

Consultation Response

Consultation Response on draft RTS under Article 16 (4) and 17 (3) AMLR

15 June 2026

The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on the AMLA Consultation on draft RTS prepared as per the mandate given by Article 16 (4) and 17 (3) of Regulation (EU) 2024/1624. AFME is the voice of the leading banks in Europe's financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe's financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME's legal and regulatory initiatives.

AFME is registered on the EU Transparency Register, registration number 65110063986-76. We summarise below our high-level response to the consultation, which is followed by answers to the individual questions raised.

Please find attached AFME's response to AMLA's consultation on the draft regulatory technical standards under Article 16(4) and 17(3) of Regulation (EU) 2024/1624.

AFME supports the objective of a robust and effective framework for group-wide AML/CFT governance and information sharing. However, as currently drafted, the RTS raise significant concerns as to legal certainty, proportionality and operational workability. In particular, our response highlights the need to ensure that the final RTS remain firmly anchored in the Level 1 text, do not expand obligations beyond the AMLR definition and perimeter of a 'group', and do not impose prescriptive requirements that are not legally or operationally feasible in complex cross-border structures.

Our submission also emphasises the need for a more clearly embedded risk-based and proportionate approach, particularly in relation to information-sharing requirements, governance expectations, third-country legal restrictions, and the designation of a parent undertaking in the Union. These issues are critical to ensuring that the RTS are both effective in practice and consistent with applicable legal frameworks, including data protection, confidentiality and corporate governance requirements.

We trust that the attached response will assist AMLA in refining the draft RTS and would welcome continued engagement on the points raised.

Question 1: Do you have any observations concerning the definitions laid out in article 2?

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Consistency with existing EU definitions

The RTS uses several terms that are not defined in AMLR Art. 2 nor in the RTS including: *'commercial functions'*, *'decision-making powers'*, *'customer's expected transactional behaviour or business profile'*, *'need-to-know basis'*, *'risk classification'*, *'group-specific risks'*, *'reporting lines'*, *'common customers'*, *'negative or adverse media reports'*, *'close family members'*, *'closely associated persons'*. AMLA should where possible use existing terms from existing EU legislative text or provide cross-references to the applicable AMLR provisions to define these terms in RTS Art. 2

Article 4 introduces the phrase *'the person on behalf of whom the customer acts'* without defining it. This differs from AMLR *'any person purporting to act on behalf of the customer'* and *'natural persons on whose behalf a transaction is conducted'*. AMLA should align with the applicable AMLR wording or confirm in RTS Art. 2 that the terms and definitions of the AMLR apply.

The RTS uses *'risk-sensitive basis'*, in Art. 10, 11, 12 and 14, while the AMLR generally uses *'risk-based approach'*. The phrase *'risk-sensitive'* appears only in AMLR Recital 126. AMLA should replace *'risk-sensitive basis'* with *'risk-based approach'* throughout the RTS or expressly equate the two terms in RTS Art. 2. Providing *'risk assessments'* as another example, AMLR Articles 16(1) and 10 refer to *group-wide and business-wide risk assessments*. In the RTS, the recitals refer to *group-wide level risk assessment, business-wide risk assessment and entity-level risk assessment*, Article 3 (3) of the RTS refers to *business-wide risk assessment at group level in sub (d) and group-wide risk assessments (plural) in sub (g)*.

In Art.2 terms such as *'control function'*, are already defined in other EU financial services legislation and we request confirmation that *'control function'* is to be interpreted consistently with existing EU legislative frameworks.

Interaction with the 'group' definition

We recognise AMLA seeks to capture structures, networks or partnerships that fall outside the AMLR definition of a *'group'*, in particular where no parent–subsidiary relationship exists. However, the relationship between these concepts and the group definition is not explicit. We seek clarification on if these definitions are intended to apply only in the absence of a group structure; and if obliged entities that are part of a group are expected to assess these concepts in parallel. Without clarification, there is a risk of uncertainty as to whether group-wide obligations could extend beyond formally defined group structures to other types of commercial arrangements.

Given the broader RTS framework on group-wide policies, controls and information sharing, it is important to clarify if these definitions are intended to trigger obligations analogous to those applicable at group level and request clarification that the introduction of these concepts does not extend group-wide requirements beyond the perimeter of entities that form part of a *'group'* within the meaning of the AMLR.

Scope and risk of over-interpretation

We note that the definitions of *'structure'*, *'network'* and *'partnership'* are broad and may inadvertently capture a wider range of arrangements. There is a risk that purely contractual or investment relationships, including minority interests or standard market arrangements, could fall within scope without involving the level of control, coordination or integration that would justify the application of group-like AML/CFT obligations.

