

# Convergence Romania Financial Sector Modernization

Special Projects Initiative Public-Private Steering Committee



## SPI Project: Amendment of the AML law

### Project Objective

To draft amendment proposals of the AML law in line with the EU Third Directive provisions, which will address both banks' concerns for cost-effectiveness of reporting and avoidance of reputational and legal risks, and authorities' concerns for maintaining high standards about AML.

### Project Management Team

**Project Owner (PO):** Petre Bunescu (RBA Vice President)

**Project Manager (PM):** Doru Bebe Bulata (Director, BCR)

**Deputy Project Manager (DPM):** Paula Lavric (State Secretary, AML Office)

Alis Avramescu (Deputy Director, NBR)

## Minutes

### **Sixth Meeting**

*February 7th, 2007 – RBA Premises*

### **Participants:**

Petre Bunescu, PO

Doru Bulata, PM

Paula Lavric, DM

Liana Teodorescu, member

Constantin Jumuga, member

Eugen Neidoni, BRD

Sergiu Bogeia, member

Nicoleta Iacob, member

Isabelle Chelariu, member

Magdalena Scriciu, member

Simona Butoi, member

*SPI Secretariat:* Ramona Bratu, SPI Director for Bank Products and

Services, Oana Nedelescu, SPI Director for Analytics and Policy

## **I. Discussions on the RIA questionnaire**

While recognizing the importance of having illustrative figures to support the amendment proposals in the enactment process, the PO and PM expressed their concerns regarding the banks' capabilities to provide all the information required and to allocate time for this additional task at this moment when banks have to face high pressure to comply with all kind of new requirements. Under these circumstances, there is the risk of getting non-relevant findings in case only some banks are answering or in case the answers are not complete. The solution for obtaining relevant figures in a more operative way is to have only the banks represented in the PWG answer the questionnaire and to extrapolate the findings on this sample to the banking system level, using whenever possible the Roland Berger study findings.

## **II. Discussions on the multiple – option proposals**

Participants agreed on the following:

1. to maintain in the law the definition of the “politically exposed persons” as given by the Third Directive and to give an extensive definition in the secondary regulations;
2. not to include a definition for external transfers aligned to the NBR regulation on the external balance of payments as it is not in line with the FATF definition;
3. to maintain the proposed amendment in Art. 3 -1, but not to quote anymore the Italian example as the Italian law hasn't been aligned yet to the provisions of the Third Directive and the example could be misleading;
4. the suspension period for the suspicious transactions to be of 24 hours, which is a feasible option. As for NBR suggestion not to suspend suspicious transactions but to refuse their execution, two arguments were brought: first, according to the KYC regulations banks have already this possibility, and second, it is in the interest of the investigations to let the transactions be executed;
5. the prolongation of the suspension period to be of 72 hours, in order to give to the competent institutions enough time to take the appropriate measures;
6. to accept the banks' proposal on Art.4 -2, as necessary for clarifications;
7. to capture the specificities of each area of the financial market, the specialized supervisory bodies will issue KYC regulations, not the AML Office. The NBR concern on the uniformity of these regulations is addressed by the amendment proposed by banks containing a broad description of the content of these regulations;
8. to keep the proposal for Art. 14 – 1 and not to include the reference to the compliance officer as banks give different meanings to this position;
9. to increase the reporting threshold for external transfers to EUR 50.000;
10. to include also in the transactions excepted from reporting to AML Office the NBR's transactions with the Treasury;
11. to replace throughout the law the term “banks” with “credit institutions”.

As regards the issues on:

- *non-disclosure of the reporting entity's identity;*
- *bi-annual information to be made by the AML Office;*
- *giving a feedback on the reported suspicious transactions;*
- *agreeing with the banks the report format,*

will be subject to further discussions between banks and the AML Office, as MoPF and NBR have no comments on them, in the already planned meeting on **February 13<sup>th</sup>**. One idea is that some of the above mentioned issues to be provided in an agreement between RBA and AML Office and not foreseen in the law.

**The PWG will meet again on February 14<sup>th</sup> for the final approval of the proposed law amendments.**

**Also, the PWG will have another meeting in the week February 19 – 23 in order to provide and discuss data for RIA.**

### **III. Discussions on the final document**

The final position paper has to be sent for approval to the RBA Board in its meeting on March 1<sup>st</sup> and to SPI Committee.