Invest Europe response to AMLA Public Consultation on the draft RTS on Customer Due Diligence under Article 28(1) AMLR

Substantive comments on the draft Regulatory Technical Standards

Question 1

Do you agree that the proposals set out in these draft RTS can be applied across the range of products and services provided by your obliged entity?
If you do not agree, please:
(i) explain why the current proposals do not provide sufficient flexibility; and
(ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.

Provisions that are clearly marked as applying only to a specific sector or service should not be taken into consideration if they do not impact your sector.

Response:

Invest Europe considers that the draft RTS can, in principle, be applied to the activities of private equity (PE), venture capital (VC) and infrastructure fund managers. It is important to note at the outset that CDD obligations apply to PE/VC fund managers in two distinct contexts: (i) investor relationships, where the fund manager performs CDD on investors (limited partners) subscribing to or holding interests in funds; and (ii) investment-side relationships, where the fund manager performs CDD on counterparties encountered in the course of making and managing investments – including acquisition targets, sellers, co-investors, management teams receiving equity incentives, and other transaction counterparties. The observations in this response apply across both contexts unless otherwise indicated.

The latest RTS version represents an improvement over earlier texts, notably through a more explicit reliance on the risk-based and proportionality principles, which is essential for business models that differ fundamentally from retail or transactional financial services.

We note that AMLA's decision to adopt a single horizontal instrument was justified on the basis that principle-based rules provide "sufficient flexibility to accommodate sectoral differences" and that the draft RTS are intended to "promote simplification, and enable obliged entities to determine the most effective and proportionate measures to be applied". The PE/VC sector supports this approach and expects to be able to rely on that flexibility being available in practice.

That said, the ability to apply the RTS across the full range of PE/VC products and services remains highly dependent on how flexibility is interpreted and implemented in practice. The central structural challenge is that certain provisions still appear implicitly designed around frequent transactions, ongoing account activity and continuous client interaction. This does not reflect the reality of closed-ended investment funds, where relationships with investors are long-term, transaction frequency is limited, and AML/CFT risks are primarily concentrated at defined points in time (such as onboarding, capital calls, distributions or exits).

In particular, while we welcome the increased use of risk-sensitive language, the RTS would benefit from clearer signals that measures relating to identification, verification and updating are not intended to be applied mechanically or cumulatively, but rather calibrated to the actual ML/TF risk profile of the relationship. AMLA's own consultation paper acknowledges that CDD challenges are "not primarily sector-specific but risk specific". Without such clarity, there is a material risk that PE/VC managers will be expected to replicate compliance processes developed for retail banking, resulting in significant compliance costs without any corresponding risk mitigation benefits.

To illustrate: a typical PE/VC fund structure may involve a for example Luxembourg SCSp investing through a non-EU special purpose vehicle (SPV) or holding company into portfolio companies, with investors comprising EU pension funds, sovereign wealth funds and regulated fund-of-funds vehicles. In such a structure, application of the full suite of standard CDD measures – including granular transaction forecasting under Article 18, periodic updating, and systematic look-through to underlying investors – would impose costs that are wholly disproportionate to the ML/TF risks presented, which are inherently low given the regulated, institutional nature of the investor base and the illiquid, long-term character of the investment. Similarly, when the same fund acquires a portfolio company, the fund manager must perform CDD on the target entity and its sellers within deal timelines determined by third parties. Requiring the full suite of standard CDD measures – including granular transaction forecasting and immediate access to complete beneficial ownership documentation – prior to establishment of the relationship is frequently incompatible with the commercial realities of investment transactions, without any corresponding increase in AML/CFT effectiveness.

The flexibility introduced in the current draft should therefore be preserved and, where possible, further strengthened to ensure that the RTS remain genuinely adaptable to closed-ended fund structures, institutional investor bases and different investment-related counterparties that may arise throughout the PE/VC and infrastructure investment lifecycle.

