Final Report

Draft Implementing Technical Standards on cooperation within the AML/CFT supervisory system for the purposes of direct supervision under Article 15(3) of Regulation (EU) 2024/1620

Contents

1 Executive Summary

The establishment of AMLA by Regulation (EU) 2024/1620 ('AMLAR') marks a significant step towards an integrated and harmonized approach to AML/CFT supervision across the Union. From 2028, AMLA will be directly supervising obliged entities in the financial sector that operate in at least six Member States and have a high-money laundering and terrorist financing risk profile.

Article 15(3) of the AMLAR requires AMLA to develop implementing technical standards ('ITS') that specify how AMLA and financial supervisors cooperate in the context of the direct supervision.

The draft ITS plays a pivotal role in ensuring continuity and consistency in AML/CFT supervision across the EU. It addresses the operational questions that arise when obliged entities transition between direct supervision by AMLA and their respective national financial supervisors. It also specifies how the selection process will be carried out, from data collection to publication of the list of selected obliged entities for direct supervision.

By adopting a balanced approach that ensures legal certainty while allowing flexibility to ensure a proportionate approach, efficient processes and effective outcomes, the draft ITS provide a clear and adaptable framework for the selection and supervision of obliged entities.

1.1 Next steps

The draft implementing technical standards will be submitted to the European Commission for adoption before being published in the Official Journal of the European Union.

2 Background and rationale

Article 5(2) of the Regulation (EU) 2024/1620 ('AMLAR') requires AMLA directly to supervise selected obliged entities that are credit institutions, financial institutions and groups of credit and financial institutions. Article 12 of the AMLAR provides that obliged entities are eligible for direct supervision if they operate in at least six Member States. Articles 12 to 15 of the AMLAR specify the main rules governing the selection of obliged entities, and the cooperation of national AML/CFT financial supervisors and AMLA in the context of direct supervision.

Article 15(3) of the AMLAR requires AMLA to issue draft Implementing Technical Standards ('ITS'), which set out:

- General provisions, including the conditions for assistance (Section 1 of the draft ITS)
- Process of periodic assessment for the purpose of selection for direct supervision (Section 2 of the draft ITS)
- Decision on the selection of obliged entities (Section 3 of the draft ITS)
- Transfer of supervisory tasks and powers (Section 4 of the draft ITS)
- Composition and functioning of the joint supervisory teams ('JST') (Section 5 of the draft ITS)

This draft ITS therefore plays an important role in ensuring consistency and continuity of AML/CFT supervision of obliged entities that transition between direct supervision by AMLA and their respective national AML/CFT financial supervisors. It complements provisions in Articles 12, 13, 15 and 16 of the AMLAR.

2.1 Simplification and proportionality

In developing this draft ITS, AMLA sought to align the design of the selection process with the European Commission's simplification agenda, ensuring that reporting requirements remain proportionate and do not impose unnecessary burdens on supervisors and obliged entities.

The ITS establishes a sequential approach whereby, in a first step, the population of eligible obliged entities is identified, and, in a second step, only those entities that are eligible are required to report the data points necessary for the risk assessment underpinning the selection process.

In addition, following the feedback received during the consultation process, AMLA refined the framework by introducing an exemption from the collection of eligibility information in cases where supervisors can determine, on the basis of existing information, that entities are non-eligible.

Taken together, these elements enhance operational efficiency, reduce duplication of reporting, and ensure that the framework remains both proportionate and effective while supporting simplification.

2.2 General Considerations

The establishment of an EU AML/CFT authority with direct supervision powers over some obliged entities constitutes a significant departure from the current regime, where AML/CFT supervision is performed solely by national supervisors. Nevertheless, under the new legal and institutional framework, national and supranational approaches remain closely intertwined. AMLA and the national AML/CFT supervisory authorities form an AML/CFT supervisory system that should be based on mutual trust and cooperation in good faith.

The draft ITS under Article 15(3) of the AMLAR establishes the foundation for effective cooperation between national AML/CFT financial supervisors and AMLA in the context of direct supervision. It should put in place common procedures that are efficient, and conducive to consistent and continuous AML/CFT supervision of obliged entities transitioning between national and EU-level supervision. It should also provide legal certainty where necessary while maintaining flexibility when possible.

2.3 Cooperation between financial supervisors and AMLA (Section 1)

Close cooperation within the supervisory system is key to its effective functioning. The draft ITS elaborates on the general overarching principles and obligations laid down in the AMLAR, for example, the duty to cooperate in good faith and the obligation to exchange information. It also specifies the obligation for AMLA to provide a secured channel of transmission of information for the performance of the selection process and the transfer of supervisory tasks and powers.

