

# Legal Alert

**Money Laundering – Proposal for Implementing the “Third Directive”**

**September 2008**

**At the end of August 2008 the Polish Finance Ministry published a draft amendment to the money-laundering act. The draft is currently being reviewed by the Council of Ministers' European Committee, before submission to the Standing Committee of the Council of Ministers and, following approval there, to the Polish Parliament.**

The amendment is designed to implement Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the Prevention of the Use of the Financial System for the Purpose of Money Laundering and Terrorist Financing, known as the “Third Directive” (the “Directive”). The deadline for implementing the Directive passed in December 2007, so work on amending the Polish money-laundering provisions should be completed as quickly as possible.

## **Most significant changes:**

- **Extension of affected entities**
  - all financial institutions (whether they have their registered office in Poland or are branches of foreign financial institutions), and all credit institutions, are to subject to the regulations of the act, along with entities authorized to provide accounting services and institutions doing business involving money transfers.
- **Introduction of a requirement to identify “beneficial owners,”** i.e. individuals holding more than 25% of the shares in a legal person conducting a transaction.
- **Introduction of a requirement to identify “politically exposed persons,”** including – notably – foreign individuals.
- **Introduction of the definition of a “shell bank,”** so that transactions using such an entity can be prohibited.
- **Specification of “customer due diligence” measures.** These include such measures as the existing identification duty, as well as a new duty to verify the customer's identity. Importantly, circumstances have been spelled out under which relaxed or heightened customer due diligence may be employed.

## **Grace period for adapting procedures**

From the date the amendment comes into force, affected entities will have 6 months to adapt their internal procedures to comply with the new requirements.

Except for certain provisions, the amending act is to go into force 14 days after publication.

## **Contact:**

**Magdalena Chrzan**  
magdalena.chrzan@wierzbowski.pl  
+48 22 50 50 745

