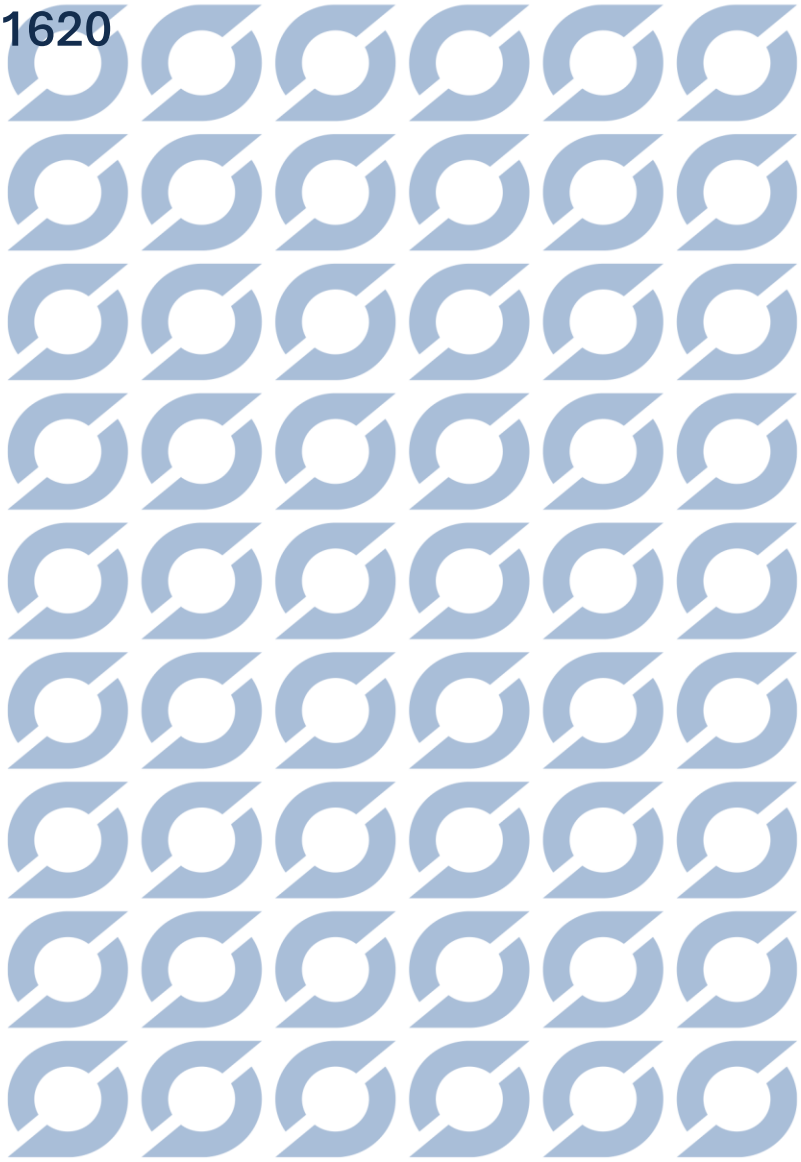
Consultation Paper

Draft Guidelines on outsourcing, reliance on customer due diligence performed by another obliged entity and other third-party arrangements under Regulation (EU) 2024/1624 and Regulation (EU) 2024/1620



AMLA
Anti-Money Laundering Authority

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1. Responding to this consultation

The Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) invites comments on all proposals set out in this Consultation Paper and in particular on the specific questions summarised in Section 5.2.

Comments are most helpful if they:

- respond to the question stated;
- indicate the specific point to which a comment relates;
- contain a clear rationale;
- provide evidence to support the views expressed/ rationale proposed; and
- describe any alternative regulatory choices AMLA should consider.

1.1 Submission of responses

To submit your comments, click on the 'respond' button on the consultation page by 26.02.2027. Please note that comments submitted after this deadline or submitted via other means may not be processed.

1.2 Publication of responses

Contributions will always be published. The names of organisations submitting their contribution will also always be published. The name of the natural person providing a contribution will be published unless they object to said publication.

1.3 Data protection

The protection of individuals with regard to the processing of personal data by AMLA is based on Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018. Further information on data protection can be found under the Legal Notice section of the AMLA website.

1.4 Who should read this Consultation Paper?

All interested stakeholders are invited to respond to this Consultation Paper. In particular, AMLA encourages obliged entities from the financial and the non-financial sectors to participate.

2. Executive Summary

In order to strengthen the Union's framework for anti-money laundering and countering the financing of terrorism, Regulation (EU) 2024/1624 (AMLR) aims to harmonise the preventive measures to be put in place at Union level.

Article 18 AMLR sets out rules on the outsourcing of anti-money laundering (AML), countering the financing of terrorism (CFT), and non-implementation or evasion of the targeted financial sanctions (TFS) tasks to service providers. This article provides certain requirements on the use of outsourcing and notification requirements to supervisors. To this end, Article 18(8) AMLR requires AMLA to issue guidelines addressed to obliged entities specifying:

(a) the **establishment of outsourcing relationships**, including any subsequent outsourcing relationship, in accordance with this Article, their governance and procedures for monitoring the implementation of functions by the service provider and in particular those functions that are to be regarded as critical;
(b) the **roles and responsibility of the obliged entity and the service provider** within an outsourcing agreement;
(c) **supervisory approaches to outsourcing as well as supervisory expectations** regarding the outsourcing of critical functions.

Articles 48 and 49 AMLR lay down requirements for reliance on other obliged entities. Such arrangement allows an obliged entity to rely on another obliged entity for the collection of certain customer due diligence (CDD) information in connection with the onboarding of new customers. To this end, Article 50 AMLR requires AMLA to issue guidelines addressed to obliged entities specifying:

(a) the **conditions which are acceptable for obliged entities to rely on information** collected by another obliged entity, including in the case of remote customer due diligence;
(b) the **roles and responsibility of the obliged entities** involved in a situation of a reliance on another obliged entity;
(c) **supervisory approaches** to reliance on other obliged entities.

Outsourcing can be an important component of the implementation of AML/CFT requirements such as for the performance of customer due diligence, transaction monitoring, and/or internal controls, and allows the involvement of certain service providers to support the performance of AML/CFT/TFS requirements. At the same time, certain conditions covering governance framework, policies and procedures, risk assessments, due diligence, controls, reviews and monitoring are needed to ensure that appropriate safeguards are in place.

Reliance on other obliged entities is a specific arrangement under the AML/CFT framework that allows an obliged entity to make use of another obliged entity for the identification and verification of certain information required for initial customer due diligence. Reliance arrangements are also

subject to certain conditions concerning the governance framework, policies and procedures, risk assessments, due diligence, controls, reviews and monitoring.

In addition, as stated in Recital 47 AMLR, there can be situations where the performance of the AML/CFT requirements itself is not carried out by a service provider, but there can still be an impact on the compliance with AML/CFT requirements, such as the use or acquisition of third-party software or the access to databases or screening services by the obliged entities, that would not qualify as outsourcing. The selection and use of such arrangements may give rise to money laundering (ML) and terrorist financing (TF) risks that obliged entities should properly assess and mitigate, as well as the risks of non-implementation or evasion of targeted financial sanctions. While these arrangements do not constitute outsourcing, they may materially affect AML/CFT/TFS policies, procedures and controls. For such arrangements, the draft Guidelines set out high-level expectations as part of the general guidelines.

The draft Guidelines in the first part establish horizontal general principles applicable to all obliged entities, in both the financial and non-financial sectors, when making use of arrangements involving third parties for the performance of AML/CFT/TFS tasks and provide general guidance on how outsourcing, reliance on other obliged entities and other third-party arrangements should be designed and implemented. Guidance aims to take into account the diversity of business models, data availability, and the need for proportionate and technologically neutral requirements.

The second part of the draft Guidelines provides additional high-level expectations for outsourcing arrangements such as how to determine the criticality of outsourced functions, put in place sound policies procedures and controls on outsourcing, properly establish and document outsourcing arrangements, conduct risk assessments and due diligence of the outsourcing arrangements, assess and monitor subcontracting and terminate outsourcing. The draft Guidelines also set out additional expectations on the outsourcing notifications to be made by obliged entities under Article 18(1) AMLR and the outsourcing notifications for approval under Article 18(7) AMLR.

The third part of the draft Guidelines provides additional expectations on how obliged entities should design and implement reliance on other obliged entities. It also establishes expectations for the effective collection and assessment of the information related to customer obtained under the reliance arrangement.

The draft Guidelines aim to ensure proportionate, effective and risk-based use of outsourcing, reliance on other obliged entities and other third-party arrangements by obliged entities. Throughout the draft Guidelines, AMLA emphasises proportionality, cross-sectoral applicability, application of the risk-based approach whenever appropriate and the importance of sound governance and control frameworks as the basis for effective use of outsourcing, reliance on other obliged entities and other third-party arrangements. The draft Guidelines also reflect the need for clear monitoring, adequate documentation, appropriate reviews, and the responsible use of third-party software, databases or screening tools, where needed.

Taken together, the draft Guidelines aim to promote supervisory convergence, strengthen the effectiveness and consistency of outsourcing, reliance on other obliged entities and other third-party arrangements across the Union, and thereby contribute to the fight against money laundering and terrorist financing.

In preparing this consultation paper, AMLA sought and considered input from national supervisors across financial and non-financial sectors as well as from data protection experts. The draft Guidelines are designed to ensure consistency with the broader AML Single Rulebook and other AMLA instruments adopted or currently under development.

AMLA invites stakeholders to provide feedback on the proposed approach to ensure that the final Guidelines support a clear, practical and proportionate implementation of Articles 18, 48, 49 and 50 of AMLR across all sectors. To further support obliged entities, in particular smaller ones, AMLA will consider developing tailored communication materials to accompany the final Guidelines, including factsheets and/or explainers.

2.1 Next steps

This Consultation Paper is published for a three-month period. AMLA will consider the responses to this consultation when preparing the final Guidelines, which will be issued in Q2 2027.

3. Background and rationale

3.1 General provisions

Regulation (EU) 2024/1624 (AMLR) establishes harmonised rules for preventing money laundering and terrorist financing across the Union. Articles 18(8) and 50 AMLR require AMLA to issue Guidelines on outsourcing and reliance on other obliged entities, including the conditions governing these arrangements, the roles and responsibilities of the parties and the relevant supervisory approaches.

As indicated in Recital 47 of the AMLR certain arrangements that do not qualify as outsourcing where the performance of the requirement itself is not carried out by a service provider, such as the use or acquisition of third-party software or the access to databases or screening services by the obliged entity can still pose challenges to an adequate AML/CFT framework and should be addressed accordingly.

The draft Guidelines support a common, uniform and consistent understanding of the outsourcing, reliance on other obliged entities and other third-party arrangements across sectors and business models. They aim to ensure a consistent, efficient and effective application of the AMLR obligations.

The draft Guidelines establish common guidelines on governance, responsibility, risk management and oversight for the use of third-party service providers, followed by specific provisions on outsourcing and reliance. The principle-based, risk-based and proportionate approach followed in the General Guideline is intended to support consistent application across financial and non-financial sectors as well as across arrangement using a third party while ensuring that the obliged entity retains responsibility and effective control.

Outsourcing arises where an obliged entity entrusts a service provider with the performance of (part of) AML/CFT tasks. Article 18 AMLR permits outsourcing subject to defined conditions and restrictions, including prior notification to the supervisor, an assessment on the service provider qualification, a written agreement and regular controls. In addition, Article 18(3) AMLR provides a list of AML/CFT tasks that cannot be outsourced under any circumstances. Under the outsourcing arrangements, the obliged entity remains fully liable for outsourced tasks, and outsourcing must not materially impair its policies, procedures and controls or effective supervisory monitoring.

Expectations in the draft Guidelines related to the establishment and implementation of outsourcing arrangements take into account that outsourcing can be put in place in many different ways, such as with the use of service providers within the same group of the obliged entity, with service providers established in third countries, for the performance of tasks that are deemed critical and with certain rules and controls calibrated to the type of outsourcing under the AML/CFT requirements.

The draft Guidelines establish a framework for the assessment of criticality of outsourcing of certain AML/CFT/TFS tasks and include specific expectations on outsourcing, in particular of critical functions.