In particular, we propose that:

- A recital be added confirming that the RTS are not intended to require obliged entities operating closed-ended fund structures whose core investment policy is to acquire control of non-listed companies or issuers with predominantly institutional investors to replicate CDD processes designed for retail or transactional business models;
- Article 1 be supplemented with clarificatory language confirming that the proportionality and risk-based approach applies not only to the depth of measures but also to their frequency and the timing of their application; and
- Supervisory convergence tools, including sector-specific Q&As, be developed post-adoption to address the application of the RTS to collective investment undertakings – consistent with AMLA's own acknowledgement that "any remaining interpretative challenges can continue to be addressed through targeted interpretive tools, such as Q&As".

Question 2

Do you agree that the proposals set out in these draft RTS allow for the effective application of a risk-based approach towards compliance with AML/CFT requirements?

If you do not agree, please:
(i) specify the provisions concerned; and
(ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.

Response:

The draft RTS go meaningfully further than earlier versions in enabling a risk-based approach, and this progress is welcomed. In particular, the explicit references to risk sensitivity across several articles, as well as the reduced prescriptiveness of certain requirements, provide a more workable framework for fund managers.

However, further refinement is necessary to ensure that the risk-based approach is not only stated as a general principle but is fully operational across the RTS. Some provisions continue to risk being interpreted in a way that treats structural features of PE/VC funds as proxies for risk, even where no genuine ML/TF concerns are present.

This is particularly the case for provisions on ownership and control structures.

While multi-layered or cross-border structures are common in PE/VC, both in investor and transaction counterparty contexts, they are typically transparent, economically justified and involve regulated entities. Complexity, in itself, should not be equated with

higher ML/TF risk. We note that Article 11(4)(b) already requires obliged entities to be satisfied that "there is an economic, legal or other rationale behind the structure". Where such rationale is demonstrated, the existence of multiple layers should not automatically trigger enhanced obligations. The RTS would therefore benefit from clearer wording confirming that enhanced measures are only warranted where complexity contributes to opacity or concealment, rather than merely reflecting standard fund structuring practices. We address Article 12 in further detail in Section 3 below.

Similarly, the treatment of senior managing officials (SMOs) identified as a fallback in the absence of beneficial owners remains problematic from a proportionality perspective. In the PE/VC context, such individuals often act in a purely professional capacity, have no personal economic interest in the structure and may themselves be subject to AML/CFT obligations within regulated institutions. Requiring them to be treated systematically in the same way as beneficial owners risks undermining the risk-based approach and creating unnecessary friction.

Invest Europe would also welcome further clarification that, in the context of PE/VC and infrastructure fund management, AML/CFT risk assessment may appropriately extend beyond investor onboarding to other relationships arising in the investment lifecycle, including sellers, co-investors, exit counterparties and other transaction participants. However, many of these counterparties, where they are not themselves subject to AML/CFT obligations equivalent to those applicable to EU obliged entities, may not be subject to AML/CFT obligations equivalent to those applicable to EU obliged entities and may not have comparable compliance infrastructures or documentation readily available. In low- or medium-risk situations, and in the absence of specific ML/TF risk indicators, the RTS should therefore clearly allow obliged entities to apply simplified, proportionate and risk-based measures to such counterparties, relying where appropriate on affidavit statements, transaction due diligence, corporate documentation, legal and tax due diligence, contractual representations, sanctions and adverse media screening, source-of-funds/source-of-wealth red flag assessments and other functionally equivalent evidence. This would ensure that AML/CFT controls remain effective and appropriately targeted, while avoiding unnecessary friction or disproportionate documentary burdens that could negatively affect legitimate investment activity and the functioning of private capital markets.

Finally, we welcome the recognition that non-face-to-face relationships are not inherently higher risk. Given that remote onboarding is standard practice for PE/VC managers, it is essential that the RTS clearly allow alternative, risk-appropriate verification methods, including reliance on checks already performed by regulated intermediaries.

Question 3

Considering the nature of your business, including its size, risks, and complexity, are there any situations where the information to be collected for the purposes of customer due diligence as proposed in these draft RTS is routinely unavailable and the proposals in these draft RTS do not provide an alternative solution? If so, please provide concrete examples of such situations and your proposals for alternative solutions.

