JUNE 2026

AFG'S RESPONSE

TO THE AMLA CONSULTATION ON DRAFT RTS UNDER ARTICLE 16 (4) AND ARTICLE 17 (3) OF REGULATION (EU) 2024/1624

AFG

The Association Française de la Gestion Financière (AFG) represents and advocates for the role of asset management in shaping the French economy. It counts over 440 members, including 340 asset management companies, which collectively manage 90% of assets under management in France.

AFG actively supports the growth of the French asset management industry for the benefit of savers, investors, and businesses.

AFG is dedicated to promoting stable, efficient, and competitive regulation, with a strong focus on helping individuals finance their life goals while channeling private savings towards businesses in transition.


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Section 1 – General provisions (articles 1-2)

Question 1

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

Among the definitions laid out in article 2 of the RTS, the definition of "structure" appears insufficiently precise. As opposed to “network”, “partnership” and “franchise”, it is only based on “the objective of establishing a common framework of business (…)” without referring to any common ownership, common management or common compliance control. Such a broad definition could inadvertently include relationships such as fund distribution arrangements for which group-wide requirements would be neither appropriate nor feasible.

To avoid creating unnecessary and counterproductive complexities that would hinder robust and effective ML/TF risk management we suggest that the definition of “structures” explicitly applies only to entities in the non-financial sector.

Section 2 – Minimum group-wide requirements (article 3)

Question 2

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?

Entities in the asset management sector often belong to EU or international groups engaged in a wide range of diverse business activities (e.g., banking, investment, brokerage). Consequently, a dedicated AML/CFT approach, adapted to each specific activity, is necessary. This approach should efficiently mitigate the ML/TF risks that each group entity faces, considering the nature of its operations and its regulatory requirements. For example, the business activities of an asset manager and their customer interactions differ significantly from those of a bank. This requires the implementation of processes specific to each business activity to effectively mitigate risk. Seeking a one-size-fits-all approach in line with the parent entity's practices would be highly inefficient.

To properly address that diversity, groups currently operate within a coordinated governance model, where global AML/CFT standards are set centrally and supplemented by local frameworks on an entity level. These entities effectively have independent boards of directors, money laundering reporting officers, and frameworks tailored to their business models and activities.

Therefore, article 3 of the RTS should establish as an overarching principle that (i) policies and procedures applicable to the various entities of a group must be tailored to their respective activities and that (ii) it is the parent company's responsibility to ensure that procedures applied by its subsidiaries are appropriate to their specific business activities.

It is essential for group entities to have an efficient and appropriate system. The parent undertaking should ensure effective coordination rather than vertical centralization, which could harm the effectiveness of AML/CFT measures and competitiveness. While a group-wide compliance function is necessary, it does not preclude the development of tailored procedures for different types of activities, consistent with a systematic risk-based approach.

Section 3 – Information sharing (articles 4-9)

Question 3

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 suggestions that would make it better suited operationally or legally?

To provide clarification, we propose replacing the first sentence of Article 4 of the RTS:

> "~~*When information is relevant 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 provisions of Article 16(3) of Regulation (EU) 2024/1624 shall enable at least the sharing of the following information*~~"

by the following wording:

> *"Any sharing of information within a group, as referred to in Article 16(3) of Regulation (EU) 2024/1624, must target information relevant to the purposes of preventing money laundering, terrorist financing, and the non-application or circumvention of targeted financial sanctions, which may cover, where necessary."*

The "need-to-know" principle, reinforced by the ability of the parent undertaking to define the perimeters of information sharing, is key to upholding the AMLR approach. It is also key to meet the standards of processing of personal data under GDPR, the principle of data minimisation, which requires that personal data shall be "adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed".

The catalogue of data listed in article 4 is particularly extensive. We suggest that information sharing be limited to enhanced due diligence. Such systematic and extensive information-sharing obligations may go against the principle of data minimisation under GDPR.

Sharing information on the nature and content of the business conducted with a client could also give rise to conflicts of interest between sell-side (e.g. brokers) and buy-side businesses (e.g. asset managers) within the same group. Therefore, we are of the opinion that article 4- 1. b) should be deleted as sharing this information may be highly problematic in some cases.

Regarding article 7, we would suggest following the example of other EU regulatory frameworks such as DORA, adopting a two-step approach:

(i) initial simplified notification within 28 calendar days, limited to identifying the jurisdiction concerned and providing a general description of restrictions encountered, and
(ii) subsequent detailed notification under an extended deadline of 90 days as these details may require more time to be obtained.

Section 4 – Additional measures for branches or subsidiaries in third countries of obliged entities and parent undertakings in the Union (articles 10 - 16)

The approach proposed under article 10 to 16 of the draft RTS does not seem to fully capture the diversity of situations that obliged entities may face under legal frameworks in third countries. Between provisions that would prohibit the application of EU rules entirely and those that would be fully aligned, various scenarios can exist. They may include additional conditions such as prior administrative authorisation, requirements regarding the location of data storage centers, or restrictions on limited categories of data. Such additional requirements should not immediately trigger the application of additional measures under the draft RTS.