2.4 Selection process (Section 2 and 3)

The initial step towards direct supervision is the selection of obliged entities, in which AMLA and national AML/CFT financial supervisors both have an important role to play. To ensure operational efficiency, the draft ITS sets out the different steps and rules governing the selection process, from the identification of eligible obliged entities to publication of the list of the selected obliged entities. It also specifies the respective responsibilities within the supervisory system.

2.4.1 SEQUENTIAL APPROACH (SECTION 2)

The draft ITS sets out the steps supervisors need to take when selecting obliged entities for direct supervision. AMLA opted for a sequential process, where national AML/CFT financial supervisors collect the eligibility criteria and necessary data points, perform data quality checks, and then transmit the data to AMLA. AMLA subsequently conducts the risk assessments and conducts the selection process with the necessary input and collaboration from the national AML/CFT financial supervisors.

2.4.2 NOTIFICATION AND PUBLICATION OF SELECTED OBLIGED ENTITIES (SECTION 3)

The draft ITS ensures accountability and transparency of the selection process by requiring AMLA to communicate the results clearly and promptly to both the selected entities and the relevant financial supervisors before the publication of the list of selected obliged entities on AMLA's website. This approach upholds legal certainty and procedural fairness, as selected entities must be informed of their rights and obligations, including options for legal recourse and appeal.

2.5 Transfer of supervisory tasks and powers (Section 4)

The draft ITS sets out three provisions in Articles 10 to 12 of the draft ITS that are designed to facilitate the transfer of supervisory tasks and powers between AMLA and national AML/CFT financial supervisors. This framework should ensure that such transfers are conducted smoothly and do not disrupt the supervision of obliged entities.

As part of this, the draft ITS foresees the establishment of an inventory of information to be exchanged between AMLA and national AML/CFT financial supervisors, during the transition period, when an obliged entity is either selected or deselected in order to hand over the supervisory history of the concerned entity.

2.6 Joint supervisory teams (Section 5)

Joint Supervisory Teams (JSTs) are the operational units within AMLA that are tasked with the supervision of obliged entities that have been selected. One JST will be established for each selected obliged entity. Each JST will be composed of staff from AMLA and staff from financial supervisors responsible for the supervision of the selected obliged entity at national level. Each JST is coordinated by a member of AMLA staff (the 'JST coordinator').

Article 16 of the AMLAR provides the most significant rules regarding the composition and functioning of a JST. The draft ITS further complements these by explicitly adding a rotation principle of the JST coordinator, an equal access to information within the JST and requiring a national coordination of participation in a JST when multiple national financial supervisors are involved. Drawing inspiration from the SSM, this approach reflects a commitment to leveraging established expertise and successful frameworks to bolster the overall supervisory regime.

3 Draft implementing technical standards

COMMISSION IMPLEMENTING REGULATION (EU) …/...

of XXX

laying down implementing technical standards for the application of Regulation (EU) 2024/1620 of the European Parliament and of the Council with regard to cooperation within the AML/CFT supervisory system for the purposes of direct supervision

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to 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[1], and in particular Article 15(3) thereof,

Whereas:

(1) The Authority for Anti-Money Laundering and Countering the Financing of Terrorism (hereinafter 'the Authority') should select, and directly supervise, certain obliged entities. Following the selection process, supervisory tasks and powers should transfer from the national level to the Authority.. Where the conditions for selection are no longer met, supervisory tasks and powers should transfer from the Authority back to the national level

(2) Secure and reliable transmission of information between the Authority and financial supervisors is essential to ensure the integrity and confidentiality of data collected and processed for the selection of obliged entities for direct supervision. Establishing a dedicated channel supports timely communication and safeguards sensitive information..

(3) The selection process commences with the identification of obliged entities that meet the criteria set out in Article 12(1) of Regulation (EU) 2024/1620. These are credit institutions, financial institutions, and groups thereof operating in at least six Member States, including their home Member State, either through establishments or by providing relevant services under the freedom to provide services above the materiality thresholds set out in Article 1 of Delegated Regulation (EU) XXXX/XXX [RTS under Article 12(7) AMLAR].

(4) Financial supervisors should collect data in 2026 to identify the first obliged entities to be assessed during the first selection process that will start no later than 1 July 2027. From the second selection process in 2030, the financial supervisors should, to the extent possible, use data that has been collected for other purposes, such as periodic risk assessment at the national level, to reduce the reporting burden on obliged entities and simplify the process. Where such data is not available, up to date or suitable, a dedicated data collection should be carried out.