We further note that the definitions rely on concepts such as ‘*common management*’, ‘*common compliance control*’ or a ‘*common framework*’, without clearly specifying the level of influence or control required. Without clarification, there is a risk that arrangements involving coordination but not control could be captured, including scenarios where an obliged entity does not have the legal or practical ability to impose AML/CFT controls.

We request that AMLA clarify that any obligations linked to these definitions are limited to what is within the obliged entity’s legal and operational control.

On ‘*partnerships*’ it is our interpretation that in respect of investment funds, only entities under clear group control should be included not limiting to majority ownership as the sole determinate. We note the change from *majority owned subsidiaries* to *subsidiaries*, which may create an issue where there are more than two group policies applying to the same entities. We propose that this is applicable to those with control rather than ownership and is relevant in scenarios where such arrangements do not involve control, common management, or the ability to impose AML/CFT policies, and where their inclusion could extend group-wide requirements beyond their intended perimeter.

The draft RTS appears to extend the scope of information sharing to non-implementation and circumvention of targeted financial sanctions beyond Level 1 text for ML/TF requirements.

Question 2 – 5000 characters

Do you find the minimum requirements listed in article 3 of the draft RTS related to internal policies, procedures and controls sufficient and clear? If not, could you please indicate which other requirements, or further clarification, you think should be added and/or revised?

Governance and approval requirements

The RTS imposes a number of specific requirements beyond AMLR Art. 16, including the obligation to establish a dedicated ‘*organization and coordination structure or body at group level*’ with ‘*sufficient decision-making powers*’, ‘*clearly documented reporting lines*’ and a ‘*group AML/CFT officer*’. These are new obligations without an AMLR equivalent. AMLA should confirm the AMLR legal basis for each of these requirements and clarify what constitutes compliance for groups of different sizes and risk profiles.

Art 3. requires obliged entities to ensure effective group-wide governance over AML/CFT policies, procedures and controls. We seek clarity on what constitutes ‘*sufficient decision-making powers*’ at group level especially in the context of no parent/subsidiary relationship. In complex multi-entity group structures, decision-making authority may be distributed, particularly where legal and regulatory accountability rests with the management bodies of individual entities. We seek confirmation that delegation arrangements should be permissible, provided that overall group-level oversight, escalation mechanisms and accountability remain clearly defined.

We request that Art. 3(1) is redrafted to include that a ‘*parent undertaking in the Union shall ensure that the following minimum standards are part of the group wide policies, procedures and controls on a risk-based approach*’.

We also note that a material concern arises where EU obliged entities within the same third-country-owned organisation are intentionally structured as independent businesses with separate boards, no shared management/services, and strict information barriers are mandated

or necessitated by EU or foreign legal obligations (including MiFID II conflict-of-interest controls and Reg W in the United States).

The RTS refers to the '*group compliance manager*' (Art. 3(a)), whereas AMLR Art. 16(2) uses the formulation '*compliance manager at the level of the group*'. AMLA should use consistent terminology across both instruments and confirm that these terms designate the same function.

AMLA should also clarify whether the '*group AML/CFT officer*' referred to in Art. 3(b) RTS is the same person as the compliance manager at group level or a separate mandatory appointment, since AMLR Art. 16(2) refers only to one function.

Information exchange between commercial and control functions

Art 3 of the RTS introduces requirements for regular and documented information exchanges between compliance, control and commercial functions. We seek clarity on: the type and level of information expected to be shared (for example, whether this is intended to be aggregated risk information rather than customer-specific data); and how these requirements interact with existing legal constraints, including obligations relating to confidentiality, data protection and the prohibition on tipping-off.

Information sharing with third countries

We welcome the inclusion in Articles 5 to 15 of mechanisms addressing situations where third-country legal restrictions may limit information sharing, data processing, supervisory access or record retention within cross-border groups. Supervisory expectations must remain proportionate and operationally workable in situations involving genuine conflicts of law, including restrictions arising from data protection, banking secrecy or confidentiality requirements in third countries.

Obligated entities should not be placed in a position where compliance with Union requirements would require them to breach applicable local law. To support this, we request AMLA to publish analysis on areas where third-country legal restrictions may limit information sharing, data processing, supervisory access, or record retention, and to promote engagement with relevant jurisdictions to help address these challenges for obliged entities across the European Union.

Application across diverse group entities

In Art 3 obliged entities must ensure consistent implementation, review and reassessment of group-wide AML/CFT policies and controls. We propose that this applied in a proportionate and flexible manner to reflect differences in business models, activities and organisational structures. The review and reassessment must take place '*at the level of the parent undertaking*'. In practice, such reviews may be conducted within established group-wide second-line or internal audit frameworks and request clarification that these activities may be delegated while maintaining appropriate group-level oversight.