Response:

Yes. In the context of PE/VC, there are recurring situations where certain categories of information are either not readily available or are disproportionate to obtain, without providing meaningful AML/CFT value.

A first example concerns senior managing officials (SMOs) identified as fallback beneficial owners. Where such individuals act in a professional capacity, they may be unable or unwilling to provide certified identity documents or personal residential addresses, particularly where they are non-executive directors, employees of regulated institutions or subject to data-protection or security constraints. In such cases, insisting on documentary evidence may add little in terms of risk mitigation, while creating real operational difficulties. We note that Article 13(a) offers one concession – the option to obtain the address of the registered office instead of the residential address – but this addresses only one element of the identification requirements and does not resolve the broader verification concern under Article 13(b).

A second example arises in relation to trusts or fund-of-fund (FoF) structures. Identifying beneficiaries by name before they become economically entitled to receive funds may be neither feasible nor relevant from an ML/TF perspective. In practice, beneficiaries often only become ascertainable at the point of distribution, which is the moment at which any material risk may arise.

Finally, in cross-border contexts involving third-country investors or intermediaries, where access to public registers may be limited or costly, equivalent information may only be available through regulated intermediaries, professional confirmations or legal documentation.

In these situations, the RTS should more clearly allow alternative solutions that are functionally equivalent in terms of risk mitigation. This includes reliance on confirmations from supervised entities, the use of professional attestations, and the updating of information at economically meaningful trigger points (such as investor capital calls and distributions; in respect of transactions, any restructuring events of the target post-completion) rather than on a continuous or purely calendar-driven basis.

Question 4

Considering AMLA's legal mandate in Article 28(1) of Regulation (EU) 2024/1624, and taking into account your obliged entities' products offered and service provided, what other simplified due diligence measures should be included in the draft RTS, for example because of the associated lower ML/TF risks of these products and services? Please provide concrete drafting proposals and rationale for the specific measures you would propose.

Response:

PE/VC and infrastructure fund management exhibit structural characteristics that are widely recognised as being associated with lower ML/TF risk. These include closed-ended fund structures, long investment horizons, limited liquidity, predominantly professional and institutional investors, and extensive pre-investment due diligence combined with ongoing governance rights.

The same applies to PE/VC portfolio investments. In PE/VC, capitalisation tables are subject to successive scrutiny by incoming investors in each financing rounds, lead investors and legal advisers, and are maintained as transaction-critical documents reflecting the company's economic and governance arrangements. Multiple investors, share classes or cross-border elements should therefore not, in themselves, be equated with opacity or higher ML/TF risk where the structure is transparent, commercially justified and supported by appropriate documentation.

While Article 33 AMLR already provides the legal basis for simplified due diligence (SDD) in low-risk scenarios, the draft RTS stop short of translating this possibility into clear, operational guidance for fund managers. As a result, there is a risk that SDD remains theoretical rather than practically available, particularly in a cross-border supervisory context.

Within AMLA's legal mandate, the RTS could go further by explicitly recognising that collective investment undertakings and their managers may frequently qualify for simplified measures where no higher-risk indicators are present. This could be achieved through clarificatory language, including at recital level, confirming that reduced updating frequency, streamlined verification and appropriate reliance on regulated intermediaries are consistent with Article 33 AMLR for fund-based asset management. Such clarification would not weaken AML/CFT safeguards. On the contrary, it would improve proportionality, enhance supervisory convergence and allow competent authorities and obliged entities to focus resources on genuinely higher-risk activities.

Question 5

Additional observations: Do you have any additional comments relevant to the draft RTS that have not been covered above? Please ensure that comments refer to a specific article, are precise, and, where possible, supported by evidence. Where necessary, comments should also include a proposed solution.

Response:

Invest Europe wishes to stress the importance of consistent supervisory interpretation once the RTS are adopted. Even well-calibrated, risk-sensitive drafting may fail to deliver its intended outcomes if PE/VC managers are expected, in practice, to apply compliance models designed for retail banking or payment services.