(5) To ensure the orderly and timely submission of information necessary for the selection process referred to in Article 12(1) of Regulation (EU) 2024/1620, the Authority should communicate with financial supervisors and, where applicable, publish the relevant details

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[1] OJ L [number], 19.6.2024, [p.].

on deadlines, data exchange format specifications including data and metadata information, and related submission procedures to the Authority. The proactive dissemination of information should enable financial supervisors to adequately prepare and adhere to the reporting requirements. It should also enable financial supervisors to reuse the same or similar data-exchange specifications and procedures for reporting from obliged entities to financial supervisors.

(6) Reliable and accurate data is necessary to ensure a sound and equitable selection process. To ensure the quality and integrity of submitted information, it is essential to implement robust validation rules, quality checks and plausibility assessments prior to transmission to the Authority. Additionally, data quality also relies on having appropriate processes in place and applying expert knowledge when preparing and assessing the information to submit to the Authority.

(7) Where the quality or reliability of specific data cannot be ensured, financial supervisors should accompany it with the justification provided by the obliged entity, such as the rationale for using proxies, estimates, or alternative methodologies. This approach ensures transparency regarding data limitations while allowing the continued transmission of the required information.

(8) To ensure a transparent and accountable selection process of obliged entities for direct supervision, the Authority should clearly and without undue delay communicate the results of this process to the General Board in supervisory composition and selected obliged entities.

(9) Selected obliged entities should be informed of their rights and obligations upon notification of the selection decision, including the possibility of judicial review under Union law, for legal certainty and procedural fairness.

(10) The Authority should public the list of selected obliged entities on its website to ensure that the public can easily identify which obliged entities are under direct supervision of the Authority and provides those entities with clear and timely information about their status and applicable timelines, thereby promoting transparency and legal certainty. Following a selection process, the transfer of supervisory tasks and powers may occur from national level to the Authority and from the Authority back to national level. Reciprocal arrangements are thus essential for ensuring the continuity of supervision as well as the seamless continuation of pending supervisory procedures or investigations.

(11) To ensure the continuity and effectiveness of supervision, the authority transferring supervision should provide the authority assuming supervision with all necessary information to enable a comprehensive understanding of the main risks and supervisory history associated with the obliged entity. This transfer of information is critical to allow the authority assuming supervision to efficiently take over its supervisory responsibilities and to ensure that there is no disruption in the monitoring and mitigation of money laundering and terrorist financing risks.

(12) To ensure efficiency and consistency of supervision, the authority assuming supervision may decide to take over pending supervisory procedures or investigations when there is a transfer of supervisory tasks and powers between financial supervisors and the Authority. The authority assuming supervision should take into account its capacity and resources before deciding to take over a pending supervisory procedure or investigation.

(13) In the case of groups, consistent with the identification of the entire group as a selected obliged entity, the arrangements outlined in Articles 10, 11 and 12 should apply to the Authority and to each relevant financial supervisor in the Member States where the selected obliged entity operates, on a bilateral basis.

(14) Effective transfer of supervisory competence requires comprehensive and timely communication between the Authority and financial supervisors. Prompt exchange of information on pending supervisory procedures and investigations and their status ensures transparency and should enable the authority assuming supervision to make informed decisions, thereby safeguarding continuity and legal certainty during the transition.

(15) Pending supervisory procedures and investigations may include any ongoing actions regarding potential non-compliance with AML/CFT obligations or any supervisory activity which may be directed towards preparing the issuance of a supervisory decision, including the imposition of administrative measures, pecuniary sanctions and periodic penalty payments, addressed to one or more obliged entities or individuals. To ensure effectiveness of supervisory actions, and considering that supervisory procedures or investigations remain pending from their formal initiation until a final decision is reached, it is important to ensure close and continuous coordination during the change period.

(16) The Authority may take steps to enter into existing cooperation arrangements between financial supervisors and other authorities that cover at least in part supervisory tasks transferred to the Authority, or establish new cooperation arrangements with third parties for such tasks. Financial supervisors may continue to apply existing cooperation arrangements to the extent they refer to the tasks not transferred to the Authority.

(17) To promote impartiality and foster supervisory convergence, the JST Coordinator should be subject to a rotation principle. Such rotation shall not undermine the effectiveness or continuity of supervision. In duly justified cases, the rotation period may be adjusted. Any such adjustment should be appropriately documented.

(18) Effective supervision of selected obliged entities requires timely information sharing within joint supervisory teams, as well as equal access to participation in meetings, discussions and other collaborative platforms relating to the supervisory tasks assigned.