Interaction with global group structures and non-EU headquarters

Non-EU headquartered financial groups typically operate under robust, centrally governed global AML/CFT frameworks, and requiring a standalone EU group framework risks unnecessary duplication, inconsistency, and inefficiency - we encourage alignment with FATF Recommendation 18 which mandates group-wide programmes for financial groups.

We request that the RTS allow reliance on existing global group frameworks that are equivalent to, or exceed, EU requirements, with any specific enhancements implemented to address regulatory gaps, rather than imposing an additional layer. We also suggest that a qualification is added that the requirements under article 3 apply ‘*to the extent they are possible*’.

Art. 3(2): Suggested Edit (aligned to AMLR (43)

2. Internal policies, procedures and controls shall be adopted and implemented group-wide by the management body of the parent undertaking in the Union. Group-wide owned procedures and controls shall be approved at least at the level of the group compliance manager referred to in Article 16(1) of Regulation (EU) 2024/1624.

Section 3 - Information sharing (articles 4 - 9)

Question 3– 5000 characters

Do you foresee any operational or legal challenges, including challenges related to legal privilege, in implementing the provisions related to information sharing within entities of a group? If so, could you please indicate which ones? Do you foresee any operational or legal challenges in ensuring that information sharing from third countries and to third countries within entities of a group is adequate to regulatory standards in the Union? Do you have any suggestion that would make it better suited operationally or legally?

Scope of information sharing obligations

The ‘*at least*’ formulation in Art. 4(1) mandating 22 data categories is overly prescriptive, conflicting with a proportionate, risk-based approach irrespective of customer risk or information request purpose. This creates significant operational challenges, particularly for low-risk customers. We urge AMLA to amend Art. 4 to allow tailoring of shared information based on individual customer ML/TF risk and the risk-based approach, avoiding the extensive sharing of information that is not relevant for the receiving entity.

Conflict with GDPR

Furthermore, the portfolio-wide processing as per Art. 4(2) for identifying ‘*common customers*’ before ML/TF risk is identified, conflicts with GDPR’s principle of data minimisation. Alternatively, we suggest that the parent undertaking shall define the situations, the amount and the type of data to be shared on a need to know bases and on a risk-based approach.

We suggest the following edits to Article 4(1) and 4(2):

Article 4(1): *When information is **deemed** relevant **by the parent undertaking** for the purposes of the prevention of money laundering, terrorist financing and the non-implementation or evasion of targeted financial sanctions, information sharing within a group, as referred to in Article 16(3) of Regulation (EU) 2024/1624, shall enable the sharing of relevant information, including, where appropriate, the following categories of information*

*(a)(xi) ‘material changes in the customer’s risk profile or status **resulting in an increased risk classification as a result for example of** ~~including~~ changes in beneficial ownership **or** business activity ~~or risk classification~~’*

Article 4(2): *‘The parent undertaking in the Union shall define what situations **and what type and amount of data** are relevant for information sharing, considering the size, complexity, and the risks of the group as well as the availability and quality of the information.*

*Information sharing ~~within the group~~ **policies, procedures and controls** shall cover at least **the conditions for sharing**, common customers ~~and customers having the same their beneficial owners, customers that belong to the same group or structure.~~ Information-sharing policies, procedures and controls at group level shall include ~~appropriate records of information exchanges to ensure traceability~~ **sufficient safeguards to ensure appropriate usage** and accountability of such information as well as effective supervision, removing primarily the requirement to have records of information exchanges in place. Policies, procedures and controls set out the framework to safeguard information, but do not include records of information exchange. The suggested wording is a re-usage from Article 16 (3) AMLR.'*

CDD ambiguity

We are concerned that Article 4(4)'s phrase 'shall not exempt' from conducting 'adequate own' CDD creates ambiguity, risking duplicative CDD and undermining the AMLR's reliance framework (Recital 102). We request AMLA clarify that this phrase ensures ultimate responsibility but permits reliance on group-wide CDD, and that 'adequate own' CDD means ensuring such reliance is appropriate for the entity's specific activities and risks.

Information sharing obligations and relationships

We seek clarity on Art. 5 RTS, and if it refers to governance and oversight by the parent undertaking only, or if it imposes obligations on individual subsidiaries and branches in third countries. If the latter, this must be stated explicitly, along with the relevant legal basis. On the ability for obliged entities in the Union to 'receive' information from branches or subsidiaries in third countries, this does not address the sharing of information from entities in the Union to entities outside the Union and we seek clarity on this.

Supervisory notification obligations

AMLA can specify minimum requirements for group-wide policies, procedures and controls, but does not extend to the creation of standalone supervisory notification obligations. In this context, the notification should be removed as identification and management of legal restrictions is addressed via provision in Art 17 AMLR. If this is not accepted, we seek confirmation on the process for the 28-day notification requirements, including timing.