Reliance on the customer due diligence performed by another obliged entity is a distinct arrangement governed by Articles 48 and 49 AMLR. It allows an obliged entity, subject to defined conditions, to rely on another eligible obliged entity for the initial customer due diligence measures set out in Article 20(1), points (a), (b) and (c), AMLR.

The reliance part of the draft Guidelines clarifies the permitted scope and conditions of reliance, the allocation of responsibilities between the relying obliged entity and the obliged entity relied upon, pre-reliance assessments, the content of written agreements or qualifying intra-group procedures, remote customer due diligence, access to customer due diligence information and supporting documentation, and relevant third-country considerations.

The draft Guidelines encourage obliged entities to consider using reliance arrangements where appropriate and in accordance with the AMLR to avoid unnecessary duplication of customer due diligence measures. At the same time, the relying obliged entity remains responsible for assessing whether the statutory conditions are met, whether the information obtained is sufficient for its own obligations and whether additional or repeated customer due diligence measures are necessary. Ultimate responsibility for meeting those requirements remains with the relying obliged entity.

Other third-party arrangements may contribute to the performance of AML/CFT requirements without the service provider performing those requirements on behalf of the obliged entity. Recital 47 AMLR identifies the use or acquisition of third-party software and access to databases or screening services as examples of arrangements that are not outsourcing. Although these arrangements do not constitute outsourcing, they may materially affect the quality, continuity, availability or explainability of AML/CFT controls. For the purposes of these draft Guidelines, such arrangements are addressed pursuant to Article 54(1) of Regulation (EU) 2024/1620 as AMLA's own initiative guidelines. The inclusion of these arrangements within the scope of these draft Guidelines does not create a separate legal category under the AMLR and is without prejudice to the legal distinctions established by the AMLR, in particular between outsourcing and reliance.

The draft Guidelines apply proportionate general governance and risk-management principles to such arrangements as part of the general guideline, without making them subject to the specific AMLR expectations applicable to outsourcing or reliance.

The Guidelines apply also when obliged entities use arrangements that contribute to the compliance with Regulation (EU) 2023/1113 (Transfer of Funds Regulation, TFR), which sets out mandatory information requirements for all transfers of funds and crypto-assets in the Union to ensure traceability and prevent money laundering and terrorist financing.

In addition, obliged entities are required to consider risks related to the non-implementation or evasion of targeted financial sanctions as part of their overall AML/CFT framework. While these risks remain relevant in the context of outsourcing or other third-party arrangements, these draft

Guidelines do not specify how such risks should be operationalised within targeted financial sanctions frameworks. Outsourcing and other third-party arrangements should support the preparation and implementation of processes and arrangements that may indicate potential evasion or circumvention of targeted financial sanctions.

3.2 AMLA's approach

In developing the draft Guidelines, AMLA was guided by the principles of legal certainty, proportionality and risk-based approach, while aiming for horizontal and cross-sectoral applicability. The draft Guidelines seek to provide sufficient flexibility for obliged entities to implement effective arrangements suited to their circumstances, while preserving the distinct legal requirements applicable to outsourcing and reliance on other obliged entities.

Simplification principle

Due consideration was given to the objectives of the EU simplification agenda. Simplification is reflected in particular through:

- the establishment of common horizontal principles on governance, responsibility, risk management, due diligence, documentation and oversight applicable across financial and non-financial sectors;
- the consolidation of the outsourcing and reliance mandates in a single set of guidelines, while preserving the distinct legal nature and requirements of each arrangement;
- the possibility for obliged entities to build on existing governance, procurement and third-party risk-management frameworks, including frameworks and documentation requirements or expectations established under other applicable Union or sectoral requirements;
- the possibility to merge policies and procedures for outsourcing, reliance and other third-party arrangements, provided that their respective application remains clearly differentiated;
- the formulation of enhanced expectations on the outsourcing of critical functions, with less extensive expectations for non-critical functions where justified by their nature and risks; and
- the consideration of reliance arrangements, where appropriate, to reduce unnecessary duplication of customer due diligence measures and associated costs.

The length and structure of the draft Guidelines have been calibrated with simplification in mind: common principles are set out once in a general section, while the arrangement-specific sections focus on matters relevant to outsourcing and reliance respectively. The draft Guidelines also

avoid unnecessarily reproducing provisions already set out in the AMLR and provide targeted clarifications only where necessary to support consistent implementation, thereby limiting repetition and regulatory complexity.

For the same reasons, the draft Guidelines are setting expectations on obliged entities and will be considered by supervisors in their supervisory activities, but they do not include extensive details on supervisory approaches, which will be developed by AMLA in different instruments dedicated to setting approaches and methodologies on supervisory reviews (see chapter 3.3 below).

Proportionality

The arrangements should be designed, implemented and overseen in a manner commensurate with the obliged entity's size and with the nature, risks and complexity of its business. Obliged entities should take into account their overall ML/TF risk profile, business model, and the nature, scale and complexity of their activities and operations, as well as the tools, methods and processes used to manage and control the arrangements.

Proportionality does not imply lower or weaker standards for smaller obliged entities. Rather, it allows the nature and intensity of policies, assessments, documentation, monitoring and controls to be calibrated to the risks and complexity of the obliged entity and the arrangement, while ensuring that the outcomes required by the AMLR and the draft Guidelines are achieved.

This approach is reflected in the risk-based treatment of other third-party arrangements, the assessment of the criticality of outsourced functions, the calibration of controls for non-critical outsourcing and the possibility to simplify intra-group reliance frameworks where the applicable AMLR conditions are met.

Interactions with other Union sectoral instruments

The approach reflected in the draft Guidelines takes into account the existence of Union requirements or expectations in other Union sectoral instruments, such as those provided by DORA[1], including its delegated and implementing regulations on ICT third-party risk, subcontracting and the register of information, GDPR[2], Union sectoral legislation, the 2026 EBA Guidelines on sound management of third-party risk regarding non-ICT services[3] and other sectoral standards and guidelines.

[1] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 OJ L 333, 27.12.2022.

[2] Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) OJ L 119, 4.5.2016.

[3] EBA Guidelines on the sound management of third-party risk regarding non-ICT services, EBA/GL/2026/09 https://www.eba.europa.eu/sites/default/files/2026-09/dc9ccbb3-79b9-493d-b693-c21adeffbcc9/Final%20report%20on%20GL%20on%20third-party%20risk%20management.pdf.

To ensure appropriate consideration of existing instruments, AMLA draft Guidelines include a consistency clause that aims to ensure complementarity, reuse of existing arrangements and avoidance of duplication to the extent possible, while respecting the AML/CFT/TFS expectations set out in the AMLA draft Guidelines.

For obliged entities subject also to other Union frameworks the AMLA draft Guidelines provide expectations exclusively for aspects within the scope of the AML/CFT tasks provided for in the AMLR and the TFR. In particular, arrangements with ICT third-party service providers governed by DORA, including those relating to ICT services that support the performance of AML/CFT/TFS functions, such as transaction monitoring, screening or customer due diligence tools, fall within the scope of the draft Guidelines where they qualify as outsourcing or other third-party arrangements within the meaning of these Guidelines. The expectations of the draft Guidelines and those of other Union sectoral instruments pursue distinct objectives and apply concurrently: compliance with one framework does not ensure compliance with the other. The consistency clause is intended to avoid unnecessary duplication in the way obliged entities comply with both frameworks.

Overall, consistency is paramount to allow the proportionate application of existing or planned arrangements with third parties in line with the expectations set out in the AMLA draft Guidelines.

3.3 Interaction with other mandates

These draft Guidelines interact with other level 1, level 2 and level 3 provisions adopted or that will be adopted under AMLR, AMLAR and AMLD, which provide complementary detail on related obligations, including:

Instrument / legal basis	What it covers	Relevance for ongoing monitoring
Guidelines – Article 10(4) AMLR	Business-wide risk assessment	A robust BWRA underpins the use of third-party arrangements and is essential to provide information on the rationale for the arrangements in place with third parties.
Article 9 AMLR & future Guidelines - Article 9(4) AMLR	Internal policies, procedures and controls	Outsourcing and other third-party arrangements can be put in place to contribute or to perform AML/CFT tasks related to internal policies, procedures and controls. In addition, such arrangements may

		lead to calibration of internal policies, procedures and controls based on the size, complexity and risk of the obliged entity.
Guidelines – Article 26(5) AMLR	Ongoing monitoring and transaction monitoring	Obliged entities may put in place outsourcing or other third-party arrangements to support ongoing monitoring and transaction monitoring; the Guidelines on outsourcing and other third-party arrangements provide guidance on the use of third-party service providers to support detection of unusual or suspicious activity or to contribute to the monitoring of ongoing business relationships.
Article 28(1) AMLR - RTS	Customer due diligence requirements	Third party arrangements in the form of outsourcing, reliance on other obliged entities or other third-party arrangements are a common tool put in place to comply with customer due diligence requirements before onboarding customers, in the ongoing monitoring of relationships, including when the business relationship is terminated.
Articles 16 and 17 AMLR – RTS	Group-wide requirements and additional measures for subsidiaries and branches in third countries	Third-party arrangement expectations set out in these Guidelines interact closely with group-wide requirements when such arrangements are used within the same group or structure. These Guidelines provide guidance to obliged entities when they make use of arrangements with third-party service providers to comply with

		minimum group-wide requirements and group-wide information sharing obligations.
Article 8 AMLAR and Article 40 AMLD – RTS, Guidelines and other instruments	AML/CFT supervisory methodology and risk-based supervision Guidelines	The implementation of the supervisory methodology, the supervisory handbook and risk-based supervision should align with the content and principles of these draft Guidelines when supervisors develop and implement supervisory approaches to review and monitor outsourcing, reliance and other third-party arrangements. The Guidelines on outsourcing, reliance and other third-party arrangements should be considered by competent authorities when assessing the effectiveness of such arrangements, when receiving outsourcing notifications and when they exercise supervisory powers.

3.4 Interaction with existing EBA Guidelines on the same subject

An accompanying communication published on the AMLA website will specify which EBA Guidelines or their parts will be replaced by the AMLA Guidelines.

3.5 Structure of the draft Guidelines

General Guidelines – Key principles and proportionality

This part lays out general principles which apply for the use of third-party service providers when performing AML/CFT/TFS tasks when taking place either by outsourcing, reliance on the customer due diligence by other obliged entities or other third-party arrangements.

It covers key principles for sound governance arrangements, policies, procedures and controls, written arrangements, due diligence, risk assessment, ongoing monitoring, audit rights and termination.

It highlights the importance of the ultimate responsibility of the obliged entity for the development and implementation of arrangements with third parties, risk assessment and due diligence in preparing and implementing the arrangements, and it refers to the key principle of proportionality, requiring the arrangements to be commensurate with the obliged entity's risk profile.

Guideline 1 - Outsourcing

This Guideline sets out how obliged entities should determine the criticality of outsourcing arrangements and provides for additional expectations in the development and implementation of outsourcing arrangements. In particular:

- it sets a general definition of critical function for the purposes of outsourcing, including indicative examples;
- expects obliged entities to explain the criticality/no-criticality of certain functions based on certain factors;
- provides for specific expectations that apply to outsourced functions and expectations that apply only to outsourced functions deemed as critical in particular covering the risk assessment, the written agreement, subcontracting, audit rights and the termination clauses.

Overall, the aim is to provide guidance on how to classify the outsourcing arrangements, how to perform the pre-outsourcing and outsourcing processes and how to calibrate policies, procedures and controls to the outsourcing of critical functions.

