

## LEGAL UPDATE

### **Amendment of Money Laundering and Terrorist Financing (Prevention) Act**

Date: 12 July 2018

At last, more than a year after it should have entered into force, the [Fourth Anti-Money Laundering Directive Implementation Act](#) has been adopted by the Dutch House of Representatives. Now all that is needed for this Act to enter into force is the King's signature. This Act implements into Dutch legislation the EU's Fourth Anti-money Laundering Directive, aimed at preventing money laundering and financing of terrorism.

The current [Money Laundering and Terrorist Financing \(Prevention\) Act](#) contains a definition of ultimate beneficial owners (UBOs). In a nutshell, a UBO is an individual who owns or controls 25% or more of a legal entity. With the introduction of the new Act, this 25% threshold no longer applies. In the new Act, the percentage only serves as an indication that the person concerned may qualify as a UBO. In addition, the 'pseudo UBO' is introduced. This is a senior manager who is regarded as a UBO if a legal entity does not have a real UBO. As a result, starting from the effective date of the new Act, all legal entities will have a (pseudo or real) UBO.

Other important changes due to the introduction of the new Act are that institutions such as notarial firms and banks will be required to draw up policies, procedures and measures to mitigate and effectively manage money laundering and terrorist financing risks.

Furthermore, the new Act no longer designates certain types of clients for which simplified customer due diligence is sufficient. Instead, an institution will have to assess itself which investigations should be carried out in particular situations. In this context, a more detailed investigation must be carried out in the case of politically exposed persons (PEPs). Lastly, the definition of politically exposed persons has been revised in the new Act. For example, the new Act no longer makes a distinction between Dutch and foreign politically exposed persons.

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