We request clarification that for obliged entities under direct AMLA supervision, notifications should be directed exclusively to AMLA, obviating parallel reporting to national competent authorities. Furthermore, information sharing should be limited to data relevant for supervisory functions, rather than a blanket transfer of all categories specified in Article 4.

Question 4 – 5000 characters

Do you foresee any operational or legal challenges in implementing the minimum actions and additional measures required under section 4 of the draft RTS where third-country law restricts the application of group-wide AML/CFT policies, procedures and controls? If so, please describe the challenges and provide practical examples.

Legal basis and alignment of Section 4 measures

The measures in Section 4 appear broadly equivalent to those in Commission Delegated Regulation (EU) 2019/758. AMLA is requested to confirm this equivalence in the RTS preamble in order to provide legal certainty for institutions that have already implemented compliance frameworks under that Regulation and to avoid duplication or divergence in supervisory expectations across Member States.

In addition,

Arts. 11, 12, 13 and 14 should be reviewed to ensure they do not impose obligations that are structurally impossible to implement in certain jurisdictions.

Arts. 10–14 and 15 should be better aligned with Article 17 AMLR, which requires supervisors to be informed of additional measures taken where third-country law restricts the application of AMLR requirements.

Art 10 introduces a dual notification structure, comprising an initial notification upon identification of the restriction and a subsequent notification confirming the appropriateness of the measures applied. The Level 1 basis for this duplication is not clear, and it may create unnecessary administrative burden without commensurate supervisory benefit. Art. 10(3) should be clarified to reflect that, where the ML/TF risk cannot be managed, ‘one or more’ of the listed measures may be applied, rather than implying that the full set of measures must be imposed cumulatively in every case.

On consent: While obliged entities are required to assess whether customer or beneficial owner consent can be used to legally overcome restrictions, this should not be interpreted as a general or standalone solution. In particular, under GDPR, consent must be freely given and may be withdrawn at any time, which limits its reliability as a basis for AML/CFT compliance. This should be reflected in the RTS to provide a more operationally realistic framework.

Proportionality and risk-based application of additional measures

We wish to emphasise that the additional measures set out in Art. 15 should be read and applied in light of an overarching principle of proportionality, as proposed for inclusion in Art. 1. These measures should not be interpreted as a checklist and that they should be illustrative and enabling in nature i.e. enabling groups to select and calibrate one or more measure based on a proportionate assessment of the specific ML/TF risks and legal constraints involved. Similarly, obliged entities should be able to apply other measures that are equally or more effective in managing the specific ML/TF risks arising from third-country legal restrictions, provided those measures achieve outcomes consistent with AMLR objectives. This should also align with the provisions in Art 16 of the RTS.

We also make a number of observations on Art 15. Please see below:

On Art, 15 (1)(a) – We consider that the product and service restrictions envisaged under Art 15(1)(a) may present operational and competitive challenges where third-country law limits the application of group-wide AML/CFT controls. In practice, such restrictions are not consistently applied as a default mitigation measure and may place EU-headed groups at a competitive disadvantage compared to local or third country peers operating in the same markets. We also suggest that complete limitations on products and services may also be disproportionate where local ML/TF risks are effectively mitigated through enhanced controls rather than withdrawal from certain activities. We seek clarification that Art 15(1)(a) is intended as a risk-based measure of last resort, taking into account local market conditions and proportionality, would support more consistent and workable implementation.

On 15(1)(b): prohibiting reliance on customer due diligence carried out by third-country branches or subsidiaries appears disproportionate. We suggest that limitations on information sharing do not necessarily indicate that CDD standards applied locally are deficient or not aligned with group requirements. A complete non-reliance requirement risks duplicative controls without a clear risk-based justification.

The obligation under Art 15(1)(e) to determine and document source of funds and wealth appears risk-agnostic. We seek confirmation that this measure is intended to apply on a risk-based basis, as a broad requirement risks being operationally burdensome and disproportionate, particularly for lower-risk relationships.

On 15(1)(f): enhanced ongoing monitoring may be appropriate in circumstances such as new business initiatives or where a risk is not yet fully understood. However, clarity is sought that this is intended as a temporary, risk-driven measure, rather than a requirement to apply permanently elevated monitoring solely due to third-country constraints.

15(1)(g) proposes a more proportionate approach by requiring the sharing of underlying information giving rise to suspicion, rather than the suspicious transaction report itself. Further clarification that this represents the minimum expected standard, subject to third-country legal constraints, would support consistent and workable implementation.

We also note that assessment and use of customer or beneficial owner consent is a potential risk-mitigation option, rather than a mandatory measure and that it should be applied on a risk-based and legally appropriate basis depending on the nature of the restriction and the ML/TF risks involved.