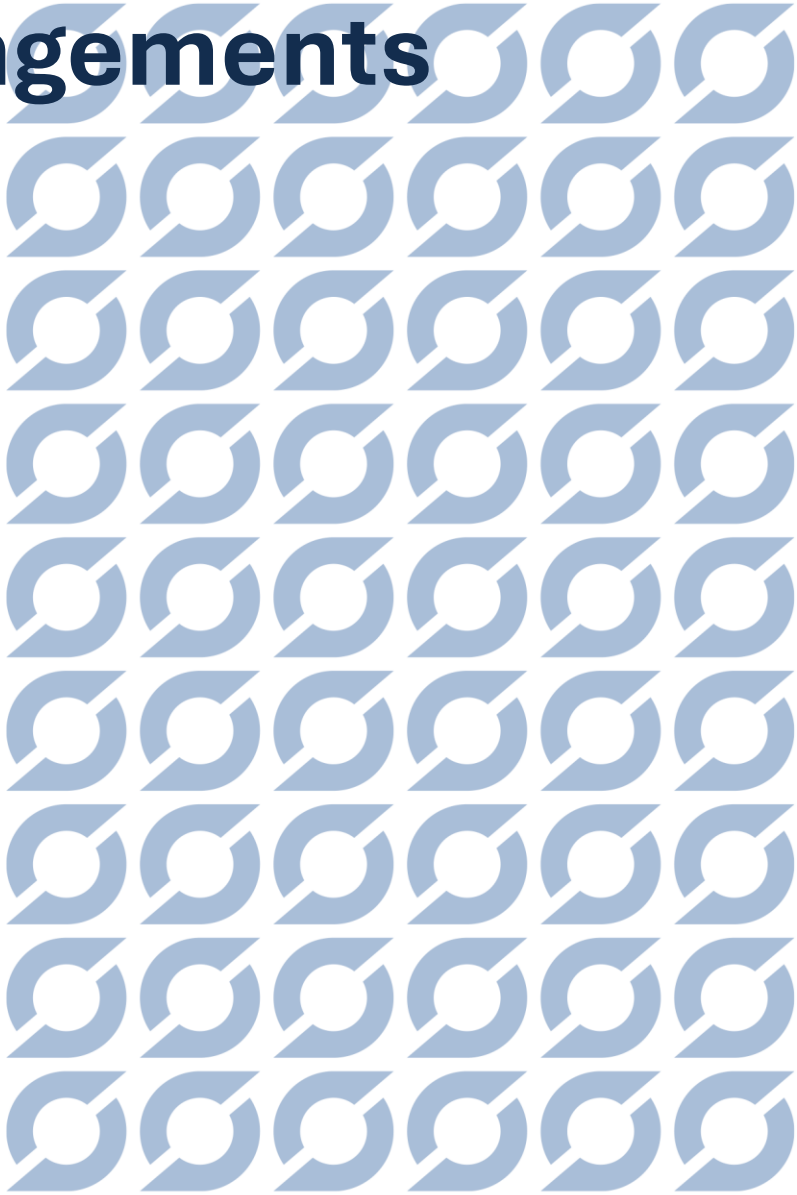
Guideline 2 – Reliance on the customer due diligence by other obliged entities

This Guideline sets out how obliged entities should design and operate reliance on the customer due diligence performed by other obliged entities. In particular, the draft Guidelines provide specific expectations on:

- the permitted scope and conditions of reliance;
- the allocation of responsibilities between the relying obliged entity and the obliged entity relied upon;
- pre-reliance assessments;
- written agreements or qualifying intra-group procedures;
- remote customer due diligence;
- access to customer due diligence information and supporting documentation;
- relevant third-country considerations.

4. DRAFT GUIDELINES

Draft Guidelines on Outsourcing, Reliance on Customer Due Diligence Performed by other Obliged Entities and Other Third-Party Arrangements



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1. COMPLIANCE AND REPORTING OBLIGATIONS

1.1 STATUS OF THESE GUIDELINES

1. This document contains guidelines issued pursuant to Articles 18(8) and 50 of Regulation (EU) 2024/1624[4] and on AMLA's own initiative under Article 54 of Regulation (EU) 2024/1620[5].

2. These Guidelines set the AMLA view of appropriate practices of how Union law should be applied in a particular area. They are addressed to supervisors as defined in Article 2(1) point (45), of Regulation (EU)2024/1624 and obliged entities. All addressees must make every effort to comply with those guidelines by incorporating them into their regulatory or supervisory framework in an appropriate manner.

1.2 REPORTING REQUIREMENTS

3. According to Article 54(3) of Regulation (EU) 2024/1620, each supervisor must notify AMLA as to whether they (i) comply, (ii) do not comply, but intend to comply, or (iii) do not comply and do not intend to comply with these Guidelines within two months from the issuance date.
4. In case of non-compliance, each supervisor must also notify AMLA within two months from the issuance date of their reasons for not complying with these guidelines.
5. A template with instructions for notifications is available on AMLA's website.
6. Notifications should be filled in and submitted by persons with appropriate authority to report compliance on behalf of their supervisor. Any change in the status of compliance must also be notified to AMLA.
7. Notifications will be published on the AMLA website, in line with Article 54(3) of Regulation (EU) 2024/1620.

[4] Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing OJ L, 2024/1624, 19.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1624/oj.

[5] Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending the Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 OJ L, 2024/1620, 19.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1620/oj.

2. SUBJECT MATTER, SCOPE AND DEFINITIONS

2.1 SUBJECT MATTER, SCOPE AND ADDRESSEES OF THE GUIDELINES

8. These Guidelines set out specific principles and rules obliged entities should apply when establishing outsourcing pursuant to Article 18 of the AMLR, reliance on customer due diligence performed by other obliged entities pursuant to Articles 48 and 49 of the AMLR, and address other third-party arrangements under the anti-money laundering and counter-terrorist financing and non-implementation and evasion of targeted financial sanctions (AML/CFT/TFS) framework as AMLA's own-initiative guidelines pursuant to Article 54(1) of Regulation (EU) 2024/1620 (together, "the arrangements" for the purposes of these Guidelines). For the avoidance of doubt, the reference to other third-party arrangements does not create a separate legal category under the AMLR.

9. These Guidelines include three sets of guidelines:

    a) general Guidelines to be applied by obliged entities in all cases mentioned in paragraph 8;

    b) guidelines on outsourcing to be applied by obliged entities when establishing outsourcing arrangements pursuant to Article 18 of the AMLR. These Guidelines apply in addition to the General Guidelines;

    c) guidelines on reliance on customer due diligence by other obliged entities when establishing reliance arrangements pursuant to Articles 48 and 49 of the AMLR. These Guidelines apply in addition to the General Guidelines.

10. These Guidelines apply in conjunction with and without prejudice to any outsourcing or third-party risk management requirements and/or expectations applicable under other Union frameworks. Obliged entities that are subject to such requirements and/or expectations may make use of policies, procedures, controls, documentation and contractual arrangements established under those frameworks, provided that the AML/CFT/TFS-specific elements set out in these Guidelines are addressed with regard to the functions falling within the scope of these Guidelines.

11. These Guidelines are addressed to obliged entities as defined in Article 3 of Regulation (EU) 2024/1624 and supervisors as defined in Article 2(1) point (45) of Regulation (EU) 2024/1624 responsible for supervising these obliged entities compliance with their AML/CFT/TFS obligations.

2.2 LEGISLATIVE REFERENCES, ABBREVIATIONS AND DEFINITIONS

LEGISLATIVE REFERENCES

AMLD	Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849[6]
AMLR	Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing[7]
TFR	Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849[8]
AMLAR	Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010)

ABBREVIATIONS

AML/CFT	Anti-money laundering and countering the financing of terrorism
AMLA	Authority for Anti-Money Laundering and Countering the Financing of Terrorism
KPIs	Key Performance Indicators
ML	Money laundering
TF	Terrorist financing
TFS	Targeted financial sanctions
CDD	Customer Due Diligence

[6] OJ L, 2024/1640, 19.6.2024, ELI: http://data.europa.eu/eli/dir/2024/1640/oj

[7] OJ L, 2024/1624, 19.6.2024, ELI: http://data.europa.eu/eli/reg/2024/1624/oj

[8] OJ L, 2023/1113, 9.6.2023, ELI: http://data.europa.eu/eli/reg/2023/1113/oj

ML/TF	Money Laundering/Terrorist Financing

DEFINITIONS

12. Unless otherwise specified, terms used and defined in the AMLR and AMLD have the same meaning in these Guidelines. In addition, for the purposes of these Guidelines, the following definitions apply:

'Outsourcing'	means an arrangement of any form between an obliged entity and a service provider, including intra-group service providers[9], where the service provider performs one or more functions, or part thereof, falling within the scope of the AMLR or the TFR, that would otherwise be undertaken by the relevant obliged entity.
'Reliance on customer due diligence performed by other obliged entities'	means an arrangement between an obliged entity and another obliged entity or entities whether located in a Member State or a third country, where the former obliged entity pursuant to Articles 48 and 49 of the AMLR relies on the customer due diligence measures performed by the other obliged entity or entities for the purpose of complying with the requirements laid down in Article 20(1), points (a), (b) and (c) AMLR.
'Other third-party arrangement'	means an arrangement of any form other than outsourcing under Article 18 AMLR or reliance under Articles 48 and 49 AMLR between an obliged entity and a service provider, including intra-group service providers, where the performance of the AMLR or TFR function is carried out by the obliged entity, supported by tools, instruments or services provided by a service provider.
'Subcontracting'	means an arrangement of any form where a service provider enters into an arrangement with another service provider, for the performance, in whole or in part, of a function under the AMLR or the TFR.

[9] For the avoidance of doubt, intra-group service providers include for the purpose of these Guidelines also service providers within the same structure pursuant to Article 16(4) AMLR. Any subsequent references to ´group´ in these Guidelines should be understood as including also structures having common ownership, management, compliance controls or a combination of them pursuant to Article 16(4) AMLR.

'Service provider'	means a natural or legal person providing or supporting a function by means of any type of arrangement.
'Intra-group service provider'	means a service provider that is part of a group or structure and that provides or supports functions to obliged entity(es) within the same group or structure.
'Function'	means any process, service or activity or part of it under the scope of the AMLR or TFR.
'Critical function'	means a function, the defect or failure of which would materially impair the continuing compliance of the obliged entity with the requirements set out in the AMLR or TFR.

3. IMPLEMENTATION

3.1 DATE OF ISSUANCE AND DATE OF APPLICATION

13. These Guidelines are issued on DD.MM.YYYY [date of publication in all EU official languages].

14. These Guidelines will apply from DD.MM.YYYY except in respect to obliged entities referred to in Article 3(3), points (n) and (o) of the AMLR, to which these Guidelines apply from 10 July 2029. From these dates, these Guidelines will apply to all arrangements entered into, reviewed or amended after these dates.

3.2 STATUS OF EXISTING EBA GUIDELINES

15. In accordance with Article 54(5) of Regulation (EU) 2024/1620, from their date of application, these Guidelines replace the EBA Guidelines on the same subject.

4. GUIDELINES

4.1 GENERAL GUIDELINES

16. Obliged entities may make use of the arrangements to support compliance with their AMLR and TFR obligations in line with the General Guidelines set out in this Section. Such arrangements can enhance the effectiveness, efficiency, consistency and scalability of their compliance with AMLR and TFR obligations where they are appropriately designed, implemented and overseen.

17. Obliged entities should ensure that their arrangements are designed and implemented in a manner proportionate to the nature, risks and complexity of their business, as well as the size of the obliged entity. In applying the principle of proportionality, obliged entities should take into account their specific circumstances, including the overall ML/TF risk profile, business model, size and the nature, scale and complexity of their activities and operations, including for the use of tools, methods and processes used to manage and control such arrangements.

18. The use of the arrangements should not transfer the responsibility of the obliged entity for compliance with AMLR or TFR obligations under any circumstances. The obliged entity should ensure that it retains sufficient control, effective understanding of risks and management of its AML/CFT/TFS tasks also when making use of the arrangements. The responsibility for compliance with AMLR and TFR requirements should rest ultimately with the management body or equivalent of the obliged entity without prejudice to national provisions on joint civil or criminal liability of management bodies.

19. Subject to proportionality considerations related to size, obliged entities should establish a dedicated role for monitoring the arrangements or designate a member of the management body or equivalent, who is directly accountable for overseeing the arrangements.

20. Obliged entities should have in place a framework on the sound management of risks arising from the arrangements used for AML/CFT/TFS purposes. The identified risks should be reflected in the business-wide risk assessment referred to in Article 10 AMLR and should apply, where relevant, at group and entity level as appropriate. Obliged entities should maintain appropriate understanding of risks, especially when they have in place arrangements covering substantial parts of AML/CFT tasks.

21. Where the obliged entity forms part of a group, such framework should be established at the level of the parent undertaking in the Union. The parent undertaking should ensure good governance on the development and consistent implementation of the arrangements within the group. Where the obliged entity is not part of a group, such framework should be established and maintained at obliged entity level.