(19) This Regulation is based on the draft implementing technical standards submitted to the Commission by the Authority.

(20) The Authority has conducted open public consultations on the draft implementing technical standards on which this Regulation is based and analysed the potential related costs and benefits,

HAS ADOPTED THIS REGULATION:

SECTION 1

General provisions

Article 1

Definitions

1. For the purposes of this Regulation, the following definitions apply:

(1) ‘year X’ means the year where the selection process for direct supervision commences;

(2) ‘eligible obliged entities’ means credit institutions, financial institutions, and groups of credit institutions and financial institutions that meet the criteria set out in Article 12(1) of Regulation (EU) 2024/1620, as specified in Article 1 of Delegated Regulation (EU) XXXX/XXX [RTS under art. 12(7) AMLAR], as of 31 December of year X-1;

(3) ‘provisionally eligible obliged entities’ means credit institutions, financial institutions, and groups of credit institutions and financial institutions that meet the criteria set out in Article 12(1) of Regulation (EU) 2024/1620, as specified in Article 1 of Delegated Regulation (EU) XXXX/XXX [RTS under art. 12(7) AMLAR], as of 31 December of year X-2;

(4) ’eligibility information’ means the necessary information to assess if credit institutions, financial institutions, and groups of credit institutions and financial institutions meet the criteria set out in Article 12(1) of Regulation (EU) 2024/1620, as specified in Article 1 of Delegated Regulation (EU) XXXX/XXX [RTS under art. 12(7) AMLAR];

(5) ‘data points’ means the information referred to in Article 5(3) of Delegated Regulation (EU) XXXX/XXX [RTS under art. 12(7) AMLAR] and in the Annex Section A and B thereof;

(6) ‘significant revision’ means any revision of one or more data points which significantly impacts the periodic assessment made using these data points at obliged entity level;

(7) ‘authority transferring supervision’ means the authority whose competence is to end following a change in competence between the Authority and financial supervisors occuring pursuant to Article 13(4) or (6) of Regulation (EU) 2024/1620;

(8) ‘authority assuming supervision’ means the authority which is to become competent following a change in competence between the Authority and financial supervisors occuring pursuant to Article 13(4) or (6) of Regulation (EU) 2024/1620.

Article 2

Duty to cooperate in good faith

1. In accordance with Articles 7(2) and 15(1) of Regulation (EU) 2024/1620, the financial supervisors and the Authority shall cooperate in good faith, in particular during the selection process, the transfer of supervisory tasks and the coordination of the continuity of pending supervisory procedures and investigations.

2. The financial supervisors and the Authority shall exchange, in a timely, complete and accurate manner, all information and data which are necessary for the Authority and the financial supervisors for the selection process and to carry out their tasks.

3. Where a change in competence occurs pursuant to Article 13(4) or (6) of Regulation (EU) 2024/1620, the financial supervisors and the Authority shall cooperate and provide mutual support to facilitate a seamless transition and ensure effective supervision of the obliged entity on a continuous basis.

4. The financial supervisors and the Authority shall cooperate with regard to the completion of any pending procedure and may exchange any relevant information for this purpose.

Article 3

Channel of transmission of information

1. Information required for the selection process, including the periodic assessment referred to in Article 12(1) of Regulation (EU) 2024/1620, and the transfer of supervisory tasks and powers shall be submitted to the Authority through a secured channel.

2. The Authority shall set up the secured channel referred to in paragraph 1 and provide access to it for the financial supervisors.

3. The Authority shall notify the financial supervisors of the communication channel designated for exchanging information necessary for the selection process.

4. The secure channel for the transmission of information referred to in paragraph 1 shall ensure that all data exchanges are recorded in a manner that enables full traceability. To this end, this secure channel shall support versioning of all transmitted and received information, including any subsequent modifications or retransmissions.

SECTION 2

Process of periodic assessment for the purpose of selection for direct supervision

Article 4

Identification of eligible obliged entities

1. For the purposes of identifying eligible obliged entities that shall be assessed during a selection process in year X, financial supervisors of the home Member State shall collect the eligibility information from credit institutions and financial institutions as of 31 December of year X-2. In case of groups of credit institutions and financial institutions, the information shall be collected from the parent undertaking defined in Article 2(1)(42) of Regulation (EU) 2024/1624 located in their Member State.