Question 4

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.

Article 11 creates a new reporting obligation for parent companies regarding information sharing within a group, with a deadline that seems inappropriate. We suggest setting this deadline to 90 days.

Question 5

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 (article 12 and 13 of the draft RTS)? If so, please explain

As worded Article 12 concerning the *Disclosure of information related to the reporting of suspicious transactions* implies a high degree of implementation complexity far removed from the operational needs of the actors involved.

In any event, Article 12-4, which does not allow for the adoption of appropriate measures, does not appear to be consistent with a risk-based approach.

Question 6

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.

Obligations to refrain from carrying out a transaction, to terminate a business relationship, and to close some or all operations in a particular jurisdiction should be treated as a measure of last resort and should not be automatically imposed.

Article 16 appears likely to hinder the expansion of European asset management companies into third countries (particularly for private equity management firms) and create a distortion of competition between European asset managers and those governed by foreign law by granting the supervisor very broad injunctive powers.

Section 5: Criteria for identifying the parent undertaking in the Union in cases of two or more obliged entities whose head office is located outside of the Union (articles 17 - 20)

Question 7

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?

As currently drafted articles 17(1)(b) “determination of sufficient prominence” and article 18(1)(b) “Determination of sufficient understanding of operations” lead automatically to the designation of a parent undertaking based on purely quantitative criteria with no consideration as to the proportionate benefits considering increased costs and risk associated with the designation of the parent undertaking.

For example, an asset management company (AIFM/UCITS) and a brokerage firm or commercial bank (MIFID) would be obliged to reveal sensitive client information and adopt common procedures and controls that could lead to conflicts of interest (transfer of information on competing firms, competing market counterparties, issuers insider information etc).

Because the criteria are purely quantitative and deterministic this is true even if the two obliged entities whose head office is located outside of the Union share no common clients nor business relations.

The designation of a parent undertaking should only be contemplated if the obliged entities share a significant number of clients and business relations and strictly on a "need to know basis." The benefits of transfer of information and common procedures and controls should outweigh significantly the costs of such implementation.

Costs include the increased risk of conflicts of interest, the cost of hiring and training additional compliance and operational staff where the obliged entities and parent undertaking operate under different sectorial regulations, IT investments (including overriding Chinese walls imposed by sectorial regulations).

On a subsidiary basis, the "number of customers" 17(1)(b)(i) should consider the specific nature of different client types "retail clients", "financial intermediaries", "non-financial entities" and "institutional clients". The purely quantitative criteria are hazardous at best. The same could be said about "the incoming and outgoing transactions". The criteria should consider the specific nature of different transactions: banking, derivates, DVP transactions, Repos, subscription redemptions, etc. In addition, 17(1)(b)(ii) should not lead to the hiring and training of additional staff to obtain sufficient understanding of operations of obliged entities operating in different sectors in particular where the benefits do not warrant such costs.

The RTS should allow the choice of the parent undertaking in the EU to be guided by its suitability for the oversight role, with the qualitative approach and criterion of "sufficient understanding" (Art. 18) taking clear precedence over the quantitative approach and the criterion of "sufficient prominence" (Art. 17). Focus should be on stable, governance-based determinants that align with practical governance arrangements and operational models, and the current supervisory and compliance structures formed under the prudential framework.

Question 8

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.

As mentioned above the definitions under article. 2 of the RTS are too broad and can lead to unintended consequences for the financial sector, including asset management, by capturing arrangements that do not create group-like ML/TF risks and do not justify group-

like coordination for AML/CFT purposes. This is further reinforced by the very broad conditions put forward under Art. 21 of the draft RTS.

Notwithstanding the above, we would like to point out the "common compliance control" under article 21(2)(c), and especially point (i), which refers to "common policies, procedures and controls managed by a control function". The alignment of compliance policies would not always be a manifestation of the close links existing between the entities involved. Instead, it can be a result of, e.g. regulatory or supervisory requirements where entities from a particular sector are required to adopt harmonised policies. This is, for example, the case for any delegation relationships governed by the AIFMD and UCITS Directives.

Article 21 of the RTS should be amended to reflect instances where "common compliance control" comes from genuine structural integration, rather than other regulators or supervisory approaches.

This could be achieved if a criterion of a deliberate structural or organizational choice by the entities concerned took precedence over the present criteria listed. This choice could be evidenced by governance arrangements such as shared board oversight, shared risk appetite frameworks, or formal cooperation agreements going beyond regulatory minimum requirements.

Question 9

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.

Question 10

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

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17 square Edouard VII · 75009 Paris · +33 (0)1 44 94 94 00 ▪ Avenue des Arts 56 · 1000 Bruxelles ▪ www.afg.asso.fr