22. When undertaking any arrangement, obliged entities should retain sufficient resources to the extent possible, expertise, risk understanding, capacity and governance arrangements to effectively control the functions performed under the arrangements proportionate to the nature, scale and complexity of the arrangement, entity characteristics, and the associated AML/CFT/TFS risks. At the same time, arrangements should not be structured in a way that transfers, obscures or dilutes the obliged entities' responsibility, risk assessment and effective control over AML/CFT requirements or circumvents AML/CFT requirements. To this end, obliged entities should in particular:

    a) maintain a clear and transparent organisational framework for the management of the arrangements and assign clear responsibilities for the establishment, management and monitoring of the arrangements;
    b) allocate sufficient resources, expertise and capacity to understand, assess and control the functions concerned and the associated risks to the extent possible;
    c) ensure that adequate policies, procedures and controls are in place to review the effectiveness of such arrangements and manage the associated AML/CFT/TFS risks;
    d) ensure that adequate information on the arrangements and the AML/CFT/TFS risk assessment are provided to the management body or equivalent on a regular basis.

23. Obliged entities should have in place written policies and procedures on outsourcing and reliance on customer due diligence performed by other obliged entities. For other third-party arrangements obliged entities should have in place written policies and procedures and determine their level of details on a risk-based approach. The level of detail of such policies and procedures should be proportionate to the size, nature and complexity of the obliged entity, to the nature and risks of the arrangements concerned and their potential impact on compliance with AML/CFT and TFR obligations.

24. The management body or equivalent should review the written policies annually or, where justified on the basis of proportionality, at other less frequent regular intervals. In any event, obliged entities should ensure that policies remain up to date and appropriate to their risk profile. Changes made to the policies should be implemented in a timely and efficient manner.

25. Risk-based and proportionality considerations may lead obliged entities to make use of policies, procedures and controls developed and implemented under other Union sectoral frameworks such as prudential, conduct or information technology frameworks while still respecting the AMLR, the TFR and these Guidelines. In addition, policies and procedures governing reliance on customer due diligence performed by other obliged entities or other third-party arrangements may be merged with the policies and procedures on outsourcing under these Guidelines. However, obliged entities should ensure that such policies and procedures clearly distinguish between, and set out the specific requirements applicable to,

outsourcing, reliance on customer due diligence performed by other obliged entities, and other third-party arrangements as appropriate.

26. Obliged entities should ensure that individual arrangements are appropriately identified, documented, assessed and monitored, taking into account at least the nature, complexity and risks of the arrangement, the nature of the functions concerned and their potential impact on compliance with AML and TFR obligations.

27. Before entering an individual arrangement, obliged entities should determine whether the arrangement constitutes:

    a) outsourcing;
    b) reliance on customer due diligence performed by other obliged entities;
    c) any other third-party arrangement such as the use or acquisition of third-party software or the access to databases or screening services.

28. Obliged entities entering arrangements referred to in paragraph 27 (c) should carry out themselves the relevant AML/CFT/TFS function, unless that function is subject to separate outsourcing or reliance on customer due diligence arrangement(s). The use of tools, systems, data sources or supporting services that do not involve the service provider carrying out the AML/CFT/TFS function on behalf of the obliged entity would not constitute outsourcing. Safeguards for other third-party arrangements should be proportionate to the nature and risks of such arrangements as well as to the extent to which the other third-party arrangement materially influences the performance of the AML/CFT/TFS function.

29. When making use of an individual arrangement, obliged entities should ensure that the prospective service provider is suitable to carry out such arrangement by:
    a) performing a risk assessment;
    b) conducting due diligence.

30. Individual arrangements should be governed by a written agreement or, where allowed under the AMLR, by an internal procedure established at group level. Such documents should be clear, comprehensive, enforceable, complete and should appropriately reflect the allocation of AML/CFT/TFS responsibilities between the obliged entity and the relevant service provider or obliged entity.

31. The rights and obligations of the parties should be documented in a record, such as a register, database or equivalent as appropriate and be readily available in written form upon request of supervisors, competent authorities, external auditors when applicable or other appointed third parties. Such record should include at least the name and location of the service provider or obliged entity, the type of arrangement, and the AML/CFT tasks covered by the relevant arrangement. Risk-based and proportionality considerations may lead obliged entities to make use of records such as register, database or equivalent developed and

implemented under other Union sectoral frameworks such as prudential, conduct or information technology frameworks while still respecting the AMLR, the TFR and these Guidelines.

32. The written agreement or, where allowed under the AMLR, the internal procedure established at group level applicable to the individual arrangement should include at least the following elements as appropriate:

a) key elements of the arrangement:

i). the AML/CFT/TFS tasks subject to the arrangement and their scope of application;
ii). responsibilities of the obliged entity and the service provider or other obliged entity;
iii). locations including service provision and data storage as applicable;
iv). reporting and escalation arrangements in particular to the obliged entity;
v). performance expectations;
vi). AMLR and TFR compliance.

b) provisions on accountability and control:

i). a statement saying that the obliged entity remains responsible for AMLR and TFR compliance as well as for decision-making and judgement on the arrangement;
ii). a statement saying that service providers should act only within the agreed mandate and should fully cooperate with the obliged entity, supervisors, competent authorities, external auditors when applicable and other appointed third parties.

c) provisions on governance and risk management:

i). measures ensuring that the arrangement does not impair the obliged entity's ability to monitor, control, and manage associated risks;
ii). information sharing;
iii). incident management;
iv). identification, assessment, mitigation and management of potential conflict of interest;
v). data protection;
vi). subcontracting conditions especially to address supply chain risks where applicable.

d) provisions on safeguarding robust controls, audit, access and exit rights:

i). granting access to relevant information, inspection and audit rights to the obliged entity and supervisors in compliance with Union and national laws;
ii). reporting obligations to the obliged entity;
iii). the obligation to inform the obliged entities of AML/CFT/TFS related deficiencies detected by the relevant supervisors, external or internal audit and affecting the services provided, as well as the corrective measures undertaken to address such deficiencies;
iv). transition and exit arrangements that ensure continuity of AMLR and TFR compliance.

33. Without prejudice to the requirements set out under Regulation (EU) 2016/679, obliged entities, when setting up arrangements with service providers or obliged entities located in particular in third countries, should take into account differences in national provisions regarding the protection of data. Obliged entities should ensure that the individual arrangement includes the obligation that the service provider protects confidential, personal or otherwise sensitive information and complies with all legal requirements regarding the protection of data that apply to the obliged entity, in particular when the service provider or the obliged entity is located in third countries and the obliged entity provides them with personal data.

34. Obliged entities should ensure that the arrangements involving service providers established or located in third countries are subject to appropriate additional safeguards so that they do not increase the risk of non-compliance with AMLR and TFR or impair effective supervision. Obliged entities should be able to demonstrate such additional safeguards to supervisors upon request.

35. Obliged entities should ensure that the use of technological solutions, including third-party software, databases or services for AML/CFT/TFS purposes that make use of automated processes or involving AI systems, does not prevent the obliged entity, its internal control functions, external auditors when applicable, supervisors or competent authorities from understanding, reviewing or assessing the manner in which such solutions support compliance with applicable AMLR and TFR requirements.

36. The arrangements should be subject to ongoing controls, monitoring and periodic reviews, the frequency, scope and intensity of which should be determined on a risk-based and proportionate basis, taking into account the nature, scale and complexity of the arrangements and the associated AML/CFT/TFS risks as well as the nature of the functions concerned and their potential impact on the compliance with the AMLR and the TFR obligations. Obliged entities should periodically update risk assessments and report the risks identified in respect of such arrangements to the management body or equivalent on a risk-based approach.

37. Without prejudice to the provisions set out in paragraph 32(d), arrangements should ensure that the exercise of the audit, access and supervisory rights of the obliged entity, supervisors and the competent authorities is not restricted, including where the service provider is established in a third country, and that such arrangements are compatible with the supervisory powers conferred under applicable Union and national law.

38. Without prejudice to their ultimate responsibility for compliance with AML/CFT obligations, their obligation to effectively monitor and control outsourced activities, and individual audit rights, obliged entities may use:

    a) pooled audits organised jointly with other clients of the same service providers and performed by them and these clients or by a third party appointed by them; and
    b) relevant third-party certifications and third-party or internal audit reports, made available by the service provider.

39. Obliged entities should, on a risk-based and proportionate basis, have in place, maintain and, where relevant, periodically test appropriate business continuity and contingency plans, audit plans and programmes, and transition arrangements, taking into account the nature, complexity and risks of the function concerned.

40. Obliged entities should ensure that they are able to terminate or exit the arrangements without undue disruption to their compliance with AML/CFT/TFS requirements.

4.2 GUIDELINE 1: OUTSOURCING

CLASSIFICATION OF CRITICAL FUNCTIONS

41. Obliged entities should assess whether an outsourced function is critical on a case-by-case basis, and consider function as critical where the defect or failure of the function would materially impair the continuing compliance of the obliged entity with the requirements set out in the AMLR or TFR. Subject to any relevant assessment, the following functions should be in principle considered critical:

    a) customer due diligence obligations, including remote customer due diligence;
    b) transaction monitoring obligations;
    c) obligations to comply with TFS;
    d) reporting requirements under Article 69 AMLR when allowed under Article 18 AMLR;
    e) internal controls.

42. In making the assessment referred to in the previous paragraph, obliged entities should consider at least:

a) the potential impact of a disruption or failure on the obliged entity's ability to comply with its AML/CFT obligations;

b) the ability to effectively identify, assess, monitor and mitigate ML/TF/TFS risks;

c) the concentration, aggregation and dependency risks arising from the use of the service provider;

d) the accessibility to relevant data;

e) the ability and time needed to bring the outsourced function back in-house or transfer it to another service provider.

43. The assessment referred to in the previous paragraph should be documented in a manner that is transparent, in particular to the independent audit functions when present, external auditors when applicable, the supervisor and the competent authorities. Obliged entities should be able to demonstrate such assessment to the supervisors upon request.

DOCUMENTATION REQUIREMENTS

44. In addition to the expectations provided in the General Guidelines as set out in paragraph 31, obliged entities should maintain an updated record, such as a register, database or equivalent, of outsourcing arrangements at individual and at group level that contains at least the following:

a) general information about the service provider, including corporate registration number and/or legal identity identifier (where available) and its location;

b) description of the outsourced tasks, including the rationale for outsourcing the specific tasks, and the planned starting date of the outsourcing arrangement and end date if available;

c) documented assessment of the service provider's compliance to provide the outsourced tasks;

d) whether or not the service provider is part of the same group or structure;

e) any relevant information related to the criticality of the function as deemed appropriate;

f) in case the function is considered non-critical, reasoning for the non-criticality assessment;

g) in case of subcontractors, information on the subcontractors used for critical functions as applicable.

WRITTEN AGREEMENTS

45. In addition to the expectations set out in paragraph 32 of the General Guidelines, the written agreement establishing the outsourcing arrangement should include the following elements:

    a) provisions stating that the service provider(s) act on behalf of the obliged entity solely for the execution of the agreed tasks and do not assume other AML/CFT/TFS compliance, governance or decision-making responsibilities other than those specified in the written agreement;

    b) provisions on availability, authenticity, integrity, and confidentiality in relation to the protection of data, including personal data;

    c) provisions ensuring that the data that are owned by the obliged entity can be easily accessed, recovered, and returned in the case of the insolvency, resolution, or discontinuation of business operations of the service provider or in the event of the termination of the contractual arrangements.

46. In addition to the elements indicated in the previous paragraph, obliged entities should include the following elements in the written agreement establishing the outsourcing of critical functions:

    a) KPIs or equivalent that allow the obliged entity to measure the effectiveness of the outsourcing arrangement and take immediate actions, if the provision of functions is not met;

    b) notice periods and explicit reporting obligations of the service provider to the obliged entity, especially on any development that may have a material impact on the service provider's ability to provide the outsourced services;

    c) the rights for the obliged entity to monitor the performance of the service provider on an ongoing basis, in particular providing for:

        i). unrestricted rights of access of obliged entities and supervisors to inspect and audit the service provider. Such rights of access should ensure that obliged entities and supervisors may request information from the service providers, access, inspect and audit the service provider, including its premises, insofar as necessary for the outsourced function, while respecting applicable Union and national laws;

        ii). obligation of the service provider to fully cooperate with the obliged entity, supervisors and any other appointed third-party during onsite inspections and audits;

iii). obligation of the service provider to provide any information to address requests from inspections or audits immediately and in any case as soon as practicable;

d) the obligation to notify immediately and in any case as soon as practicable the obliged entity of any material disruption, defect or failure affecting the provision of the function;

e) exit strategies establishing a mandatory adequate transition period allowing:

i). the continuation of outsourced functions; and

ii). migration to another service provider or change to in-house solutions consistent with the complexity of the outsourced function.