2. By way of derogation from paragraph 1, financial supervisors of the home Member State may exempt credit institutions and financial institutions, from submitting eligibility information, where the financial supervisors of the home Member State, on the basis of objective, available, credible and verifiable data, can establish that credit institutions or financial institutions, and groups thereof, are not eligible. Financial supervisors of the home Member State shall document the basis for any exemption. The Authority may request and assess that documentation to verify the appropriateness of the exemptions granted by the financial supervisor of the home Member State.

3. Provisionally eligible obliged entities shall qualify for the selection process in year X.

4. By 15 August of year X-1, financial supervisors of the home Member State shall submit to the Authority eligibility information collected pursuant to paragraph 1 in accordance with the data exchange format specifications referred to in Article 5(6).

5. By 25 August of year X-1, the Authority shall establish and provide all financial supervisors within each Member State with the preliminary list of provisionally eligible entities referred to in paragraph 3. Each financial supervisor shall review the list and the accuracy of the

information related to the obliged entities operating in their Member State. They shall confirm to the Authority whether they are the financial supervisors of those obliged entities.

6. In case the financial supervisors of the host Member States identify inaccuracies or cases where they are incorrectly identified as the financial supervisor in the preliminary list of provisionally eligible entities referred to in paragraph 3, they shall liaise with the financial supervisor of the home Member State to correct the information before the final submission referred to in paragraph 8.

In the case of difficulty to achieve a common understanding, the Authority shall make a reasoned proposal for a solution to the financial supervisors involved and assist them in reaching an agreement.

7. The Authority shall provide the contact points of each financial supervisor of the home Member State to the financial supervisors of the host Member State for the purpose of the liaison process referred to in paragraph 6.

8. By 30 September of year X-1, financial supervisors of the home Member State shall submit to the Authority the final eligibility information.

9. The Authority shall establish and provide financial supervisors with the final list of provisionally eligible obliged entities that shall be included in the data collections referred to in Article 5.

10. The Authority shall verify, based on the data collected pursuant to Article 5(1), whether provisionally eligible obliged entities qualify as eligible obliged entities for the selection process in year X.

Article 5

Collection and transmission of data points of eligible obliged entities

1. Financial supervisors of the home Member State shall collect the eligibility information from provisionally eligible obliged entities identified by the Authority pursuant to Article 4(9) as of 31 December of year X-1.

2. Financial supervisors shall collect from provisionally eligible obliged entities the data points as of 31 December of year X-1.

3. Financial supervisors shall complete the collections referred to in paragraph 1 and 2 no later than 31 March of year X.

4. Financial supervisors of the home Member State shall submit the eligibility information from provisionally eligible obliged entities to the Authority no later than 31 May of year X.

5. Financial supervisors shall submit the data points collected from provisionally eligible obliged entities to the Authority no later than 31 May of year X.

6. Submissions from financial supervisors to the Authority shall comply with the applicable data exchange format specifications and related submission procedures developed and maintained

by the Authority, including the validation rules and the data quality checks referred to in Article 6(1).

7. The Authority shall publish and maintain publicly available supporting technical documentation and non-binding implementation tools, including standardised data reporting templates and instructions, to facilitate the consistent implementation of the reporting requirements and data exchange format specifications, clarifications and procedures. Such documentation and tools shall not create, modify or supersede legally binding requirements.

Financial supervisors may reuse them, where appropriate, for the collection of information from obliged entities, without prejudice to their discretion to determine the technical means, templates and processes used for such collection.

Article 6

Data quality

1. Before submitting the data points to the Authority, financial supervisors shall apply:

(a) validation rules;

(b) data quality checks;

(c) plausibility checks,

as jointly defined by the Authority and the financial supervisors.

2. Submissions that do not meet the validation rules or data quality checks or that have unexplained inconsistencies identified during the plausibility checks referred to in paragraph 1 may not be accepted through the delivery channel.

3. The Authority shall provide the data exchange specifications and related submission procedures for financial supervisors to implement and verify the compliance of the data they intend to submit including the validation rules, data quality checks and plausibility checks referred to in paragraph 1, and the minimum levels of data quality required and the circumstances and timelines under which significant data revisions are deemed necessary.

4. Where the data quality cannot be ensured or where the information submitted is incomplete, financial supervisors shall provide the Authority with an explanation. The Authority may refuse the information referred to in Article 3(1) if inconsistencies are identified during data quality controls performed after the submission.

5. The Authority shall not alter the information received from financial supervisors. Where a significant revision is necessary, the financial supervisor shall resubmit the data points in accordance with the procedure shared by the Authority.

Article 7

Assessment and classification of the inherent and residual risk at the entity level

1. The Authority shall perform the periodic assessment referred to in Article 12(1) of Regulation (EU) 2024/1620 based on the methodology set out in Delegated Regulation (EU) XXXX/XXX [RTS under art. 12(7) AMLAR].