Question 5 – 5000 characters

Do you foresee any challenges in applying the provisions relating to information sharing within the group where third-country law restricts the ability to access, process or exchange information for AML/CFT purposes (articles 12 and 13 of the draft RTS)? If so, please explain.

Overly prescriptive escalation and exit requirements (Articles 12 and 13)

The current drafting of Articles 12 and 13 introduces a highly prescriptive and repetitive approach, including a sequenced escalation that may ultimately lead to the closure of operations in third countries. This goes beyond the high-level, principle-based framework set out in the AMLR and limits the flexibility needed to manage diverse legal environments. A more effective approach would be to allow firms to determine appropriate mitigation measures on a risk-based basis, taking into account the specific legal constraint and risk profile of the jurisdiction, rather than imposing a rigid escalation pathway.

Lack of Level 1 basis for dual notification (Articles 12 and 13)

The requirement for both an initial notification of legal restrictions and a subsequent notification confirming the appropriateness of mitigating measures appears to go beyond the Level 1 framework. This dual approach introduces significant administrative burden without a corresponding benefit in terms of supervisory oversight. Aligning the RTS with Article 17 AMLR by providing for a single, comprehensive notification once the restriction has been assessed would support a more proportionate and operationally efficient framework.

Proportionality of systematic data sharing (Article 13(1)(c))

The requirement to systematically provide findings from enhanced reviews, onsite checks or independent audits to supervisors is disproportionate and operationally burdensome. A more balanced approach would be to require that such information is made available to supervisors upon request, ensuring transparency while avoiding unnecessary reporting obligations for both firms and supervisory authorities.

Legal constraints on STR-related information sharing (Article 12)

Expectations regarding the sharing of information related to STR raise significant legal challenges. In many third countries, strict confidentiality and tipping-off rules prohibit the sharing of detailed STR-related information, particularly where this could interfere with ongoing investigations. The RTS should therefore clarify that information sharing in this context is limited to aggregated and non-tipping-off data, ensuring compatibility with local legal frameworks. At the same time, the objective of facilitating effective intra-group information sharing is supported, provided this is implemented in a manner consistent with applicable legal safeguards.

Operational complexity of customer consent (Articles 12 and 13)

Reliance on customer consent as a primary mechanism to overcome third-country legal restrictions presents significant operational and legal challenges. Managing and evidencing consent at scale is complex, and its legal effectiveness in overcoming banking secrecy or data protection constraints may be uncertain. Furthermore, obtaining consent from UBOs is often impractical as entities lack direct contractual relationships with them. In this context, consent should be treated as one of several possible mitigation tools, to be applied on a risk-based basis where it is legally viable and operationally feasible, rather than as a mandatory or default requirement.

Terminology alignment

As we have set out in our response to Q1, The RTS uses '*risk-sensitive basis*', in Art. 10, 11, 12 and 14, while the AMLR generally uses '*risk-based approach*'. The phrase '*risk-sensitive*' appears only in AMLR Recital 126. AMLA should replace '*risk-sensitive basis*' with '*risk-based approach*' throughout the RTS or expressly equate the two terms in RTS Art. 2.

Question 6 – 5000 characters

Do you consider the proposed framework for additional supervisory actions (article 16 of the draft RTS) appropriate and workable in practice, including the addressee of supervisory decisions and the feasibility of applying restrictions or closure measures in cross-border structures? If not, please explain.

Supervisory consistency and convergence

We note that Art. 6 to 16 of the RTS rely significantly on supervisory judgement in assessing legal restrictions, the sufficiency of mitigating measures and the appropriateness of escalation actions. In this context, further clarity would be welcome on how supervisory consistency and convergence will be ensured across home and host Member State Competent Authorities as well as between National Competent Authorities AMLA where it acts as a direct supervisor.

Given the cross-border nature of many obliged entities and the potential for the same third-country legal constraint to affect multiple entities or branches, clear coordination mechanisms and common supervisory expectations will be essential to avoid divergent interpretations of the same group-wide arrangements.

On Sharing of customer data for supervisory purposes. We note that this is aligned to the data collection template and reporting requirements under the AMLA supervision framework. We welcome this and call for alignment where relevant throughout the RTS.

On *Record retention provisions*, we note that the drafting appears inconsistent with comments made on this subject at the recent AMLA hearing, where it is our understanding that an official confirmed that there is a five-year minimum requirement for record retention. We welcome clarity that these are minimum requirements, and that of necessary as required by local laws, records can be kept for longer. We also observe that there may be discrepancies in reporting requirements which may restrict the application of Art 77 of the AMLR, which could be a potential problem for those operating in third countries.