RISK ASSESSMENT

47. As part of the risk assessment mentioned in paragraph 29, before establishing individual outsourcing arrangements, obliged entities should have in place a risk assessment that should consider:

a) the size and complexity of the outsourced functions;

b) the scope and extent of the outsourced functions;

c) the potential impact of the outsourcing arrangement on the ability of the obliged entity to:

i). identify, monitor and manage relevant AML/CFT/TFS risks;

ii). conduct appropriate audits regarding the function provided by the service provider;

d) the potential impact on the services provided to their clients;

e) the regulated status of the service provider under the AMLR or equivalent in third countries;

f) the use of a service provider within the same group or structure;

g) the potential impact of the outsourcing arrangement on the organisation and effectiveness of internal controls and on the compliance with the AMLR and TFR;

h) the criticality assessment of the outsourced functions;

i) the protection of data and the potential impact of confidentiality breach or failure in line with applicable regulation;

j) the availability and feasibility of alternative solutions, such as reintegration of the task or replacement of the service provider, in case of termination, taking into account the overall AML/CFT/TFS risks of the arrangement.

48. Obliged entities should assess the following additional factors as elements when conducting the risk assessment of critical functions:

    a) the concentration and aggregation risks at obliged entity level of AML/CFT/TFS tasks;

    b) the risks arising from the use of subcontracting arrangements for the same task;

    c) the risks arising from operating a fragmented AML/CFT/TFS framework by multiple service providers to perform several AML/CFT/TFS functions across the obliged entity;

    d) the potential difficulties in monitoring compliance;

    e) the involvement of the compliance function as appropriate;

    f) third-country risks from the use of service providers established in third countries as applicable.

49. Proportionality considerations may lead to a simplified risk assessment when obliged entities intend to outsource functions to other obliged entities or service providers within the same group and established or located in the Union, in particular for factors related to the intra-group service provider, while still retaining sufficient controls on the outsourcing arrangement.

DUE DILIGENCE

50. As part of the due diligence mentioned in paragraph 29 and subject to proportionality considerations, before establishing an individual outsourcing arrangement, factors to be considered when conducting the due diligence on a potential service provider should include:

    a) its business model, nature, ownership, group and organisation;

    b) operational and technical capability and track record, including the ability to run long-term relationships based on prior engagements with obliged entities or other entities;

    c) whether the service provider is the parent undertaking in the Union;

    d) whether the service provider is subject to AML/CFT/TFS supervision;

    e) whether the service provider established or located in third countries has adequate knowledge and expertise in Union AML/CFT/TFS legislation.

51. In addition to the elements indicated in the previous paragraph, in the case of outsourcing of critical functions, the obliged entity should ensure that the service provider has:

    a) business reputation, appropriate and sufficient capacity to comply with AML/CFT/TFS requirements, and human and technical resources to deliver the relevant tasks;

b) where appropriate, an AML/CFT compliance function, having regard to the nature and risks of the outsourced function;

c) appropriate internal controls and risk management processes and procedures, especially in cases when subcontracting arrangements are envisaged;

d) appropriate tools and systems to ensure compliance with the AMLR and TFR requirements at all times;

e) knowledge of the geographic dependencies and management of the related risks, especially if the service provider is established or located in a third country or is not part of the same group;

f) business continuity plans, contingency plans and other relevant plans;

g) proper technical arrangements to ensure that audits, including onsite inspections, can be effectively performed by the obliged entity itself, appointed third parties, supervisors and competent authorities.

SUBCONTRACTING OF OUTSOURCED CRITICAL FUNCTIONS

52. In addition to the expectations provided in the General Guidelines as set out in paragraph 32, outsourcing arrangements of critical functions should specify whether subcontracting of functions, or material parts of it, is permitted, and in that case what conditions are applicable to such subcontracting.

53. The written agreement between the obliged entity and the service provider of critical functions should:

a) put in place safeguards ensuring that the outsourcing arrangement remains effective throughout the subcontracting chain, including with regard to service continuity, access to information and access, information and audit rights by obliged entities, supervisors, competent authorities and appointed third parties;

b) specify that the service provider should notify the obliged entity about any new subcontracting arrangements and any intended changes to its subcontracting arrangement. The notification period should allow the obliged entity at least to carry out a risk assessment of the proposed changes and to object before the planned subcontracting or material changes come into effect. Obliged entities should have a right to object to the intended subcontracting or material changes thereof, or for explicit approval to be required.

54. Where outsourcing arrangements include the possibility that the service provider subcontracts critical functions to subcontractors, obliged entities should take into account:

a) the additional risks that may arise if the subcontractor is established or located in a third country or a different country from the service provider; and

b) the risk that long and complex chains of subcontracting reduce the ability of obliged entities to oversee the critical function and the ability of supervisors to effectively supervise them.

55. Obliged entities should specify in their written agreements monitoring and reporting obligations of subcontractors towards service providers, and, where agreed, towards the obliged entity in line with the contractual obligations between the service provider and the obliged entity.

56. Obliged entities should ensure that service providers identify all subcontractors and oversee them on a regular basis.

ACCESS, INFORMATION AND AUDIT RIGHTS

57. In addition to the expectations provided in the General Guidelines, outsourcing arrangements should grant obliged entities, appointed third parties and supervisors the following:

a) access to the relevant business premises as well as the right to take copies of relevant information and documentation;

b) unrestricted rights of inspection and auditing related to outsourcing arrangements to enable them to monitor the arrangement and to ensure compliance with all applicable regulatory and contractual requirements.

58. In addition to the expectations provided in the General Guidelines, in cases of outsourcing of critical functions, obliged entities should assess:

a) when relying on pooled audits as referred to in paragraph 38(a), whether they have sufficient information and are sufficiently involved in scoping, planning, performing and reporting the audit and its findings. Obliged entities should make an appropriate assessment of the scope and content of such pooled audits and may still decide to perform individual audits at their discretion;

b) whether the third-party certifications and third-party or internal audit reports as referred to in paragraph 38(b) are adequate and sufficient to comply with their AMLR and TFR obligations. Obliged entities should not rely solely on these certifications and reports over time.

TERMINATION RIGHTS

59. In addition to the expectations provided in the General Guidelines as set out in paragraph 40, the outsourcing arrangement of critical functions should ensure that there are appropriate mechanisms to terminate and transfer the function by the service provider to another service provider or to reintegrate the functions to the obliged entity. The outsourcing arrangement of critical function should at least:

    a) clearly set out the obligations of the existing service provider in the case of transfer of function, including the treatment of data;

    b) set an appropriate transition period, during which the third-party service provider, after the termination of the arrangement, would continue to provide the function performed to reduce risks of disruptions;

    c) include an obligation of the third-party service provider to support the obliged entity in the orderly transfer of the function in the event of the termination of the outsourcing arrangement;

    d) require the service provider, upon termination of the arrangement, to actively facilitate the orderly return or transfer of the obliged entity's data and, thereafter, to securely delete any remaining data within an appropriate timeframe, unless its continued retention is required by applicable law.

SUPERVISORY EXPECTATIONS ON PRIOR NOTIFICATIONS OF OUTSOURCING ARRANGEMENTS UNDER ARTICLE 18(1) AMLR

60. According to Article 18(1) AMLR, an obliged entity shall notify the supervisor of the outsourcing before the service provider starts to carry out the outsourced task. For that purpose, the notification should include, as a minimum, the content indicated in Annex I.

61. As a general rule, the notification should be submitted in writing in a timely manner. Obliged entities should aim to submit the notification within 28 working days in advance of the planned start of the outsourced functions, except in justified cases where this is not possible.

62. To ensure simplification and reduce administrative burden, before the service provider(s) starts to carry out the outsourced task in line with the previous paragraph,

    a) obliged entities may decide to submit one outsourcing notification covering more than one or multiple service providers under a framework written outsourcing agreement to the appropriate supervisor so long as all the relevant information indicated in Annex I is included in the notification;

b) the parent undertaking or any coordinating obliged entity may submit notifications on behalf of more obliged entities within the same group to the appropriate supervisors, so long as all the relevant information indicated in Annex I is included in the notification.

63. Should any material elements and/or severe events impact the outsourcing arrangement after the initial notification, this amounts to a new outsourcing arrangement and a new notification shall be submitted. Material elements and/or severe events include changes to:

a) the service provider(s);

b) scope of outsourced AML/CFT/TFS task(s);

c) location of the service provider, functions or data when such change materially impacts the outsourcing arrangement;

d) subcontracting chains.

APPLICATIONS FOR PRIOR APPROVAL OF OUTSOURCING ARRANGEMENTS UNDER ARTICLE 18(7) AMLR

64. According to Article 18(7) AMLR, collective investment undertakings where a collective investment undertaking has no legal personality, or has only a board of directors and has delegated the processing of subscriptions and the collection of funds as defined in Article 4, point (25), of Directive (EU) 2015/2366 from investors to another entity may outsource the tasks indicated under Article 18(3) points c), d) and e) AMLR in particular situations, provided that it has notified its intention to outsource to the supervisor and the supervisor has approved such outsourcing arrangement. For that purpose, the notification should include, as a minimum, the content indicated in Annex II.

65. The assessment, including any further request for information, should take account of the service provider's existing regulatory status, the obliged entity´s regulatory status, the relevant authorisations and supervisory framework, where applicable.

4.3 GUIDELINE 2: RELIANCE ON CUSTOMER DUE DILIGENCE PERFORMED BY OTHER OBLIGED ENTITIES

GENERAL REQUIREMENTS FOR RELIANCE ARRANGEMENTS

66. Where permitted, obliged entities may rely on the customer due diligence performed by other obliged entities for the purposes of the initial customer identification requirements laid down in Article 20(1), points (a), (b), and (c) of the AMLR. Where appropriate and in line with the AMLR and these Guidelines, such reliance can be considered to avoid unnecessary duplication of customer due diligence measures, in particular where two or more obliged entities are required to perform customer due diligence on the same customer, including where those obliged entities belong to the same group.

67. Obliged entities should ensure that reliance arrangements are structured in such a way that the obliged entity relied upon performs its role and is responsible itself for complying with the reliance arrangement.

68. Obliged entities that enter into reliance arrangements pursuant to Articles 48 and 49 AMLR should ensure that such arrangements are used exclusively to facilitate access to initial customer due diligence information to fulfil the measures laid down in Article 20(1), points (a), (b) and (c) of AMLR.

69. In cases of reliance on an obliged entity within the same group, the relying obliged entity can calibrate and simplify the reliance framework with such obliged entities in line with a risk-based approach. In any case, pursuant to Article 48(3) AMLR, the relying obliged entity shall ensure that:

    a) there are no obstacles to the application of the group-wide requirements by the obliged entity relied upon;

    b) information sharing with the obliged entity relied upon is subject to sufficient guarantees in terms of confidentiality, data protection and the use of information as well as fully respecting fundamental rights.

RISK ASSESSMENT AND DUE DILIGENCE

70. As part of the risk assessment and due diligence mentioned in paragraph 29, prior to entering into a reliance arrangement, the relying obliged entity should perform a documented pre-reliance risk and due diligence assessment of the obliged entity relied upon and in particular whether the obliged entity relied upon:

    a) meets the requirements of Article 48(1) of AMLR;

b) is of good repute and has in place adequate AML/CFT policies, procedures and controls, especially in the case of an obliged entity established in a third country;

c) identifies, assesses, mitigate and manage any potential conflict of interest;

d) informs the relying obliged entities as soon as practicable when the affected customer relationship(s) are terminated.

71. As regards the CDD information made available to the relying obliged entity, obliged entities should ensure that such information:

a) is complete, accurate and up to date;

b) is consistent with the requirements of Articles 20, 22 and 25 of AMLR;

c) is sufficiently detailed to allow the relying obliged entity to fulfil its own obligations;

d) allows the relying obliged entity to easily verify compliance with the reliance arrangement and applicable AMLR requirements, including by auditing such information.

72. The relying obliged entity should ensure that the obliged entity relied upon complies with Article 22(6) AMLR provisions, and in addition confirms that:

a) the relying obliged entity can assess and review the procedure in place by the obliged entity relied upon for remote customer due diligence, and should be able to validate it for such purposes prior to relying on it;

b) the relying obliged entity can obtain the customer identification information and supporting documentation promptly upon request and, in any event, within five working days, also in cases of remote identification processes;

c) reliance is complemented by additional measures where the level of risk so requires.

