



RAHANDUSMINISTEERIUM

Estonia fully transposes the European Union money laundering directives

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The Parliament of Estonia yesterday approved the amendments to the Money Laundering and Terrorist Financing Prevention Act, which significantly enhances the current possibilities for the prevention of money laundering.

The approved amendments improve the definition of money laundering, provide protection for whistleblowers and create a legal basis, based on the existing electronic seizure system, for the development of a register of bank accounts and allow the access of the Financial Intelligence Unit to the register to be established.



The definition of beneficial owners is also improved and work will start on improving the quality of the data of beneficial owners within the Business Register. An important change is also a clearer regulation of cooperation and information exchange between obliged entities, which aims to give obligated persons opportunities for cooperation that save costs and serve the public interest by making it easier to share information gathered during due diligence procedures.

The passing of the law, by the Parliament, was the last step required for Estonia to fully transpose the European Union money laundering Directive AMLD V, as well as the so-called directive on fighting money laundering with criminal law and removing the deficiencies pointed by the European Commission, concerning the transposition of AMLD IV.

The Minister of Finance **Martin Helme** stated that the law is of utmost importance, has been thoroughly discussed by the Parliament and improves Estonia's possibilities in the fight against money laundering. "Estonia is not a place for money laundering. The government will do everything possible to make sure that our economic environment continues to be honest and transparent and the current legislation is a very important step forward in this regard. Estonian companies, in the future, must continue to know their clients and business partners better and the exchange of information between banks and the Financial Intelligence Unit will become faster and more efficient, thanks to the new register being created. We need to understand well the current dangers and future risks of the Estonian financial system, as well as manage them wisely."

„It is at the same time very important that ordinary people and smaller companies do not accidentally get caught in the middle of the process in the active fight against money laundering. The law, therefore, included a clause that banks need to explain more and justify their decisions to close bank accounts," explained Martin Helme.

The law establishes a list of politically exposed persons in Estonia, who will be subject to increased requirements in the prevention of money laundering. These include, for example, ministers, members of the Riigikogu, heads of constitutional institutions and state institutions, as well as the board members of political parties.

The law also increases the protection of whistleblowers and specifies the list of persons, who in their activities, must take into consideration the requirements of prevention of money laundering.

The passing of the Money Laundering and Terrorist Financing Prevention Act, by the Parliament and its efficient application, is important for the Estonian state, as already in the late autumn of 2021, Estonia is subject to a new evaluation by Moneyval.

This time, it will be assessed how the state applies in practice the laws and regulations, concerning the prevention of money laundering and the actual capacity of Estonian institutions to deal with the prevention of money laundering.

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