However, operational challenges may arise in practice, particularly in cross-border structures where the parent undertaking's ability to direct or enforce specific measures is constrained by third-country legal, regulatory or governance frameworks. While supervisory decisions are appropriately addressed to the parent undertaking or obliged entity in the Union, the feasibility of implementing certain corrective actions may be limited where third-country entities are subject to conflicting local requirements.

Further clarity on supervisory expectations regarding proportionality, the scope of required corrective measures, and how feasibility constraints in third countries should be taken into account would support more consistent and workable implementation, while preserving the objective of ensuring effective group-wide AML/CFT oversight.

Question 7 – 5000 characters (Arts 17-20)

Do you find the criteria provided in section 5 effective to identify the parent undertaking in the Union in cases where two or more obliged entities not in a parent-subsidiary relationship whose head office is located outside of the Union? Do you find the criterion of annual turnover applicable in your specific sector?

Misalignment with group structures

For our members operating as a combination of EU and non-EU headquartered firms, we note a series of challenges with the proposed criteria – we make the following points: The methodology drives towards designation of a single EU parent across all EU entities with common head office(s) outside the EU. The approach does not reflect global group structures driven by legal/regulatory obligations. Requiring an artificial single EU parent does not accord with the AMLR definitions, has no correlation with actual governance and control perimeters, and may result in entities without influence over or understanding of affiliates being designed as parent.

The approach must be consistent with other EU law using the same definitions, such as CRD, and AMLA must recognise the possibility of multiple EU parent undertakings for third-country groups where justified by governance, regulatory perimeter and legal constraints, including mandatory third country separation requirements.

The draft RTS addresses both ‘*groups*’ with common head office(s) outside the EU and structures sharing common ownership, management or compliance control (‘*Structures*’). While AMLR Recital 44 suggests the ‘*broadest possible definition of a group*’, Art. 2(41) AMLR must be given effect: a group cannot extend beyond ‘*undertakings which consists of a parent undertaking, its subsidiaries, as well as undertakings linked to each other by [consolidated accounts in the EU]*’. Accordingly, the RTS must reflect that a group is limited to entities within those specific relationships (including branches). All other collections of entities must necessarily be either Structures or outside Art. 16.

‘Group’ in AMLR Art. 2(41) is substantially the same as in Regulation 2024/1620 (AMLA Regulation). Under the AMLA Regulation, a ‘*selected obliged entity*’ includes a group ‘*at the highest level of consolidation in the Union in accordance with applicable accounting standards*’. Many third-country groups will not consolidate in the Union. If AMLA policy intent is to align AMLR Art. 16 ‘group’ with direct supervision, the RTS should take into account accounting ‘consolidation in the Union’ expressly.

- Under Article 17: While we support the objective of designating an EU parent undertaking as a focal point for group-wide AML/CFT governance, the effectiveness of this designation will depend on whether it leads to genuinely convergent supervisory interpretations of group-wide arrangements across Member States and AMLA. Without clear mechanisms to ensure consistent assessment and avoid parallel national interpretations of the same group controls, the practical benefits of EU-parent designation risk remaining limited. Furthermore, we note that there are operational considerations, such as to how and when a determination may be made - on a once and done basis and if a material change or trigger event occurs – to warrant a re-determination. We propose operating on the basis that if one entity has been assigned and there are no material changes then it should remain with the identified parent undertaking.

Parent undertaking reassessment

We request clarity on the interaction between Articles 17, 18 and 19 particularly where the entity identified at the date of application subsequently ceases to be the entity with the highest relative quantitative indicators. It is unclear whether, and at what point, a group headquartered outside the Union would be expected to re-identify another parent undertaking in the Union, and how frequently such reassessments are envisaged.

Interpretation and application of identity criteria

We also seek clarity on terms such as ‘*annual turnover*’ and ‘*sufficient understanding*’ and if these cross refer to other regulations we ask AMLA to clarify their meaning. We also note that the criteria do not reflect governance and control realities, particularly for sister-company models with separate businesses, boards, and information barriers. We recommend that AMLA ensures qualitative elements are introduced in identifying parent undertakings (not merely quantitative proxies), as part of a holistic assessment which equally balances prominence and understanding.

Supervisory expectations following group changes

We seek clear supervisory guidance on reassessment triggers, materiality thresholds and expectations in the event of changes to group scale or structure to enhance legal certainty, support business planning, and ensure the framework remains proportionate and achieves its governance objectives.

Question 8 – 5000 characters

Do you find the conditions listed in article 21 sufficiently clear and effective to identify the structures that shall apply requirements similar to groups? If not, please explain.

Scope and interaction with group structures

Further clarification would be beneficial regarding the interaction between Sections 5 and 6 of the RTS. As currently drafted, it is not clear whether obliged entities falling within the scope of Section 5 are also expected to assess their applicability under Section 6.