Clear signals in the RTS – at both operative and recital level – that the fund management sector is not expected to replicate transaction-based CDD processes would significantly reduce the risk of divergent national implementation and unintended de-risking.

In particular, we note that AMLA's impact assessment acknowledges that interpretive tools such as Q&As can address remaining divergences. Invest Europe calls on AMLA to commit to issuing sector-specific Q&As following adoption of the RTS, addressing the application of the CDD and SDD framework to collective investment undertakings – including in respect of both investors and investment transactions (such as portfolio company targets, sellers and co-investors). This would be a practical and achievable measure to ensure supervisory convergence without requiring amendments to the operative text.

Invest Europe also considers that the RTS should contain clearer guidance to ensure that the proportionality, adequacy, necessity, data minimisation and risk-based principles embedded in the RTS are effectively reflected downstream in national supervisory practice. This is essential if the harmonisation objective of the AMLR and the RTS is to be achieved in practice. In several Member States, obliged entities remain subject to existing national AML/CFT regimes and supervisory expectations which, in practice, may translate CDD requirements into prescriptive documentary checklists. Against that background, and taking into account that AMLA's direct supervisory intervention will be limited by defined criteria and thresholds, it is particularly important that national competent authorities do not introduce or maintain additional documentary requirements as a default, especially in low-risk or structurally lower-risk contexts. Where the RTS allow identification or verification to be performed through reliable public sources, regulated-entity confirmations, professional attestations, affidavit statements, existing information, or other functionally equivalent evidence, national implementation and supervision should not require systematic collection of

additional notarial and apostilled documents, personal documentation or full look-through information unless justified by specific ML/TF risk indicators. Without such downstream discipline, there is a material risk that harmonisation will remain formal rather than real, and that national gold-plating will undermine the proportionality and simplification objectives expressly pursued by AMLA.

This clarification is also important from a supervisory convergence perspective. If Article 20 and Article 21 are to operate as genuine simplified due diligence provisions, national competent authorities should not require obliged entities to collect additional documents by default in low-medium-risk cases where the RTS permit reliance on public sources, information already held, regulated-entity confirmations or other reliable independent sources.

Additionally, we note that the draft RTS will interact with other AMLA instruments currently under development, including guidelines on business-wide risk assessments and reliance on third parties. Invest Europe encourages AMLA to ensure consistency across these instruments, particularly in confirming that a firm's business-wide risk assessment – where it identifies PE/VC fund management activities as lower risk – should directly support the application of SDD measures under the CDD RTS without additional justification requirements at individual relationship level.

Additional substantive input

Use this section to provide feedback on specific articles of the draft RTS, in case these were not already covered in your responses to the previous questions. For each reply, please describe the issue identified, indicating, where relevant, whether it relates to legal certainty, proportionality, technical implementation or other factors. You are kindly asked to provide alternative drafting proposals and to explain why your proposal would be more appropriate.

Question

Do you have any comments on a specific article in the draft RTS? There is no need to repeat comments made in the previous sections of this survey.

Response:

Article 12

Article 12 defines a "complex corporate structure" as one where there are three or more layers between the customer and the beneficial owner and more than one of four

specified conditions is met. Classification as "complex" triggers an obligation to obtain additional information such as an organigram (i.e. an internal organisation chart).

Invest Europe's concern relates specifically to criterion (b): "the customer and any legal entities present at any of these layers are registered in jurisdictions outside the EU".

Why this is problematic for PE/VC

A very large proportion of standard PE/VC fund structures involve entities registered outside the EU – for example, SPVs, holding companies, limited partnerships, general partners, or co-investment vehicles. They are typically transparent, well-documented, and frequently involve entities that are themselves subject to AML/CFT supervision.

Under the current drafting, a standard cross-border PE/VC fund structure will routinely:

- Have three or more layers (e.g. general partner or management company; fund vehicle; holding company; portfolio company); and
- Meet criterion (b) (non-EU registration) alongside criterion (a) (presence of a legal arrangement such as a limited partnership).

