

AFME response to AMLA Consultation on draft Regulatory Technical Standards on criteria for identifying business relationships, occasional transactions and linked transactions as well as lower thresholds under Article 19 (9) of Regulation (EU) 2024/1624

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The Association for Financial Markets in Europe (AFME) welcomes the opportunity to comment on AMLA's consultation on draft Regulatory Technical Standards on criteria for identifying business relationships, occasional and linked transactions as well as lower thresholds under Article 19 (9) of Regulation (EU) 2024/1624.

AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate for stable, competitive, sustainable European financial markets that support economic growth and benefit society.

AFME is the European member of the Global Financial Markets Association (GFMA), a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia.

AFME is registered on the EU Transparency Register, registration number 65110063986-76.

Questions

Question 1: Do you find the criteria listed in Article 2 of the draft RTS effective to identify business relationships properly? If not, could you please indicate why, where possible substantiated by relevant data?

AFME welcomes the criteria set out in Article 2 of the draft RTS and considers that they provide, in principle, a sound basis for identifying business relationships.

Notwithstanding this overall support, AFME members have identified certain areas where further clarification would improve the effectiveness and consistency of application of the proposed framework.

AFME members recognise that the RTS will play an important role in supporting supervisory convergence across the Union, including by promoting a more consistent understanding of business relationships for supervisory and reporting purposes. In this context, clarity in the application of the criteria is essential to reduce the risk of divergent interpretations across Member States.

At the same time, AFME members emphasise that such convergence should be achieved in a manner that remains fully aligned with, and does not extend, the Level 1 definition, and which preserves the risk-based approach. In particular, the introduction of exhaustive or overly-prescriptive criteria would not be feasible across all sectors and could reduce the flexibility necessary to reflect different business models and evolving risk scenarios.

Alignment with the Level 1 definition of 'business relationship'

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AFME members emphasise that the defining characteristic of a *'business relationship'* under the AML Regulation is the expectation, at the outset, of an ongoing relationship with an element of duration.

In this context, it is important that the criteria set out in Article 2 are not interpreted or applied in a way that captures interactions which do not meet this threshold and activities rendered by obliged entities which are not subject to the provisions of Regulation (EU) 2024/1624 (the AML Regulation). In particular, situations arise where obliged entities interact with parties connected to a transaction or an interaction, but where no autonomous or ongoing commercial relationship is established with those parties. AFME members further emphasise that the existence of a contractual or commercial interaction should not, in itself, be sufficient to establish a business relationship for AML/CFT purposes, where that interaction does not relate to activities within the scope of the Regulation.

A typical example arises in supply chain finance arrangements, including reverse factoring structures. In such cases, the obliged entity may interact directly with suppliers (for example, for payment purposes), but the underlying relationship is driven by, and remains anchored to, the obliged entity's customer, which determines the scope of the arrangement. In these structures, the obliged entity performs full CDD on that customer (including credit analysis, KYC and ongoing relationship management), while its interaction with suppliers is limited to the purchase of receivables and is strictly transactional in nature. The obliged entity does not provide services to, nor maintain an independent commercial relationship with, those suppliers (for example, through account relationships, facilities or relationship management). Consistent with established international practices, including recognised industry standards in trade and supply chain finance (such as the Wolfsberg Trade Finance Principles), such counterparties are not treated as customers with whom a business relationship is established. This would only differ where there is an expectation of broader engagement or ancillary services provided to the supplier. AFME therefore seeks confirmation that, within the AMLR framework and these draft RTS, such interactions do not give rise to a *'business relationship'*, nor, in themselves, are to be treated as giving rise to an *'occasional transaction'* with those counterparties.

Members note that, in practice, there are further instances where neither a business relationship nor an occasional transaction can be considered present, and would be willing to provide examples of such situations to AMLA if helpful.

AFME members consider that such relationships are more appropriately characterised as ancillary or transaction-linked, rather than as *'business relationships'* within the meaning of the AML Regulation. In the absence of clarification, there is a risk that the criteria in Article 2 could be applied in a way that captures such interactions, thereby extending the scope of the Level 1 definition and leading to disproportionate outcomes. We therefore request that AMLA clarify – either in the RTS, or in supervisory guidance – that such relationships are not intended to be in scope of the definition.

