 15630/18

<sup>6</sup> Doc. 15569/18 ADD 1

### III. CONCLUSION

10. The Presidency suggests to focus on the AML/CFT component with a view to reaching an agreement as soon as possible with the European Parliament (subject to the European Parliament's agreement).
  11. This follows from the urgency of the AML/CFT topic, as well as from the Presidency's intention to concentrate its efforts and resources on files where negotiations have realistic chances of being concluded within the current legislature.
  12. Technical work will continue at the technical level with a view to reaching a negotiating mandate on the remainder of the ESFS package.
  13. The Presidency therefore suggests that COREPER invites the Council to agree to frontload and start negotiations with the European Parliament on the AML/CFT component of the ESFS package on the basis of the text agreed by COREPER on 19 December 2018<sup>7</sup>.
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<sup>7</sup> Doc. 15569/18 ADD 1