This is relevant for PE/VC fund managers in both CDD contexts:

- **Investors:** Investors in PE/VC funds are frequently themselves other PE/VC funds, structured through multiple layers of limited partnerships, general partners and holding entities registered outside the EU. Fund-of-funds vehicles, sovereign wealth funds and pension fund mandates commonly involve non-EU intermediate entities.
- **Investments:** When a PE/VC fund acquires a portfolio company, both the target's ownership structure and the seller's structure will frequently involve three or more layers. A target may be held through a management holding company, a family trust and an offshore entity established for historical reasons. The seller is often another PE/VC fund manager with its own layered structure of limited partnerships, general partners and holding entities.

Under the current drafting, such structures would routinely be classified as "complex" for the purposes of CDD performed by the fund manager on investors and acquisition counterparties, requiring organigrams – which are frequently sensitive from a commercial perspective – and "additional information" – the scope of which is unclear in relation to the requirements already imposed by Article 11 on understanding ownership and control structures – in circumstances where extensive legal and commercial due diligence already provides sufficient transparency. Such structures typically involve regulated entities and/or entities with securities listed on a regulated market that are already subject to higher regulatory reporting and compliance requirements.

We note that criterion (d) – "the structure obfuscates or diminishes transparency of ownership with no legitimate economic rationale or justification" – already captures structures that genuinely obscure ownership. Criterion (b) is therefore duplicative in cases of genuine concern and overbroad in cases of routine cross-border structuring.

The consequence for PE/VC fund managers – across both CDD contexts above - is that a majority of standard cross-border PE/VC fund structures would be classified as "complex" under Article 12, not because they are opaque, but simply because they are international. Beyond the additional compliance burden and lack of legal clarity, the classification carries a more significant impact. There is a **longer-term risk** that criterion (b) operates as a regulatory signal that non-EU structuring is inherently associated with higher ML/TF risk, influencing broader supervisory interpretation across the AMLR and CDD framework beyond Article 12 itself.

Proposed drafting solutions (in order of preference):

1. Criterion (b) should be limited to registration in jurisdictions identified as posing a heightened ML/TF risk under relevant EU mechanisms (e.g. the EU high-risk third country list under the AMLR, or countries subject to FATF calls for action). This would target the provision at the genuine risk – structuring through jurisdictions with inadequate AML/CFT frameworks – rather than capturing standard international fund structures.
2. If limiting to high-risk jurisdictions is not achievable, criterion (b) should be supplemented with a carve-out for structures involving entities that are (i) subject to effective AML/CFT supervision in equivalent third-country jurisdictions; or (ii) where the beneficial ownership chain is otherwise documented and transparent to the obliged entity.
3. At recital level or in accompanying guidance, AMLA should confirm that:

- The mere involvement of non-EU entities does not give rise to a presumption of complexity or higher risk for the purposes of the broader CDD framework;
- Article 12 operates as an information-gathering provision rather than a risk-classification provision; and
- Where the obliged entity is already satisfied pursuant to Article 11(4)(b) that there is a legitimate "economic, legal or other rationale behind the structure", the additional obligations under Article 12(2) should be applied proportionately.

Article 13

Article 13 would benefit from a clearer distinction between beneficial owners and senior managing officials (SMOs) identified as a fallback. In the PE/VC context, SMOs are often identified due to the absence of a single controlling owner, rather than because they exercise effective control or derive economic benefit.

Applying identical identification and verification requirements to SMOs and beneficial owners in all circumstances raises concerns of proportionality, legal certainty and data minimisation.

The RTS should allow obliged entities, on a risk-based basis, to rely on regulated-entity confirmations, professional attestations or reliable public sources for the identification and verification of SMOs acting in a professional capacity. Recital 9 should be amended to confirm that "equivalent information" does not necessarily require "equivalent methods" and that verification of SMOs may be calibrated to the risk profile of the individual concerned, particularly if the target entity concerned is regulated and therefore already subject to higher compliance requirements.

Article 17

Article 17 raises important concerns in its application to PE/VC and infrastructure fund structures that rely on regulated intermediaries and institutional distribution models. While Invest Europe supports the objective of ensuring effective access to information where ML/TF risks arise, the current drafting risks placing disproportionate and, in some cases, unworkable expectations on fund managers in low-risk and medium-risk scenarios.