More broadly, and consistent with the above, AFME members observe that certain interactions may fall outside both the concept of a *'business relationship'* and that of an *'occasional transaction'*. This includes, for example, non-commercial or legally incidental relationships, as well as situations where the obliged entity does not provide, but itself receives, a service or product from another obliged entity, as reflected in Recital 56 AMLR. While it may not be necessary to address these explicitly in Article 2, this underlines the importance of clearly delineating the scope of the *'business relationship'* concept in line with Level 1 and avoiding interpretations that would extend its application beyond its intended boundaries.

Use of quantitative thresholds for 'repetition'

AFME members note that Article 2 (3) introduces a quantitative criterion, whereby carrying out three or more transactions within a rolling period of 12 months is to be taken into account when assessing the element of repetition in distinguishing a business relationship from an occasional transaction for certain categories of obliged entities.

While AFME members understand the objective of promoting convergence, they question whether the inclusion of a fixed numerical threshold is the most effective means of achieving this. In particular, a prescriptive approach of this nature may not adequately reflect the diversity of business models and risk profiles across the sectors concerned, and may lead to outcomes that are either over-inclusive or insufficiently risk-sensitive. AFME members further note that the practical feasibility of such an approach may be limited, particularly where obliged entities are not subject to customer due diligence obligations at the point of the initial interactions. In such cases, it may be operationally challenging to identify and track a sequence of transactions in a manner that would allow the threshold to be applied in a consistent and reliable way.

AFME members note that international standards have generally not prescribed specific numerical thresholds in this context, instead relying on a risk-based assessment of whether a relationship displays sufficient repetition and

expected duration to meet the definition of a business relationship. In this regard, members note that the Financial Action Task Force, in its Guidance on Correspondent Banking Services (October 2016), emphasises that a business relationship is characterised by its ongoing and repetitive nature, rather than by reference to a defined number of transactions. As such, a more principles-based approach may better align with the Level 1 framework, which emphasises the expectation of duration rather than the occurrence of a specific number of transactions.

AFME therefore invites AMLA to consider whether the objective of supervisory convergence could be achieved through non-exhaustive indicators or illustrative examples, rather than a fixed threshold, thereby preserving the ability of obliged entities to apply a risk-based approach in line with their business models and the underlying risk.

Need for clarification through guidance and examples

AFME considers that the consistent application of Article 2 would benefit from the provision of practical examples illustrating the distinction between:

- customers with whom a business relationship is established,
- parties involved in a transaction who are not customers; and
- ancillary or non-customer relationships.

AFME members note that guidance in other jurisdictions has proven helpful in this regard. For example, the Joint Money Laundering Steering Group explicitly clarifies that, in transactions involving multiple parties, not all participants should be treated as customers.

AFME members further note that this need for clarification is particularly acute in corporate and wholesale banking contexts, where business relationships may involve complex structures, multiple parties, and non-standard interaction patterns. In such cases, divergent national interpretations of what constitutes a ‘customer’ or a ‘business relationship’ have led to inconsistent application in practice.

In this context, AFME members consider that the RTS should be complemented by sector-specific examples, including scenarios where interactions do not give rise to a business relationship and therefore should not trigger CDD obligations. Members would also welcome AMLA engaging with industry to gather and develop such examples, including through the provision of anonymised use cases.

AFME considers that similar clarification at EU level – potentially through AMLA supervisory guidance – would promote convergence and support a proportionate, risk-based application of the RTS, while remaining fully aligned with the Level 1 definition.

Distinction between ‘occasional transactions’ and other interactions

AFME members agree that the distinction between a business relationship and an occasional transaction is conceptually well established. However, in practice, borderline cases may give rise to divergent interpretations, particularly where interactions are transaction-linked but do not meet the criteria for either category.

Rather than expanding the scope of Article 2, AFME suggests that further clarification could usefully be provided – either in recitals or through supervisory guidance – on the key characteristics that distinguish:

- business relationships (as defined at Level 1, including the expectation of duration),
- occasional transactions, and
- non-customer or non-KYC relationships/activities falling outside both categories.

This would help ensure that the criteria set out in Article 2 are applied consistently across jurisdictions and business models, without inadvertently extending the scope of the Level 1 framework.