Section 6 appears to be intended to capture arrangements that fall outside the AMLR group definition or, in order to subject them to similar AML/CFT requirements. However, the absence of an explicit distinction creates a risk that entities already operating within established group frameworks may be required to apply both regimes in parallel. This could result in duplicative assessments, uncertainty as to the applicable framework, and inconsistent interpretations across institutions and supervisory authorities.

In this context, it would be helpful to clarify that entities falling within the scope of Section 5 are not subject to Section 6, thereby ensuring a clear and mutually exclusive application of the two frameworks and supporting a more proportionate and operationally workable approach.

Ambiguity in the application of criteria

We note that Art. 21(2)(b) lists six sub-criteria for establishing 'common management'. The RTS does not indicate whether these are exhaustive alternatives (i.e. satisfaction of any single criterion is sufficient), cumulative requirements (i.e. all criteria must be met), or indicative indicators. This ambiguity will lead to divergent interpretations and supervisory practices across Member States. AMLA should specify explicitly whether any single sub-criterion suffices or whether multiple criteria must be met. The same applies to the five sub-criteria for 'common compliance control' (Art. 21(2)(c)), as obliged entities could be expected to apply policies or obtain information in respect of entities or arrangements over which they do not exercise control or have no legal means to enforce compliance.

The sub-criterion '*homogeneous business strategy and/or business model*' (Art. 21(2)(c)) is not used or defined in AMLR. '*Business model*' appears once in AMLR Recital 62 in an entirely different context. '*Homogeneous business strategy*' has no AMLR basis. The criterion is too vague to apply as a legal test. AMLA should either delete this criterion and replace it with a functionally defined operative test, or define both terms explicitly in RTS Art. 2.

Scope of 'structure'

The conditions in Art. 21 determine which entities are subject to group-equivalent requirements. AFME requests AMLA to confirm that the assessment under Art. 21 is binary: either the structure qualifies and all applicable requirements apply, or it does not, and that partial or tiered application of requirements is not intended.

'Group-equivalent' standard

Arts. 21–24 apply '*group-equivalent*' policies, procedures and controls to structures, but neither AMLR nor the RTS defines what '*equivalent*' means. AMLR Art. 16(4) refers to group-wide provisions without introducing a separate '*group-equivalent*' standard. AMLA should define '*group-equivalent*' and clarify whether it means identical to, or may fall below, the full group-wide standard.

Question 9 – 5000 characters

Do you foresee any legal or operational challenges in implementing the provisions listed in this RTS and in particular by article 21 for the above-mentioned structures? If so, please describe the challenges and provide practical examples.

Article 21 may give rise to legal and operational challenges in practice.

While the objective of ensuring consistent AML/CFT standards across such structures is understood, applying requirements equivalent to full group-wide obligations may be complex or not possible where entities are not part of a formal parent-subsidiary relationship and ownership or control linkages are less defined. In such cases, the identified parent undertaking may have limited or no legal, governance or contractual ability to direct or enforce policies, controls or remedial actions across all relevant entities.

Operational challenges may also arise in aligning governance arrangements, compliance oversight and information-sharing frameworks across entities with differing business models, regulatory obligations and local legal constraints. This is particularly the case where management or compliance control is shared only partially, or where responsibilities remain fragmented across entities.

Further clarification on supervisory expectations regarding proportionality, the degree of influence or control required, and how the size, complexity and risk profile of the structures should be taken into account would support more consistent and workable implementation, while preserving the objective of effective AML/CFT oversight.

Potential application to non-obliged entities

Art. 21(3) appears to imply that non-obliged entities within a structure may be required to share information. If this is the intended scope, the provision would have a disproportionate and far-reaching impact, extending AML information-sharing obligations to entities that are not subject to AMLR and that have no established AML compliance framework. AMLA should clarify the intended scope of Art. 21(3). If non-obliged entities are intended to fall within scope, there should be an explicit legal basis in the AMLR for this extension. In the absence of a clear legal basis, Art. 21(3) should be amended to limit its scope to obliged entities within the structure.

Arts. 21(3) and 22 use ‘*network members*’ and ‘*partners*’ as concepts. Neither term is defined in AMLR or in RTS Art. 2. AMLA should define these terms and clarify how ‘*partners*’ in RTS Art. 21(3) relates to ‘*partnership*’ as defined in RTS Art. 2(4), and whether the obligations of ‘*network members*’ differ from those of ‘*partners*’.

Unlike a corporate group with a parent-subsidiary relationship, structures share no direct legal authority. The parent undertaking identification under Art. 22 may have no legal power to impose policies, reporting obligations or compliance measures on other obliged entities within the structure. AMLA should address the legal mechanism by which the identified parent undertakes exercises its responsibilities vis-à-vis other entities that are not its subsidiaries.