In practice, the level of information available to a fund manager regarding underlying investors may depend on the structure of the distribution chain and the role played by intermediaries. In certain intermediated arrangements, the fund or fund manager may not have direct or immediate visibility over end-investors absent a specific request or trigger.

In particular, the suggestion that a fund manager should be able to access information on any final investor “without undue delay” and at any time may be interpreted as requiring standing or quasi-immediate access, even in the absence of a specific risk trigger. Such an interpretation would go beyond established FATF principles, which recognise that, in intermediated models, AML/CFT risk is primarily mitigated through due diligence performed on the intermediary itself and an ongoing assessment of the robustness of its AML/CFT framework, rather than through unconditional transparency towards all underlying investors.

In this context, the RTS should also clarify that look-through to underlying investors is not expected to operate as a systematic or default obligation, but only where justified by specific risk indicators or supervisory triggers. Making look-through a standing requirement in low-risk situations risks undermining the proportionality and SDD logic underpinning the AMLR.

Moreover, the expression “without undue delay” lacks sufficient legal clarity and creates a material risk of divergent and overly strict supervisory interpretations at national level. In practice, immediate access to final-investor information is often not feasible in fund structures and may be constrained by operational arrangements, contractual frameworks, or professional confidentiality and legal secrecy obligations applicable in certain jurisdictions.

Against this background, Article 17 would benefit from clearer alignment with the broader simplified and risk-based framework of the RTS. In intermediated fund models, AML/CFT effectiveness is best achieved by focusing due diligence on the entity that is operationally and legally best placed to manage the relevant risks, namely the intermediary itself, including the robustness of its AML/CFT framework and supervisory oversight. In low-risk and medium-risk contexts, the focus should remain on the quality and reliability of due diligence on the intermediary and on the ability to obtain underlying investor information in a timely manner where justified by risk, rather than as a standing obligation.

This would enhance proportionality, legal certainty and supervisory convergence, while remaining fully consistent with FATF standards and AMLR objectives.

Article 18

Article 18 sets out the information to be obtained for understanding the purpose and intended nature of a business relationship. While the qualifying language "where necessary" and the "at least one of" formulation provide welcome flexibility, several of the listed items are ill-suited to closed-ended PE/VC fund structures even under standard CDD.

For example, information on "the estimated amount of funds to be deposited", "the anticipated number, size, volume, type and frequency of transactions", and "the expected types of recipient(s)" presupposes a transactional relationship with ongoing payment flows. In a closed-ended PE/VC fund, an investor commits capital at onboarding; capital is drawn down over a 3 – 5 year investment period through capital calls; and distributions are made as and when investments are realised, often years later. The pattern and timing of these flows cannot be predicted with specificity at onboarding and are inherently determined by the fund's strategy and market conditions rather than by the individual investor.

In such contexts, the requirements of Article 18 should be understood as satisfied by the fund's disclosed investment strategy, the investor's commitment amount, and a high-level understanding of the investor's profile and motivations – all of which are

inherently available from the fund's constitutional and subscription documents without the need for additional investor-specific inquiry.

The above could be clarified by way of a recital or operative provision, which should confirm that, for collective investment undertakings operating closed-ended fund structures, the purpose and intended nature of the business relationship may be understood by reference to the fund's disclosed strategy and the investor's subscription documentation, and that Article 18 does not require transactional forecasting or speculative assessments regarding the timing, frequency or recipients of future fund transactions.

The same concern arises in the investment-side context. When a fund manager performs CDD on a portfolio company target or seller as part of an acquisition, the "purpose and intended nature of the business relationship" is self-evident from the transaction itself – namely, the acquisition of an equity interest pursuant to a share purchase agreement or investment agreement. Requiring the fund manager additionally to obtain granular information on "the anticipated number, size, volume, type and frequency of transactions" or "the expected types of recipient(s)" in such a context has no meaningful AML/CFT rationale. Article 18 should be understood as satisfied, in an investment transaction context, by the transaction documentation itself, which will inherently disclose the nature, value and parties to the transaction.