Summary

AFME supports the criteria set out in Article 2. However, targeted clarification – particularly to ensure alignment with the Level 1 definition of a ‘business relationship’ and to avoid the inclusion of ancillary or transaction-linked interactions – would enhance the effectiveness of the framework and reduce the risk of inconsistent or disproportionate application.

In addition, clarification that CDD measures should not be triggered where an obliged entity performs activities outside the scope of Regulation (EU) 2024/1624 (for example, non-AML/CFT related interactions such as free banking platform subscriptions or office equipment procurement), or where the obliged entity is itself the customer of another obliged entity, would facilitate the effective and proportionate application of a risk-based approach.

Question 2: Do you find the criteria listed in Article 3 of the draft RTS effective to identify linked transactions properly? If not, could you please indicate why, where possible substantiated by relevant data?

AFME welcomes the objective of Article 3 in providing a common set of criteria to support the identification of linked transactions. AFME members agree that greater convergence in this area would be beneficial, particularly in the context of ensuring a consistent application of thresholds and monitoring obligations.

Notwithstanding this overall support, AFME members have identified a number of areas where the current drafting may give rise to interpretative uncertainty and operational challenges.

Clarity of specific criteria

Members note that certain criteria included in Article 3 may be difficult to interpret and apply consistently in practice.

In particular, the reference to the ‘*use of the same digital infrastructure*’ lacks sufficient clarity. It is not evident whether this is intended to capture, for example, the use of the same online banking platform, the same mobile application, shared devices, or broader technological channels. In many cases, transactions may be processed through common infrastructure without any meaningful connection between them from a customer or risk perspective. In the absence of further clarification, there is a risk that this criterion could lead to over-identification of linked transactions or divergent interpretations across firms.

AFME members further note that, while references to digital channels (such as online platforms or applications) may provide an initial indication in standardised contexts, they should not be interpreted as determinative criteria. The mere use of an online service – including where access is enabled through registration – does not, in itself, indicate the existence of a business relationship or a meaningful link between transactions. Conversely, a business relationship may exist in the absence of any digital interaction. These criteria should therefore be treated as indicative factors within a broader, risk-based assessment of the nature of the interaction and the underlying relationship.

AFME therefore requests that AMLA clarify the intended scope of this criterion, including through the provision of practical examples, to ensure that it can be applied in a consistent and risk-sensitive manner.

Interpretation of ‘at least’ and ‘take into account’

Members also note the combined use of the terms ‘*at least*’ and ‘*take into account*’ in Article 3. While the inclusion of ‘*at least*’ may suggest that the listed criteria should be interpreted as a minimum set, the formulation ‘*take into account*’ introduces uncertainty as to the weight that should be given to each criterion in practice.

In particular, it is unclear whether obliged entities are expected to consider all listed criteria in every case, and how these should be balanced where indicators point in different directions. This may give rise to divergent supervisory expectations and inconsistent application across the Union.

AFME therefore considers that further clarification would be beneficial as to the intended interaction between these formulations, including whether the criteria are to be understood as indicative factors within a broader assessment, rather than cumulative or prescriptive conditions.

Scope of ‘information available to the obliged entity’

Article 3 refers in several places to criteria assessed ‘*based on information available to the obliged entity*’. Members understand that this formulation is intended to avoid imposing an obligation to seek information beyond what is already held by the firm or reasonably accessible to it.

However, in large and complex financial institutions, the volume of data held across different systems, jurisdictions, and business lines can be significant. In this context, the notion of ‘*information available*’ may be

interpreted very broadly, potentially creating uncertainty as to the extent of the required analysis and leading to disproportionate operational burdens.

To mitigate this risk, AFME requests that AMLA clarify that the assessment should be based on information *reasonably* available to the obliged entity in the normal course of its business, and within the context of its risk-based systems and controls. This would help ensure that the provision achieves its intended purpose without inadvertently creating expectations that are impractical to meet.

Summary

AFME supports the objective of Article 3 in promoting a more consistent approach to the identification of linked transactions. However, targeted clarification of certain criteria and formulations would enhance legal certainty and operational feasibility and reduce the risk of inconsistent or disproportionate application across firms and Member States.

Question 3: Do you consider it necessary to add additional criteria that should at least be taken into account when considering the different elements of the definition of a business relationship to ensure the proper identification of business relationships? If so, could you please indicate which criteria and for which sector(s)?