73. In case the relying obliged entity has doubts or concerns on the information collected from the obliged entity relied upon, the relying obliged entity should take appropriate measures, including carrying out itself the customer due diligence measures applicable for the relevant customer(s) and consider whether enhanced oversight of the arrangement is necessary.

74. When justified and on a risk-based approach, obliged entities may:

a. limit the pre-reliance risk and due diligence assessments provided in paragraph 70 to verifying the conditions laid down in Article 48(1) AMLR in cases where the prospected obliged entity relied upon:

i). is part of the same group;

ii). is established or located in the Union;

iii). has in place adequate AML/CFT policies, procedures and controls.

b. use standardised reliance frameworks or industry-wide template arrangements that are appropriate to put in place specific arrangements, insofar as they are compliant with AML/CFT/TFS requirements.

WRITTEN AGREEMENTS OR INTERNAL PROCEDURES

75. In addition to the elements mentioned in the General Guidelines as set out in paragraph 32, the written agreement or the internal procedures in case of intra-group reliance should include at least the following elements:

a) provisions stating that reliance on other obliged entity is put in place only to meet the requirements laid down in Article 20(1), points (a), (b) and (c) AMLR;

b) obligations of the obliged entity relied upon to provide the relying obliged entity, without delay and in any event within 5 working days, with copies and information concerning the identification and verification of the customer, the customer's beneficial owners or persons on whose behalf the customer acts, as well as information on the purpose and intended nature of the business relationship;

c) provisions stating where and how the relevant data is collected, managed and/or stored;

d) obligations to receive a copy of the documentation collected by the obliged entity relied upon or the original documentation when the obliged entity relied upon terminates its business relationship with the relevant customer, or when it is not an obliged entity anymore, subject to data protection compliance.

ANNEXES

ANNEX I – LIST OF INFORMATION TO BE INCLUDED IN NOTIFICATIONS OF OUTSOURCING ARRANGEMENTS UNDER ARTICLE 18(1) AMLR

Obliged entities should include at least the following information in the notifications under article 18(1) of the AMLR:

a) general information about the obliged entity;
b) general information about the service provider, such as an identifier (LEI, EUID for legal persons or other alternative identifiers), the corporate registration number, the registered address and other relevant contact details, and the name of its ultimate parent undertaking and an identifier (if any);
c) description of the outsourced task(s), including general information on the reasons for outsourcing the specific tasks;
d) where applicable, the identity and location of the subcontractor(s);
e) the location where the outsourced tasks will be conducted;
f) the planned starting date and duration of the outsourcing arrangement;
g) other information relevant to the outsourcing arrangement such as whether the outsourcing is of critical function(s) and whether the outsourcing is systematic.

Additional information that obliged entities should consider submitting in cases of outsourcing of critical functions:

a) information on the risk assessment of the outsourcing arrangement, as well as on the due diligence process and the outcomes of the processes;
b) information on the business continuity and contingency plan;
c) information on the internal governance of the outsourcing arrangement, including the organisation for monitoring performance of outsourced tasks by the service provider against quality standards.

Additional information that obliged entities should submit in cases of service providers located or established in third countries identified pursuant to Section 2 of Chapter III AMLR:

a) confirmation that the service provider belongs to the same group as the obliged entity;
b) confirmation that the group applies AML/CFT/TFS policies and procedures, customer due diligence measures and rules on record-keeping applicable to the group that are fully in compliance with the AMLR or equivalent rules in third countries;
c) confirmation that the requirements referred to in point b) are effectively implemented at group level by the supervisory authority of the home Member State in accordance with Chapter IV of AMLD.

ANNEX II – LIST OF INFORMATION TO BE INCLUDED IN NOTIFICATIONS FOR PRIOR APPROVAL OF OUTSOURCING ARRANGEMENTS UNDER ARTICLE 18(7) AMLR

Obliged entities should include at least the following information:

a) information listed in Annex I to the extent relevant to the proposed outsourcing arrangement;
b) information on the governance framework applicable to the CIU, with particular focus on responsibilities and processes for subscriptions and collection of funds including the allocation of responsibilities between the CIU, its governing body and the relevant service providers, with particular attention to subscriptions, the collection of funds and the tasks subject to the proposed outsourcing. The information should identify:
    i). the functions retained by the CIU;
    ii). the functions delegated to service providers and the arrangements in place to oversee the performance of the outsourced tasks;
    iii). the information requested should take account of the CIU's operating model.
c) description of the resources, experience and knowledge of the service provider in the exercise of tasks relating to AML/CFT/TFS compliance;
d) the text of the written agreement governing the planned outsourcing arrangement;
e) at the request of the supervisor, any other information relevant for assessing the risks connected with the intended outsourcing arrangement, taking into account the nature of the tasks outsourced, the CIU operating model, the service provider's regulatory status and location, and the arrangements for effective oversight and supervisory access.

5 Accompanying documents

5.1 Draft impact assessment with cost-benefit analysis

Introduction

As per Article 54(2) of Regulation (EU) 2024/1620, AMLA may issue guidelines and shall, where appropriate, conduct open public consultations and analysis the related potential costs and benefits arising from such guidelines.

This analysis presents the Impact assessment with cost-benefit analysis (IA/CBA) of the main policy options included in the Consultation Paper (CP) on the draft Guidelines on outsourcing, reliance and other third-party arrangements under Articles 18(8) and 50 of AMLR.

This IA/CBA is qualitative in nature and the policy choices have been taken primarily in accordance with qualitative considerations, taking into account the experience and professional judgment of competent authorities from the financial and the non-financial sector, the European Commission, and AMLA. Moreover, quantitative figures in relation to this mandate are currently unavailable and performing a targeted collection would impose a disproportionate burden on obliged entities. Where quantitative evidence is lacking, the analysis is supported by structured qualitative reasoning and professional judgement informed by supervisory experience and wider stakeholders' input.

A. Problem identification

Driven by technological progress, time and cost-saving aspects, outsourcing of certain AML/CFT tasks is common for many obliged entities. However, deploying outsourcing, relying on other obliged entities for customer due diligence or entering into other third-party-arrangements, where responsibilities and obligations are not clearly assigned, may result in parts of compliance being shifted to external parties.

To address these issues and formalise common practices, the AMLR allows obliged entities to outsource tasks related to the performance of certain AML/CFT requirements to a third-party service provider and to make use of reliance on customer due diligence performed by other obliged entities, provided that obliged entities remain fully responsible and accountable for decisions and compliance with AML/CFT legislation. In particular, the AMLR includes specific provisions on outsourcing (Article 18 AMLR) and reliance on costumer due diligence performed on other obliged entities (Articles 48 and 49 AMLR), while Recital 47 AMLR identifies the use or acquisition of third-party software and access to databases or screening services as examples of other third-party arrangements that are not considered outsourcing where obliged entities perform themselves the AML/CFT tasks.

Moreover, the AMLR expands the range of obliged entities, by bringing additional sectors or types of entities within the scope of AML/CFT requirements including outsourcing and reliance arrangements. Newly covered obliged entities include crowdfunding service providers and crowdfunding intermediaries, investment migration operators, football clubs and agents, credit intermediaries for mortgage and consumer credit, non-financial mixed-activity holding companies, certain crypto-asset service providers, traders in high-value goods as well as financial holding companies.

By widening the list of obliged entities, the AMLR seeks to address emerging ML/TF risks across both the financial and non-financial sectors and to ensure that all vulnerable areas of the internal market are adequately protected. However, complying with AML/CFT requirements may prove challenging for obliged entities with limited or no prior exposure to such rules, and where their business models, size and complexity differ significantly from those of traditional financial institutions.

Other EU financial sector legislation covers requirements or expectations for third-party arrangements under prudential or information technology frameworks. However, requirements or expectations on third-party risk management or outsourcing such as under DORA[1] and the 2026 EBA Guidelines on sound management of third-party risk regarding non-ICT services[2] only apply to some obliged entities in the financial sector and are not specific to AML/CFT tasks.

It is therefore important to complement and further clarify the provisions of Articles 18, 48 and 49 AMLR related to outsourcing, and reliance, supporting obliged entities, and in particular newly obliged entities of the non-financial sector, in applying a consistent, effective, and risk-based approach to outsourcing and reliance arrangements.

B. Policy objectives

The draft Guidelines aim to support obliged entities in understanding the potential risk of shifting responsibilities in compliance to third parties, and in adequately mitigating those risks. Therefore, the draft Guidelines include conditions governing these arrangements, the roles and responsibilities of the parties and the relevant supervisory approaches.

The draft Guidelines provide clear guiding principles to support the effective and responsible use of outsourcing, reliance on customer due diligence by another obliged entity and other third-party arrangements in a uniform and consistent manner across the Union. They promote a risk-based

[1] Regulation (EU) 2022/2554 of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector and amending Regulations (EC) No 1060/2009, (EU) No 648/2012, (EU) No 600/2014, (EU) No 909/2014 and (EU) 2016/1011 OJ L 333, 27.12.2022, pp. 1.

[2] EBA Guidelines on the sound management of third-party risk regarding non-ICT services, EBA/GL/2026/09 https://www.eba.europa.eu/sites/default/files/2026-09/dc9ccbb3-79b9-493d-b693-c21adeffbcc9/Final%20report%20on%20GL%20on%20third-party%20risk%20management.pdf.

approach and efficient use of resources. In addition, the draft Guidelines provide clarity on the conditions under which these arrangements may be used to achieve available efficiency and effectiveness gains, while preserving compliance with AML/CFT obligations.

The draft Guidelines therefore establish core principles for all obliged entities, ensuring that requirements remain principle-based and proportionate to be widely applicable to the financial and non-financial sectors, while providing robust safeguards against the potential shifting of responsibility for AML/CFT compliance requirements.

C. Baseline scenario

Under the baseline scenario, obliged entities would enter into outsourcing or reliance on customer due diligence by another obliged entity solely in accordance with Articles 18 or 48 and 49 of AMLR, without further guidance on how to ensure responsibility and accountability regarding AML/CFT obligations under such arrangements. The absence of further clarity could result in divergent interpretation and a possible shift of responsibilities to third parties, in a manner not consistent with AML/CFT obligations.

Varying approaches and interpretations could undermine the risk-based application of third-party arrangements and may create opportunity for regulatory arbitrage. In turn, this could disproportionately affect obliged entities operating across multiple jurisdictions.

To address these challenges, Articles 18(8) and 50 of AMLR mandate AMLA to issue draft Guidelines on the outsourcing and reliance on customer due diligence by another obliged entity respectively.

D. Options considered, cost-benefit analysis, and preferred option

This section describes the policy options considered and the decision taken by AMLA as part of the development of the draft Guidelines on outsourcing, reliance and other third-party arrangements.

This section starts by outlining the overarching principles guiding the policy choices. Then, it presents the policy options considered for the main policy issues identified during the preparation of the draft Guidelines, followed by a qualitative assessment of the potential costs and benefits associated with each option, concluding with the preferred option resulting from the analysis.

Overarching principles

When developing these draft Guidelines, AMLA was guided by a set of overarching principles in line with the objectives and requirements of the AMLR, with the aim of ensuring effective,

proportionate, and consistent interpretation of AML/CFT outsourcing and reliance provisions across the Union.

At the core of these principles lies a risk-based and proportionate approach. The draft Guidelines seek to establish a principle-based framework for outsourcing, reliance on customer due diligence by another obliged entity and other third-party arrangements that ensures consistent and effective application of the AML/CFT requirements across obliged entities, while allowing for proportionality in their implementation. The requirements are therefore designed to take account of the nature, scale and complexity of the obliged entity, as well as the risks arising from the arrangements concerned. This approach aims to ensure that the draft Guidelines remain sufficiently flexible to reflect the diversity of obliged entities and their business models, without compromising the effectiveness and consistency of the AML/CFT framework or allowing responsibility for compliance to be shifted to third parties.