2. By 31 July of year X, the Authority shall inform financial supervisors of the outcome of the assessment of the inherent risk and the quality of AML/CFT controls of eligible obliged entities.

3. By 30 September of year X, financial supervisors may propose adjustments to the assessment of the quality of AML/CFT controls in accordance with Article 3(4) of Delegated Regulation (EU) XXXX/XXX [RTS under art. 12(7) AMLAR]. The Authority shall take due consideration of those proposals. Refusal by the Authority to adopt a proposed adjustment shall be duly justified, recorded and communicated to the relevant financial supervisors.

4. The proposal for adjustment to the assessment of the quality of AML/CFT controls referred to in paragraph 3 shall be accompanied by the necessary justification and the underlying documentation.

5. The Authority shall share the final outcome of the periodic assessments of all eligible obliged entities with the relevant financial supervisors without undue delay.

SECTION 3

Decision on the selection of obliged entities

Article 8

Notification of the decision to selected obliged entities

1. Following the selection process referred to in Article 13 of Regulation (EU) 2024/1620, and after informing the financial supervisors, the Authority shall, without undue delay, notify each selected obliged entity of the decision resulting from the selection process in respect of that selected obliged entity.

The Authority shall concomitantly communicate this outcome to the relevant non-AML/CFT authorities pursuant to Article 13(5) of Regulation (EU) 2024/1620.

2. The notification to the selected obliged entities referred to in paragraph 1 shall:

(a) be provided in writing;

(b) indicate how any pending supervisory procedures or investigations involving the selected obliged entity are to be taken forward;

(c) indicate the contact point and time limit for submitting requests for editorial corrections to the draft decision;

(d) indicate the contact point and time limit for requesting a substantive review, specifying the applicable due process rights of the selected obliged entity, including the form in which the right to be heard may be exercised, the right to legal representation, the choice of language and the right to access the selection file; such due process rights may be specified by way of reference to the framework adopted by the Authority.

The Authority shall not be obliged to take into account technical observations or requests for substantive review received after the time limit set.

For the purpose of the right to access, the selection file consists of the data points, the eligibility information, and the final score of the selected obliged entities.

(e) refer to the right to request a judicial review.

3. The Authority shall inform the relevant financial supervisors, without undue delay and before the publication of the list of selected obliged entities, of any review of the outcome of the selection process.

Article 9

Publication of the list of selected obliged entities

1. The Authority shall publish the list of selected obliged entities on its website after the expiry of the time limit set for submitting requests for substantive review following individual notifications referred to in Article 8 to the selected obliged entities and taking account of the outcome of the aforesaid procedure, as appropriate.

2. That list shall include the names of the selected obliged entities, in alphabetical order, the date on which direct supervision by the Authority commences, and indicate that the decision referred to in Article 8(1) is appealable before the General Court of the Court of Justice of the European Union.

3. The decision referred to in Article 8(1) is appealable as of the moment of publication of the list.

4. The Authority shall ensure that the information published under paragraphs 1 and 2 remains accessible on its website for at least six years.

SECTION 4

Transfer of supervisory tasks and powers

Article 10

Working arrangements

1. Upon the publication of the list referred to in Article 13(4) of Regulation (EU) 2024/1620, the Authority and financial supervisors shall liaise without undue delay to organise the transfer of supervisory tasks and powers and to set up or disband the joint supervisory team.

The Authority and the financial supervisors shall agree a timeline for initiating the inventory and secure transfer of all relevant information necessary to assume supervisory tasks and powers from the authority transferring supervision to the authority assuming supervision.

2. The authority transferring supervision shall establish and maintain a comprehensive written inventory that may include descriptions of each item transferred regarding the nature, scope and format of the information transferred, and the date and means of transfer.

The inventory shall cover a minimum period of three years prior to the publication of the list referred to in Article 13(4) of Regulation (EU) 2024/1620. This period may be extended if deemed necessary for the purpose of supervision by the authority assuming supervision. To that end, the authority assuming supervision and the authority transferring supervision shall proactively provide the other party with relevant information enabling the identification of cases where information covering longer periods of time shall be transferred.

Where the authority transferring supervision has been supervising an obliged entity for less than three years, the information to be transferred shall cover the entire period of supervision.

3. The Authority and financial supervisors shall identify any issues in the inventory to safeguard the integrity and completeness of the information necessary for effective supervision.

Whenever discrepancies or issues are identified, the authority transferring supervision shall resolve them without undue delay.