Question 10 – 5000 characters

Do you find the criteria listed in article 22 effective to identify the parent undertaking in the Union in cases where two or more obliged entities are part of the above-mentioned structures? If not, please explain and provide practical examples

Consistency with existing EU definitions

On essential technical information or critical services, we note that this criterion is not used or defined in AMLR. It is unclear whether it is imported from DORA (Regulation (EU) 2022/2554) or another regulatory framework. AMLA should define the term for AML purposes or cross-reference the applicable definition explicitly.

Interaction between Article 22

AFME members request AMLA to clarify the hierarchy and interaction of the Art. 22 criteria. In particular: (i) whether the criteria are applied sequentially (i.e. first criterion (a), and only if it does not yield a result, criterion (b), etc.) or simultaneously; and (ii) what happens if two or more criteria point to different entities within the structure. The current text does not address this scenario, which will create legal uncertainty in practice.

Annual turnover in the structure context

AFME members observations on the annual turnover criterion under Question 7 apply equally here. For financial institutions, this metric requires specific clarification on the applicable calculation basis.

To enhance effectiveness and proportionality, we recommend that:

- Implementation of Article 16 for groups does not extend outside the scope of the defined term ‘*group*’ in the AML Regulation. This may result in more focus being required on the Structures which may similarly be subject to equivalent measures.
- Pursuant to AMLA’s identification of the selection criteria as being qualitative, to ensure that for all groupings that qualitative elements remain active elements in the identification of parent undertakings. On the current drafting, for many entities with ex-EU head office, only the quantitative assessment for prominence and understanding would be relevant, leading to a deficient assessment in the context of such groupings.
- Ensure that Article 2(42)(b)(iv) of the Regulation is given meaning instead of subsumed by the determination of prominence and understanding, thereby allowing groupings to select the most appropriate parent entities based on their internal governance arrangements.
- AMLA introduces flexibility to permit firms with a third country head office to designate multiple EU parent undertakings, each responsible for AML/CFT programmes within their respective subgroups, where justified by governance, regulatory perimeter and legal constraints; or
 - if a single EU parent undertaking is required, group level requirements should be more high level, flexible and risk based, allowing groups to:
 - propose a coordination arrangement that fits the barriered model (as per responses to Question 2), supported by formal intra-group agreements that confer limited AML/CFT coordination authority
 - clarify that the designated EU parent’s ‘*ensure*’ obligation is met through reasonable, documented coordination efforts plus escalation, rather than strict liability for non-cooperation by separately governed sister entities.

Furthermore, we suggest that an approach which is flexible whilst ensuring robust standards will be better facilitated by a concept of ‘*equivalence*’ that is more outcomes focused and better calibrated to individual scenarios and considerations.

Other Comments:

AMLA’s statement in paragraph 3.2 of the Consultation Paper that the draft RTS are grounded in proportionality is not reflected in the proposed text. In particular, the RTS exceed the mandate to set minimum standards for information sharing by not sufficiently embedding a risk-based approach. Article 3 should therefore expressly provide that such minimum standards are to be applied on a risk-based basis.

The draft RTS also appear to assume that a designated parent undertaking in the Union can ensure group-wide compliance through governance, reporting lines and decision-making structures, irrespective of the underlying corporate structure. This raises significant practical concerns where EU entities are sister companies with separate boards, no shared management and no cross-entity compliance control. In such cases, the designated EU parent may bear accountability without having the legal or operational means to compel cooperation or implementation across the wider structure.

This issue is particularly evident in Article 3(1)(a) and (b), which appear to impose obligations of result on the parent undertaking, including the establishment of a body with sufficient decision-making powers and the implementation of supervisory acts across the group. Such obligations are not operationally workable where the parent undertaking does not exercise the necessary degree of control.

Accordingly, AFME members recommend that Article 3(1) be redrafted to clarify that the parent undertaking in the Union shall ensure that minimum standards form part of group-wide policies, procedures and controls on a risk-based basis. The RTS should also recognise a proportionate coordination framework for structures that do not operate through hierarchical control, under which the designated EU parent may discharge its obligations through documented coordination mechanisms, defined participation requirements, escalation pathways and periodic attestations. In addition, obligations imposed on the parent undertaking should be limited to matters within its legal and operational control, or expressly qualified by wording such as *'to the extent practicable'*.

Finally, the RTS should clarify that each obliged entity remains responsible for implementing group-wide policies pursuant to Article 16(1) AMLR and is expected to cooperate with the designated EU parent to the extent legally permissible, including through certifications, independent testing summaries and other outcome-based evidence.

The draft impact assessment seems to understate the operational and compliance costs for financial institutions. The assumptions do not fully capture the costs of implementation for the proposed requirements. For aspects of the RTS that are difficult to operationalise it is challenging to meaningfully assess their cost effectiveness.

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