Policy issue 1: Structure and scope of the draft Guidelines

The AMLR provides separate mandates concerning outsourcing (Articles 18(8) AMLR) and reliance (Article 50 AMLR) on other obliged entities. Although these arrangements are legally distinct, they raise several common considerations relating to governance, accountability, risk assessment, due diligence, documentation, monitoring and supervisory access. Obliged entities may also use other third-party arrangements that support the performance of AML/CFT requirements without the service provider performing the relevant requirement itself. Recital 47 AMLR identifies the use or acquisition of third-party software and access to databases or screening services as examples of arrangements that are not considered outsourcing.

AMLA therefore considered whether to address outsourcing and reliance on customer due diligence by another obliged entity through separate guidelines limited to the explicit AMLR mandates, or to issue a single instrument that combines the two mandates and extends proportionate general principles also to other AML/CFT-related third-party arrangements.

In particular, the following options were considered:

A. Issuing **separate set of guidelines** limited to outsourcing and reliance on customer due diligence by another obliged entity;
B. Issuing a **single set of guidelines** covering outsourcing, reliance on customer due diligence by another obliged entity and proportionate general principles for other third-party arrangements.

Option A: Separate set of guidelines limited to outsourcing and reliance on customer due diligence

Under Option A, AMLA would issue separate set of guidelines for outsourcing and reliance on customer due diligence. Each set of guidelines would contain the governance, documentation,

risk-management, monitoring and supervisory provisions applicable to the relevant arrangement. The scope of the guidelines would be limited to outsourcing under Article 18 AMLR and reliance on customer due diligence under Articles 48 and 50 AMLR.

The principal benefits of this option would be a clear separation of outsourcing and reliance on customer due diligence, close alignment with the respective AMLR mandates, and lower legal and implementation risks from extending expectations to other third-party arrangements.

However, separate set of guidelines would require significant repetition of common principles, including those relating to the obliged entity's ultimate responsibility and accountability; governance considerations; the identification, classification, due diligence and risk assessment of arrangements; written agreements and procedures; ongoing monitoring and review; access to relevant information; business continuity and exit arrangements; and supervisory access. This duplication could increase the complexity of the AML/CFT framework and create inconsistencies where similar requirements are applied or interpreted differently under the two instruments. Obliged entities using both outsourcing and reliance could also be required to develop parallel policies and governance frameworks, increasing administrative and compliance costs without necessarily improving AML/CFT risk management.

Limiting the scope to outsourcing and reliance could also leave a governance and risk coverage gap. Obliged entities increasingly use external software, screening tools, databases, hosted technological solutions, specialist support, and other services for AML/CFT purposes. Such arrangements may materially affect the quality, continuity, availability or explainability of AML/CFT controls even where they do not meet the definition of outsourcing or reliance.

A narrow scope could therefore lead to inconsistent treatment of materially similar third-party dependencies. It could also create incentives to structure or describe arrangements so that they fall outside the definitions of outsourcing and reliance, notwithstanding their potential impact on AML/CFT compliance.

Option B: A single set of guidelines covering outsourcing, reliance on customer due diligence and other third-party arrangements

Under Option B, AMLA would issue one consolidated set of guidelines. A general guideline would establish common principles relating to governance, responsibility, classification, documentation, due diligence, risk management, oversight, and other aspects. Separate sections would then set out the specific requirements applicable to outsourcing and reliance on customer due diligence.

The general principles would also apply, on a risk-based and proportionate basis, to other third-party arrangements that materially support the obliged entity's AML/CFT framework without qualifying as outsourcing or reliance. Such arrangements may include:

- the acquisition or licensing of AML/CFT software;
- access to identification, verification, screening or adverse-media databases;
- technological tools supporting transaction monitoring or alert prioritisation where the obliged entity itself performs the AML/CFT function;

The main benefits of this option would be a coherent and accessible framework, reduced duplication of common expectations, easier integration with existing arrangements and third-party risk-management frameworks, clearer supervisory expectations and more comprehensive management of third-party dependencies. This approach would reduce regulatory gaps and limit implementation and maintenance costs over time.

Before entering into an arrangement, an obliged entity would determine whether it constitutes outsourcing, reliance on customer due diligence or any other AML/CFT task-related third-party arrangement. It would then apply the general principles and, where relevant, the specific expectations corresponding to the legal nature of the arrangement in cases of outsourcing or reliance on customer due diligence.

The main risk of this option is that a consolidated instrument could make it less clear how the general and arrangement-specific provisions relate to the respective provisions of the AMLR, in particular which expectations stem from Article 18 AMLR or Articles 48 to 49 AMLR and which general principles apply, as a matter of guidance, to other AML/CFT-related third-party arrangements. To enhance legal clarity, the guidelines would specifically outline that the reference to other third-party arrangements does not create a separate legal category under the AMLR. Extending the general principles may also generate initial implementation costs. Obliged entities may need to identify and document relevant third-party arrangements, allocate internal ownership and adapt procurement, vendor-management or technology-governance processes. These costs could be more significant for smaller entities or entities using numerous databases, software providers or screening tools.

These risks and costs can be mitigated by clearly defining the different arrangements, distinguishing the applicable provisions, and ensuring that outsourcing-specific requirements are not extended to arrangements that do not qualify as outsourcing under the AMLR, and allowing obliged entities to leverage existing arrangements and third-party risk-management frameworks. Furthermore, the proposed approach aims to capture potential risks arising from the use of third-party arrangements for AML/CFT tasks that are not adequate or appropriate to allow obliged entities to comply with the AMLR or the Transfer of Funds Regulation (EU) 2023/1113 (TFR).

Preferred option

Based on the considerations described above, Option B has been selected as the preferred option.

A consolidated set of guidelines provides the most coherent and cost-effective framework, while preserving the separate legal regimes applicable to outsourcing and reliance on customer due diligence. It also enables the guidelines to address material AML/CFT risks arising from third-party technology, data and support arrangements that would otherwise fall outside the specific sections on outsourcing and reliance on customer due diligence.

The preferred structure consists of:

- General Guidelines
- Guideline 1 on Outsourcing
- Guideline 2 on Reliance on customer due diligence
- Annexes

This structure ensures that any AML/CFT arrangement with third parties is captured in the framework of the guidelines, while specifying expectations on outsourcing of critical functions and reliance on customer due diligence. This represents a balanced approach to reflect the overall use of third-party providers of AML/CFT tasks while addressing specific risks of outsourcing and reliance on customer due diligence.

The extension of general principles to other third-party arrangements should not imply that those arrangements are legally equivalent to outsourcing or reliance on customer due diligence. The specific expectations for outsourcing and reliance should apply only to arrangements falling within Article 18 and Articles 48 to 49 AMLR, respectively.

The additional costs associated with identifying arrangements should be limited by proportionality and by allowing obliged entities to adapt existing risk-management processes. Those costs are justified by the benefits of greater consistency, stronger governance of material third-party dependencies and reduced risk of gaps in the management of AML/CFT arrangements.

Policy issue 2: Principle-based or rule-based approach

The guidelines will apply to a broad and diverse population of obliged entities across the financial and non-financial sectors. These entities differ significantly in size, business model, organisational structure, complexity, technological capacity, geographical presence and exposure to ML/TF risks.

AMLA therefore considered whether the guidelines should follow a principle-based approach that specifies the outcomes to be achieved while allowing flexibility in implementation, or a detailed rule-based approach prescribing how obliged entities should meet those outcomes.

To that end, AMLA considered the following options:

A. Adopting a **principle-based and risk-based approach**;
B. Adopting a **detailed and rule-based approach**.

Option A: A principle-based and risk-based approach

Under Option A, the guidelines would establish the main principles, minimum safeguards and outcomes that obliged entities should achieve when entering into and managing outsourcing, reliance and other relevant third-party arrangements.

Obliged entities would determine how to implement those principles in a manner commensurate with their size and the nature, risks and complexity of their business, taking into account their overall ML/TF risk profile, business model, the nature, scale and complexity of their activities and operations, and the tools, methods and processes used to manage and control the arrangements.

The main benefits of this option would be greater implementation flexibility, more effective application of proportionality and the risk-based approach, and lower adaptation costs where existing frameworks already achieve the required outcomes. It would also accommodate different sectors, business models and organisational structures, adapt more readily to technological and market developments, and reduce the risk of formalistic compliance.

This approach would allow obliged entities to integrate the guidelines into existing outsourcing, information technology and third-party risk-management frameworks, provided that the relevant AML/CFT-related arrangements remain identifiable and the required outcomes are achieved.

A principle-based approach may nevertheless result in some variation in implementation. Obliged entities and supervisors could interpret broad principles differently, particularly during the initial period of application. Smaller or less experienced obliged entities may also require greater clarity regarding the measures expected of them.

These risks can be mitigated by clearly preserving the distinction between outsourcing, reliance on customer due diligence and other third-party arrangements, specifying the scope and applicability of the relevant provisions, and providing supporting communication materials to facilitate consistent interpretation and implementation.

Option B: A detailed and rule-based approach

Under Option B, the guidelines would prescribe detailed and standardised requirements for the establishment, approval, risk assessment, documentation, monitoring and termination of third-party arrangements.

The main benefits of this option would be greater consistency and comparability across obliged entities and sectors, clearer operational expectations, and a more standardised basis for supervisory review. A detailed framework may be particularly helpful for obliged entities that have

limited experience in managing AML/CFT outsourcing or reliance on customer due diligence arrangements.

However, a rule-based approach could impose significant implementation and ongoing compliance costs and may discourage the use of outsourcing, reliance on customer due diligence and other third-party arrangements, especially for small low risk obliged entities and for obliged entities that are not subject to similar requirements or expectations under other sectoral regimes. Obliged entities may need to redesign policies, systems, contracts and existing third-party risk-management processes even where those arrangements already achieve the relevant AML/CFT outcomes. In addition, obliged entities in the financial sector may be required to maintain parallel or overlapping controls and documentation under the guidelines and other applicable Union and sectoral third-party risk-management frameworks, including DORA and relevant guidelines issued by the European Supervisory Authorities (ESAs).

Furthermore, the costs of implementing detailed expectations could be disproportionate for small low risk obliged entities, particularly in non-financial sectors. Rule-based and detailed requirements may not adequately reflect differences in business models, sectoral practices, organisational structures and risk exposure.

Finally, detailed rules may create legal certainty concerning individual procedural elements, but they could also create deceptive compliance when those elements are only formally respected, despite weaknesses in the practical management of the arrangement.

Preferred option

Based on the considerations described above, Option A has been selected as the preferred option.

A predominantly principle-based and risk-based approach provides the most appropriate balance between effectiveness, proportionality, flexibility and legal certainty. It allows obliged entities to implement the guidelines in a manner suited to their business model and risk profile while remaining accountable for achieving the required outcomes.

The preferred approach is not intended to replace legal clarity with unrestricted discretion. The guidelines should include targeted minimum expectations where these are necessary to reflect the AMLR and TFR, ensure effective supervision or address material risks.

This combination of principles and targeted safeguards reduces the risk of a one-size-fits-all framework while providing sufficient guidance for consistent implementation and supervision. It should also limit unnecessary costs by enabling obliged entities to retain and adapt existing arrangements where these meet the objectives of the guidelines.

Policy issue 3: Criteria for assessing the criticality of outsourced functions

Article 18(4) AMLR requires obliged entities to perform regular controls to ascertain the effective implementation of their policies and procedures by the service provider, with the frequency of those controls determined on the basis of the critical nature of the outsourced tasks. Moreover, Article 18(8) AMLR requires AMLA to issue guidelines concerning functions that are to be regarded as critical and supervisory expectations regarding the outsourcing of critical functions.

AMLA therefore considered how the guidelines should define critical functions. More specifically, AMLA considered the following options:

A. Identify a **predefined list of functions** to be regarded as critical;
B. Establish a **general definition** of a critical function supplemented by **indicative examples** and **non-exhaustive assessment criteria.**

Option A: Identify a predefined list of functions to be regarded as critical

Under Option A, the guidelines would identify specific AML/CFT functions that should be regarded as critical by definition when outsourced.

This option would provide greater legal certainty and consistency, facilitate supervisory review and reduce the risk that functions whose failure could materially impair AML/CFT compliance are classified as non-critical. It could also reduce the assessment burden for obliged entities by predetermining the classification of the listed functions.

However, a predefined list would provide limited flexibility to reflect the circumstances in which a function is outsourced. In addition, a pre-defined list of critical services could be artificially strict and might be excessively long given the impactful nature of most AML/CFT tasks.