4. The Authority shall develop and make available to financial supervisors a standardised inventory template.

Article 11

Pending supervisory procedures or investigations

1. The authority transferring supervision shall inform the authority assuming supervision of any supervisory procedure or investigation formally initiated before the change in supervisory competence pursuant to Article 13(4) or (6) of Regulation (EU) 2024/1620 that require adoption of a supervisory decision. The authority transferring supervision shall provide this information without undue delay after being informed about the selection of an obliged entity and no later than the publication of the list referred to in Article 13(4) of Regulation (EU) 2024/1620. Where a supervisory procedure or investigation is formally initiated in the six-month period after the publication of the list referred to in Article 13(4) of Regulation (EU) 2024/1620, the authority transferring supervision shall update this information in a timely manner and shall liaise with the authority assuming supervision without undue delay.

The list of pending supervisory procedures or investigations shall be included in the inventory referred to in Article 10.

2. The authority transferring supervision shall make every effort to complete any pending supervisory procedure or investigation requiring adoption of a supervisory decision prior to the transfer of the supervisory competence.

3. In the case of supervisory procedures or investigations requiring adoption of a supervisory decision that cannot be completed prior to the transfer of the supervisory competence, the authority assuming supervision shall, after consultation between the two authorities, inform the authority transferring supervision on the working arrangements to be adopted in relation to such procedures

or investigations, taking into account the need to ensure continuity and legally enforceable outcome of the supervisory processes, as well as the stage of the pending supervisory procedure or investigation, the complexity of its subject matter, and the efficient allocation of resources. Such working arrangements should include in particular:

(a) the specification of the stage of the pending supervisory procedure or investigation that is to be completed by the authority transferring supervision before the transfer of the supervisory competence, or, alternatively, the indication that the authority transferring supervision should complete the pending supervisory procedure or investigation with the adoption of a supervisory decision in accordance with the applicable law, and inform the authority assuming supervision accordingly;

(b) the modalities for the secure transfer of the case file, ensuring the protection of personal and business-sensitive data;

(c) the information to be provided to the obliged entity and other relevant participants to the pending supervisory procedure or investigation, concerning the transfer of the supervisory competence.

Article 12
Continuity of existing cooperation agreements

All existing cooperation agreements with other authorities entered into by a financial supervisor prior to the change in competence, that cover at least in part tasks transferred to the Authority, shall continue to apply to the extent compatible with Regulation (EU) 2024/1620. The Authority may participate in existing cooperation agreements in accordance with their procedures or enter into new cooperation agreements with third parties for the tasks transferred to it by Regulation (EU) 2024/1620. A financial supervisor shall continue to apply existing cooperation agreements only insofar as they are not replaced by cooperation agreements concluded by the Authority. Where necessary for the execution of existing cooperation agreements, a financial supervisor shall assist the Authority.

SECTION 5
Composition and functioning of the joint supervisory teams

Article 13
The JST Coordinator

1. The Authority shall ensure that the JST Coordinator is subject to a rotation principle.

2. The Authority may assign, renew, or terminate the role of the JST Coordinator before or beyond the standard rotation period in duly justified cases, including:

(a) institutional reorganisation within the Authority;

(b) the existence of a conflict of interest;

(c) the need to preserve supervisory continuity due to the JST Coordinator's specific knowledge, expertise or experience relevant to the supervision.

3. Any adjustment to the standard rotation period shall be based on a documented and retained justification.

Article 14

Information sharing and equal access within the joint supervisory team

1. All members of the joint supervisory team shall share information they have acquired or are aware of, for the effective and consistent performance of supervisory tasks assigned to the joint supervisory team, in a timely manner. Equal access to participation in meetings, discussions and other collaborative platforms relating to the supervisory tasks shall be ensured for all joint supervisory team members.

2. Any limitation to access or disclosure of information and participation shall be duly justified and recorded.

Article 15

Establishment and composition of the joint supervisory teams

1. Where more than one financial supervisor is responsible for supervision of the selected obliged entity at national level, the relevant financial supervisors shall coordinate their participation within the joint supervisory team.

2. The Authority may request the financial supervisors to modify the appointments of members of a joint supervisory team where appropriate for its adequate composition.

SECTION 6

Final provisions

Article 16

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission
The President

4 Accompanying documents

4.1 Impact assessment with cost-benefit analysis

Introduction

As per Article 53(1) of Regulation (EU) 2024/1620, before submitting draft ITS to the Commission, AMLA shall conduct open public consultations and analyse the potential related costs and benefits.