AFME does not consider it necessary to introduce additional prescriptive criteria beyond those set out in Article 2 of the draft RTS.

AFME members consider that the existing criteria, when applied in a manner consistent with the Level 1 definition of a *'business relationship'* in Regulation (EU) 2024/1624, are in principle sufficient to support the proper identification of business relationships. In particular, the Level 1 framework already provides a clear anchor, namely that a business relationship is one which, at the outset, is expected to have an element of duration.

In this context, AFME members emphasise the importance of preserving a risk-based approach in the application of the criteria. The introduction of additional or more granular prescriptive criteria may reduce flexibility and may not adequately reflect the diversity of business models, client types, and interaction patterns across different sectors.

This is particularly relevant in the context of wholesale banking activities. Members note that, in wholesale markets, business relationships may not always exhibit continuous or frequent transactional activity, but may nevertheless clearly meet the definition of a business relationship due to their underlying legal and commercial framework. For example, relationships based on mandates, framework agreements, or other long-term arrangements may remain dormant for extended periods, while still constituting ongoing business relationships with an expectation of duration.

In such cases, an overly transaction-focused or prescriptive set of criteria may not accurately capture the nature of the relationship and could lead to inconsistent or inappropriate classifications.

Against this background, AFME members consider that the objective of consistent application would be better supported through the provision of additional guidance, rather than further prescriptive criteria in the RTS. In particular, AFME members would welcome the development of illustrative materials or supervisory guidance, including sector-specific examples, to demonstrate how the existing criteria should be applied in different contexts, including wholesale banking scenarios.

Such an approach would support convergence while preserving the flexibility necessary to apply the framework in a proportionate and risk-sensitive manner.

Summary

AFME does not support the introduction of additional criteria in Article 2. Instead, AFME members consider that targeted guidance – including examples reflecting the characteristics of wholesale banking relationships – would be more effective in ensuring the proper and consistent identification of business relationships across sectors.

Question 4: Do you consider it necessary to add additional criteria that should at least be taken into account when considering the different elements of the definition of linked transactions to ensure the proper identification of linked transactions? If so, could you please indicate which criteria and for which sector(s)?

AFME does not consider it necessary to introduce additional criteria beyond those set out in Article 3 of the draft RTS.

AFME members note that the existing criteria already provide a comprehensive framework for the identification of linked transactions. The introduction of further criteria would risk increasing complexity and could lead to an overly prescriptive approach, which may not be appropriate given the diversity of business models and transactional patterns across sectors.

In this context, AFME members reiterate that certain aspects of the current drafting would benefit from clarification to ensure that the criteria can be applied in a consistent and proportionate manner. In particular, as noted in response to Question 2, some criteria may give rise to interpretative uncertainty or operational challenges in practice, including:

- the reference to the ‘*use of the same digital infrastructure*’, which lacks clarity as to its intended scope and may lead to over-inclusive outcomes, and
- the formulation ‘*based on information available to the obliged entity*’, which may be interpreted broadly in large institutions with extensive data holdings, potentially creating disproportionate expectations as to the scope of analysis required.

AFME members also note that the overall formulation of the criteria, including the combined use of ‘*at least*’ and ‘*take into account*’, may contribute to uncertainty as to whether the list is intended to be indicative or to operate as a minimum set of factors to be considered in all cases.

Against this background, AFME members consider that the priority should be to ensure that the existing criteria are sufficiently clear, proportionate, and capable of consistent application. The addition of further criteria would not, in AFME members’ view, enhance the effectiveness of the framework and may instead increase the risk of inconsistent or overly mechanical application.

Summary

AFME does not support the introduction of additional criteria in Article 3. Instead, members consider that targeted clarification of the existing criteria would be more effective in ensuring the proper and consistent identification of linked transactions across sectors.

Question 5: Do you consider the criteria for identifying business relationships and linked transactions listed in Article 2(3) and Article 3(2) of this draft RTS proportionate? If not, could you please indicate why, where possible substantiated by relevant data, and which alternative criterion you would find more proportionate?

AFME recognises the objective of the criteria set out in Article 2 (3) and Article 3 (2) of the draft RTS in promoting a more consistent identification of business relationships and linked transactions. AFME members consider, however, that the proportionality of these criteria is closely linked to the clarity with which the underlying concepts – in particular that of a ‘*business relationship*’ – are applied in practice.