Article 20

Article 20 sets out the minimum identification requirements applicable in low-risk situations and therefore plays a foundational role in the SDD framework. While the article is appropriately framed as setting minimum requirements, its interaction with the rest of the RTS could be further clarified to ensure that these minimum requirements are generally treated as sufficient in low-risk scenarios, rather than as a baseline to which additional information is routinely added.

In the context of PE/VC and infrastructure fund management, low-risk situations frequently arise where investors are professional or institutional in nature and where the overall structure and governance of the investment vehicle already provide a high level of transparency. In such cases, the identification information listed in Article 20 should normally satisfy the CDD requirements, unless specific risk indicators are present.

We note that Article 20 uses the formulation "at least the following information". In the context of a provision that is expressly designed for low-risk situations, "at least" should be understood as defining the information that is generally sufficient, not as a minimum to which further requirements are expected to be routinely added.

To clarify the above, a recital should confirm that Article 20 is intended to operate as a genuine entry point for SDD, and that the information specified therein constitutes the operative identification standard in low-risk situations. Obliged entities should not be expected systematically to supplement it with additional information unless specific risk indicators emerge. This would strengthen proportionality and help avoid unnecessary front-loading of information collection in low-risk fund-based relationships.

Article 21

Article 21 is central to the effective functioning of SDD, as it specifies how beneficial owners or senior managing officials (SMOs) may be identified and verified in low-risk situations. We welcome the fact that Article 21 allows obliged entities to rely on public registers, information already held, and reliable independent sources, rather than prescribing specific documentary requirements.

However, in the context of PE/VC fund structures, the article would benefit from further clarification to ensure its practical usefulness. In particular, SMOs are often identified solely as a fallback where no individual meets the ownership thresholds, not because those individuals exercise effective control or derive economic benefit. In such cases, SMOs frequently act in a purely professional capacity, often within regulated entities that are themselves subject to AML/CFT obligations.

Article 21 should therefore more clearly support an interpretation whereby, in low-risk PE/VC scenarios, verification of SMOs may be satisfied through risk-appropriate alternatives such as confirmations from regulated intermediaries, professional attestations or reliable public information, rather than through systematic collection of personal documentation. This would be fully consistent with the wording and purpose of Article 21, and would allow SDD to operate as intended under Article 33 AMLR.

Article 22

Article 22 provides sectoral simplified measures in the context of pooled accounts and illustrates AMLA's recognition that, in certain circumstances, duplication of CDD can be avoided through appropriate reliance on other obliged entities. While PE/VC fund structures do not typically fall within the specific scenario addressed by Article 22, the underlying logic of the provision is highly relevant.

In particular, Article 22 reflects the principle that AML/CFT effectiveness can be achieved by focusing due diligence efforts on the entity best placed to manage the relevant risk, rather than by requiring multiple obliged entities to perform overlapping

checks. The same principle is directly applicable to fund structures involving regulated intermediaries and institutional investors.

We therefore consider that the proportionality logic embodied in Article 22 should inform the interpretation and application of SDD under Articles 20, 21, 23 and 24, even where the specific pooled-account scenario does not apply.

Article 23

Article 23, which addresses the updating of customer identification data in low-risk situations, is of particular practical importance for PE/VC managers. Closed-ended funds are characterised by stable, long-term relationships with investors, and ML/TF risk tends to arise at identifiable moments, such as onboarding, changes in ownership or control, restructuring events or distributions.

We welcome the fact that Article 23 is framed around monitoring for changes in circumstances and trigger events, rather than around continuous updating. However, greater clarity would be helpful to ensure consistent interpretation across Member States, particularly in supervisory practice.

In low-risk PE/VC relationships, maintaining customer information “up to date” should be explicitly confirmed as an event-driven, risk-based process, not as an obligation to periodically reassess or refresh information in the absence of any material change. Explicit confirmation of this interpretation would significantly enhance legal certainty and proportionality, while remaining fully aligned with Article 33 AMLR.