Conversely, the criticality of a function may depend on its scope, the volume of activities concerned, benefits and risks associated with the arrangement as well as the type of obliged entity. In addition, functions not included in the list could still be deemed critical in the circumstances of a particular obliged entity.

Hence, a predefined list could insufficiently reflect different business models and become outdated as technologies and service-delivery arrangements evolve.

Option B: Establish a general definition supplemented by non-exhaustive assessment criteria

Under Option B, a critical function would be defined by reference to whether its disruption would materially impair the obliged entity's continuing compliance with the AMLR or the TFR. This definition would be supplemented by examples of functions that could be deemed critical and non-exhaustive criteria to support the criticality assessment.

The guidelines could provide a general definition of criticality to be applied on a case-by-case basis, an indicative list of critical functions and factors for assessment of such criticality, such as the risk impact of the functions, potential impact of disruption, substitutability of the service provider, degree of dependency on the service provider, and others.

This option would provide a structured basis for assessing criticality, while allowing obliged entities to reflect their specific operational circumstances in a flexible manner. It would also support more consistent classifications and supervisory assessments and better align the intensity of controls with the risks arising from the outsourcing arrangement.

Obliged entities may incur initial costs in updating and documenting their assessment methodologies. Further costs may arise where a function is classified as critical and becomes subject to enhanced safeguards. However, these costs would be targeted at arrangements capable of materially affecting continuing compliance rather than applied automatically to all functions within a predefined category.

Preferred option

Based on the considerations described above, Option B has been selected as the preferred option.

A general definition of critical function complemented by an indicative list of critical functions and non-exhaustive factors to determine such criticality provides an appropriate balance between legal certainty, supervisory consistency and entity-specific assessment. It allows criticality to be determined through the assessment of the function that is outsourced, including the obliged entity's dependency on the service provider and the availability of alternative arrangements.

Supervisors should also be in a position to receive such criticality assessment upon request.

This approach provides sufficient flexibility to accommodate different business models and operational arrangements while supporting cost minimisation, legal certainty and supervisory convergence.

Policy issue 4: Approach to reliance on customer due diligence by other obliged entities

Articles 48 and 49 AMLR permit obliged entities, subject to defined conditions, to rely on other eligible obliged entities for the initial customer due diligence measures set out in Article 20(1), points (a), (b) and (c), AMLR. Under Article 48(1) AMLR, ultimate responsibility for meeting those requirements remains with the relying obliged entity. Moreover, Article 50 AMLR requires AMLA to issues guidelines on reliance on customer due diligence by other obliged entities.

Under the mandate in Article 50 AMLR, AMLA considered whether the guidelines should be limited to clarifying the conditions governing reliance on customer due diligence or should require

obliged entities to consider its use, where appropriate, to reduce unnecessary duplication of customer due diligence tasks and associated costs.

In particular, the following options were considered:

A. Adopting an approach limited to the **clarification of the legal conditions** related to reliance on customer due diligence by other obliged entities;
B. Adopting an approach requiring **consideration of reliance on customer due diligence** to reduce unnecessary duplication of customer due diligence measures.

Option A: Approach limited to clarification of the legal conditions related to reliance on other obliged entities

Under Option A, the guidelines would clarify the conditions, scope, information requirements and allocation of responsibilities applicable to reliance, without expressly encouraging obliged entities to use such arrangements.

This option would adhere closely to the statutory framework, provide legal certainty and reduce the risk that reliance is used without adequate consideration of the relevant risks. It would also preserve the discretion of each obliged entity to determine whether reliance is appropriate.

However, this approach may not sufficiently recognise the efficiency benefits of reliance. Obliged entities could continue to perform substantially identical customer identification and verification measures where the legal and operational conditions for reliance are met. This could increase onboarding times and operational costs, require customers to provide the same information repeatedly and create unnecessary administrative burdens, particularly within groups or in transactions involving several obliged entities.

A neutral approach may also provide limited incentives for the development of standardised reliance agreements.

Option B: Require consideration of reliance to reduce unnecessary duplication of customer due diligence measures

Under Option B, the guidelines would expect obliged entities to consider whether reliance on customer due diligence could appropriately be used to avoid unnecessary duplication of customer due diligence measures. This would be particularly relevant where two or more obliged entities perform customer due diligence on the same customer in connection with the same transaction, including where those obliged entities belong to the same group.

This option would not make reliance mandatory or create a presumption that it is appropriate in every case. The relying obliged entity would remain responsible for determining whether reliance is suitable in light of the applicable AMLR conditions, its risk exposure and the circumstances of the arrangement. It also remains clear that obliged entities may still perform customer due

diligence themselves if they have doubts about the customer due diligence performed by the other obliged entities.

The main benefit of this approach is the support to simplification, while ensuring effectiveness and cost-efficiency. Consideration of reliance could reduce duplicated customer due diligence work, operational costs and onboarding times. It could also improve the customer experience, promote more efficient use of reliable customer due diligence information and encourage the standardisation of reliance arrangements and information-exchange processes.

To preserve the efficiency benefits of reliance, the guidelines should include only those clarifications and expectations necessary to ensure compliance with Articles 48 and 49 AMLR and should avoid imposing additional expectations that could unnecessarily discourage reliance on other obliged entities.

The main risk of this approach is that obliged entities could place excessive confidence in customer due diligence performed by another obliged entity or treat reliance on customer due diligence as transferring their responsibility. Differences in customer risk classification, information requirements or CDD processes could also limit the suitability of reliance on customer due diligence, particularly in cross-border, remote or cross-sectoral arrangements. These risks can be mitigated by retaining the relying obliged entity's ultimate responsibility, making clear that the relied-upon obliged entity remains responsible under the reliance arrangement and requiring the relying obliged entity to assess whether reliance is appropriate and whether the information obtained is sufficient for its own obligations.

Moreover, this option may entail initial costs associated with assessing and establishing reliance arrangements and developing appropriate information-exchange processes. These costs should, however, be offset over time where reliance on customer due diligence reduces duplicated customer due diligence work and supports more efficient onboarding.

Preferred option

Based on the considerations described above, **Option B** has been selected as the preferred option.

Requiring obliged entities to consider the appropriate use of reliance on customer due diligence can reduce unnecessary duplication and associated costs while preserving the voluntary and risk-based nature of reliance. In particular, it encourages obliged entities to assess whether reliance on customer due diligence could be used where the same customer is subject to customer due diligence by two or more obliged entities in connection with the same or related transactions, including within a group.

The preferred option provides an enabling framework for the responsible use of reliance on customer due diligence while preserving the allocation of responsibility established by the AMLR.

Initial implementation costs are expected to be offset by reduced duplication, more efficient onboarding and greater standardisation where reliance arrangements are appropriate.

Methodology

For all four policy issues, the analysis drew primarily on targeted exchanges with competent authorities responsible for supervising obliged entities in both the financial and non-financial sectors, as well as on comparative legal analysis.

Across all four policy issues, the assessment focused on identifying the relative costs and benefits of the different options, taking into account the diversity of obliged entities. The analysis also considered consistency with existing EU-level guidance, in particular the 2026 EBA Guidelines on third-party management risk and DORA and assessed the extent to which the options would support the effective, proportionate and risk-based implementation of AMLR.

Limitations

The analysis is primarily based on qualitative supervisory input and comparative legal assessment. While the exchanges with supervisors provided valuable insights into practical supervisory experience, they may not capture all sector-specific particularities, especially given the high degree of heterogeneity within the financial and non-financial sectors. These limitations are mitigated by the principle-based design of the guidelines, which allows for proportional application across sectors.

Further assessments

During the public consultation, respondents will have the opportunity to provide supporting data, evidence, or concrete examples to substantiate any proposals or suggested amendments to the draft Guidelines. In particular, stakeholders will be invited to submit quantitative data and information illustrating sector-specific risks, operational constraints, compliance costs, or supervisory impacts, where relevant.

This evidence-based input will support AMLA in re-assessing, where justified, whether proposed changes are proportionate, justified, and consistent with the risk-based approach underpinning the draft Guidelines, and in determining whether any further clarification or targeted adjustments are warranted.

5.2. Public consultation questions

The questions included in this section are provided for information purposes only. Stakeholders are invited to submit their responses directly through the dedicated online survey. Stakeholders

should refer to the survey when preparing and submitting responses, as the order and presentation of the questions may differ slightly from those below.

Questions

Responses are most helpful when they explain the rationale for the comment provided, identify any practical issues or challenges (with examples, where possible) and explain why specific content should be added, amended or removed.

Question 1

Do you consider that the **general provisions of these draft Guidelines** support a risk-based approach and clearly set out how the principle of proportionality should be applied, taking into account the nature, risks and complexity of obliged entities' business, their size, and the nature and risks of the arrangements concerned?
In particular,
(i) do you identify any further opportunities to clarify or simplify the draft Guidelines, avoid unnecessary duplication with requirements under other Union frameworks, or support proportionate implementation across different categories of obliged entities and arrangements?
(ii) do you consider the draft Guidelines as sufficiently clear and proportionate for smaller low risk obliged entities and their needs, particularly those operating outside the financial sector? If not, which aspects would benefit from further clarification, additional examples, or more detailed supervisory expectations?
(iii) what would you consider as an adequate transitional period for the application of the draft Guidelines to (pre-existing) arrangements?
If you see scope for further clarification, please:
(i) specify the paragraph concerned;
(ii) explain your rationale, including the obliged entities or arrangements affected; and
(iii) consider submitting an amendment proposal.

Question 2

Do you consider that the **General Guidelines** clearly distinguish between outsourcing, reliance on initial customer due diligence measures performed by another obliged entity, and other third-party arrangements where the obliged entity itself performs the relevant AML/CFT/TFS function?
If you see scope for further clarification, please:
(i) specify the paragraph and describe the arrangement concerned;
(ii) explain your rationale and indicate how you consider the arrangement should be classified; and
(iii) consider submitting an amendment proposal or a practical example.

Question 3

Do you consider that the General Guidelines clearly and proportionately set out high-level guidance on the governance, risk assessment, due diligence, contractual, monitoring, audit, business continuity, subcontracting, termination and exit expectations applicable to outsourcing, reliance on customer due diligence of other obliged entities and other third-party arrangements?
If you see scope for further clarification, please:
(i) specify the paragraph and type of arrangement concerned;
(ii) explain your rationale, including whether the relevant expectation should apply in all cases or on a risk-based basis; and
(iii) consider submitting an amendment proposal or an alternative safeguard that would achieve an equivalent AML/CFT/TFS outcome.

Question 4

Do you consider that Guideline 1 provides a clear and proportionate framework for identifying critical outsourced functions? Would you consider that the proposed examples and criteria for assessment of critical functions are appropriate?
Do you also consider that the additional expectations applicable to the outsourcing of critical functions are clear and proportionate to the risks involved?
If you see scope for further clarification, please:
(i) specify the paragraph, function or additional requirement concerned;
(ii) explain your rationale, including the criteria and evidence that should support the criticality assessment; and
(iii) consider submitting an amendment proposal.

Question 5

Do you consider that the provisions in the Guideline 1 on prior notification of intended outsourcing arrangements provide sufficient clarity on the information to be submitted, the timing of the notification and the treatment of material changes? What specific ways of simplifying outsourcing notification procedures could be considered, especially for smaller low risk obliged entities?
Do you also consider that Annexes I and II clearly and proportionately identify the information required for prior notifications and applications for prior approval?
If you see scope for further clarification, please:
(i) specify the paragraph or item in Annex I or Annex II concerned;
(ii) explain your rationale, including any information that should be added, removed or required only in specified circumstances; and
(iii) consider submitting an amendment proposal.

Question 6

Do you consider that Guideline 2 clearly and proportionately sets out the conditions under which a relying obliged entity may rely on initial customer due diligence measures performed by another obliged entity pursuant to Articles 48 to 49 AMLR (especially in cases of reliance on obliged entities not belonging to the same group and/or for specific types of relying obliged entities such as Collective Investment Undertakings)?
In particular, do the draft Guidelines provide sufficient clarity on the permitted scope of reliance, the pre-reliance assessment, access to customer due diligence information and supporting documentation, remote customer due diligence, intra-group reliance, and the content of written agreements or internal procedures?
If you see scope for further clarification, please:
(i) specify the paragraph and aspect of the reliance arrangement concerned;
(ii) explain your rationale, distinguishing, where relevant, between the receipt of customer due diligence information and access to supporting information and documentation; and
(iii) consider submitting an amendment proposal.