In this context, members note that, while the concept of a ‘*business relationship*’ is defined at Level 1 in Regulation (EU) 2024/1624, its application in complex transactional scenarios may give rise to uncertainty, particularly as regards the identification of the relevant ‘*customer*’. Where multiple parties are involved in a transaction, there is a risk that, in the absence of further clarification, firms may apply the criteria to a broader set of parties than intended.

This may in turn lead to disproportionate outcomes, including the extension of ongoing monitoring or aggregation requirements to parties that do not form part of a business relationship within the meaning of the Level 1 framework.

AFME members therefore consider that proportionality would be enhanced by clarifying the relationship between the concepts of ‘*customer*’ and ‘*business relationship*’. In particular, it would be helpful to confirm that, in general, the customer is the party with whom the business relationship is established, and to whom the obliged entity provides services or sells products, and that not all parties to a transaction should be treated as customers or as being in a business relationship with the obliged entity. Members further note that, in complex or cross-border

structures, additional clarity may be required to ensure the consistent identification of the relevant customer and the obliged entity with which the business relationship is established. In such cases, the assessment should remain grounded in the nature of the relationship and the services provided, rather than being determined solely by internal booking arrangements or contractual structures.

AFME members note that guidance in other jurisdictions has provided useful clarity in this regard. For example, the Joint Money Laundering Steering Group explains that, in transactions involving multiple parties, not all participants should necessarily be treated as customers.

AFME considers that incorporating a similar clarification – either within the RTS or through complementary supervisory guidance – would support a more proportionate application of the criteria in Articles 2 (3) and 3 (2), by ensuring that they are applied to the appropriate population of relationships.

Summary

AFME considers that the proportionality of the criteria in Article 2 (3) and Article 3 (2) could be improved through greater clarity on the identification of customers and the scope of business relationships. Such clarification would help ensure that the criteria are applied in a targeted manner, consistent with the Level 1 framework, and would reduce the risk of disproportionate outcomes.

Question 6: Do you foresee any operational challenges in implementing this draft RTS? If so, could you please indicate which, where possible substantiated by relevant data? Do you have any suggestions that would make the criteria better suited operationally?

AFME members do not foresee significant operational challenges in implementing the draft RTS for financial institutions active in wholesale banking markets, provided appropriate clarification is given.

AFME members note that, in these markets, business is predominantly conducted through established and ongoing relationships, and the concept of an ‘*occasional transaction*’ arises only in limited and specific circumstances.

As a result, the practical impact of the criteria set out in Articles 2 and 3 is expected to be relatively limited for wholesale banking activities, but could be more material in other business models or in the absence of clarification. In particular, members observe that one-off transactions outside an existing business relationship are rare, with limited exceptions (for example, certain isolated services such as the provision of research).

Against this background, members consider that, provided the scope and application of the RTS are clearly understood, the associated operational overhead is likely to be low.

However, AFME members emphasise that the consistent application of the RTS will depend on the availability of clear and practical guidance. Experience under the existing framework has shown that differences in interpretation across jurisdictions can give rise to operational complexity and uncertainty, even where the underlying requirements are broadly aligned.

In particular, as noted in previous responses, certain elements of the draft RTS would benefit from clarification to support consistent implementation, including:

- the interpretation of specific criteria (for example, the ‘*use of the same digital infrastructure*’), and
- the scope of obligations based on ‘*information available to the obliged entity*’, in the context of large and complex data environments.

AFME therefore considers that the development of accompanying guidance, including FAQs and illustrative examples, would be an important complement to the RTS. Such guidance would support supervisory convergence and reduce the risk of divergent interpretations across Member States, thereby facilitating a smoother and more consistent implementation.

Summary

AFME does not anticipate material operational challenges for wholesale banking institutions. However, targeted clarification and supervisory guidance would help to ensure consistent interpretation and to avoid unnecessary operational complexity in practice.

Question 7: Do you see a need for the introduction of an additional lower threshold for a specific obliged entity, sector or transaction? If so, could you please indicate why, where possible substantiated by data, and at which value the threshold should be set?

AFME members do not see a need for the introduction of an additional lower threshold at this time.

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