Article 24

Article 24 sets out the minimum information required to understand the purpose and intended nature of the business relationship in low-risk situations. In the context of PE/VC, this purpose is typically clear and narrowly defined: long-term investment in accordance with a disclosed investment strategy.

In low-risk fund-based relationships, a simplified and high-level understanding of the purpose and intended nature of the business relationship — reflected in the fund’s investment objective, strategy and investor profile — should be sufficient. The items listed - "the intended use of the products or services" and "the estimated value of transactions" – should be understood in the PE/VC context as satisfied by the investor's subscription commitment and the fund's disclosed strategy and constitutional documents, and in a transactions context by the share purchase agreement or investment agreement. (For further context, see our response to Article 18 above.) Requiring more granular or transaction-focused information in such circumstances

risks imposing obligations that are ill-suited to closed-ended fund models and that add limited value from an AML/CFT perspective.

Clarifying that Article 24 does not require transactional foresight or speculative assessments in low-risk PE/VC scenarios would reinforce the coherence of the SDD framework as a whole.

Question

Do you have any comments on the recitals? The recitals are the statements at the start of the draft RTS and are numbered from (1) to (25).

Response:

Recital 9

Recital 9 appropriately clarifies that senior managing officials (SMOs) are not beneficial owners but should nonetheless be identified pursuant to the fallback rule in the AMLR. However, the recital could better reflect the risk-based approach by making clear that, while equivalent categories of information may be collected for SMOs, this does not imply that identical methods or depth of verification are always required. In the context of PE/VC, SMOs frequently act in a purely professional capacity, often within regulated entities, and typically do not present the same ML/TF risk profile as beneficial owners with an economic interest. Greater clarity at recital level that identification and verification of SMOs may rely on risk-appropriate alternatives, such as regulated-entity attestations or reliable public sources, would improve proportionality and legal certainty.

Recital 16

Recital 16, which addresses the application of simplified due diligence (SDD) in low-risk situations, is particularly important for ensuring that the risk-based approach operates effectively in practice. While the recital correctly recalls that SDD is not an exemption from standard CDD, it would benefit from stronger guidance on how simplified measures should be applied in sectors and business models that are structurally lower-risk.

In particular, the recital could more clearly acknowledge that collective investment undertakings and their managers, especially those operating closed-ended funds with predominantly professional and institutional investors, will often meet the conditions

for SDD, in the absence of specific risk indicators. Explicit recognition at recital level that reduced updating frequency, streamlined verification measures and appropriate reliance on regulated intermediaries are compatible with Article 33 AMLR would significantly enhance supervisory convergence and help avoid excessively conservative interpretations at national level.

Question

Do you have any comments on the Annex in the draft RTS?

Yes

The Annex on electronic identification attributes should be treated as a reference framework rather than as a de facto minimum standard for all obliged entities. Requiring highly granular identity or address attributes in low-risk, wholesale fund management contexts risks exceeding what is necessary and proportionate for effective AML/CFT compliance.

Overall assessment

Question

How would you rate the proposals set out in the draft RTS overall?

Response:

Inadequate – Somewhat inadequate – Neutral – **Good** – Excellent

Strong foundation but requires targeted clarification at operative, recital and post-adoption guidance levels to ensure that the risk-based approach operates as intended for the PE/VC sector.

The draft RTS represent genuine and welcome progress from earlier iterations, and AMLA's approach of building on the EBA's work with targeted amendments is broadly sound. The commitment to proportionality, simplification and the risk-based approach provides a workable foundation.

However, as set out in our detailed responses above, the operative provisions do not yet fully deliver on these principles for fund managers operating closed-ended structures whose core investment policy is to acquire control of non-listed companies or issuers with predominantly institutional investors, conducting occasional investment transactions under time-sensitive conditions. In particular, the treatment of complex

corporate structures (Article 12), the SMO identification requirements (Article 13), the application of Article 17 to intermediated fund distribution models, and the absence of sufficiently clear operational guidance on the availability and application of SDD to collective investment undertakings mean that, without further refinement or accompanying guidance, there is a risk of disproportionate implementation in practice.