This analysis presents the Impact Assessment with Cost-Benefit Analysis (IA/CBA) of the main policy options included in the final report on the draft ITS under Article 15(3) of Regulation (EU) 2024/1620 on cooperation within the anti-money laundering and countering the financing of terrorism (AML/CFT) supervisory system for the purposes of direct supervision.

This IA is mostly qualitative in nature, since the policy choices have been taken in accordance with qualitative considerations, taking into account the needs and experience of the financial supervisors to which the draft ITS is addressed, as well as lessons learnt from the European Central Bank (ECB) and the national supervisory authorities in the context of the Single Supervisory Mechanism (SSM).

A. Problem identification

The previous AML/CFT framework relied on the transposition, by Member States, of high-level AML/CFT standards in an EU Directive. It was insufficient to tackle the cross-border nature of crime, which can be effectively addressed only through an integrated and harmonised approach at Union level.

To enhance the effectiveness of the Union's AML/CFT efforts, a single AML/CFT Authority has been created. To bring AML/CFT supervision to an efficient and uniform level across the Union, AMLA has been tasked inter alia with the power of direct supervision of a certain number of obliged entities in the financial sector that operate on a cross-border basis and present a high level of ML/TF risks (the 'selected obliged entities').

AMLA and national AML/CFT supervisors form an integrated AML/CFT supervisory system. The AML/CFT supervisory system should be based on mutual trust and cooperation in good faith, including exchanges of information and data related to supervision.

To ensure cooperation between AMLA and national AML/CFT supervisors, Article 15(3) of Regulation 2024/1620 requires AMLA to develop an ITS on this aspect, in the absence of detailed rules on this topic in the Level 1 (L1) text.

B. Policy objectives

This draft ITS aims to ensure effective cooperation between AMLA and financial supervisors within the AML/CFT supervisory system for the purposes of direct supervision, in accordance with the principle of mutual trust, the duty of cooperation in good faith, and the obligation to exchange information for AML/CFT purposes specified in Article 7 of Regulation (EU) 2024/1620.

In particular, the draft ITS sets out technical details about the following aspects:

a) the conditions under which supervisors are to assist AMLA pursuant to Article 15(2) of Regulation (EU) 2024/1620;

b) the process of periodic assessment for the selection of obliged entities for direct supervision referred to in Article 12(1) of Regulation (EU) 2024/1620, including the roles of the financial supervisors and AMLA in assessing the risk profile of credit institutions and financial institutions referred to in that paragraph;

c) the working arrangements for the transfer of supervisory tasks and powers to AMLA or from AMLA to national level following a selection process, including arrangements on the continuity of pending supervisory procedures or investigations;

d) the procedures for the preparation and adoption of decisions on the selection of obliged entities;

e) the detailed rules and arrangements for the composition and functioning of the joint supervisory teams (JSTs) referred to in Article 16(1) and (2) of Regulation (EU) 2024/1620.

C. Baseline scenario

The baseline scenario would foresee the cooperation between AMLA and AML/CFT supervisors within the AML/CFT supervisory system for the purposes of direct supervision based only on provisions in Regulation (EU) 2024/1620, without any further details about their practical implementation. This might create legal, procedural and operational uncertainties which could undermine the efficiency and effectiveness of the cooperation between AMLA and financial supervisors.

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

This section describes the main policy options considered and the decisions taken by AMLA as part of the development of the draft ITS on cooperation for the purposes of direct supervision.

This section starts by outlining the overarching approach guiding the policy decisions. Then, it presents the main policy options considered for each policy issue addressed by the draft ITS, followed by an analysis of the potential costs and benefits of each option from a qualitative perspective, concluding with the preferred options resulting from the analysis.

Overarching approach

As overall approach when drafting the policy mandate, three main options were considered:

A. Adopting a granular approach, thereby specifying detailed rules on procedural aspects covered by the draft ITS;

B. Adopting a principle-based approach, thereby leaving maximum flexibility to financial supervisors;

C. Adopting a balanced approach, thereby providing principle-based provisions setting minimum requirements, unless more specific guidance is deemed necessary.

Adopting a granular approach (Option A) would ensure a consistent interpretation of the provisions, thereby ensuring the maximum level of legal certainty and operational clarity. However, such an approach would not be future proof and might not be fit for purpose in all situations, given the fast-changing context in which AMLA and national AML/CFT supervisors operate as well as the different cooperation needs which may arise. Should AMLA need to include new or emerging provisions, it would need to amend the rules set out in the draft ITS, which may be complex and will take time.

Adopting a **principle-based approach** (Option B) would leave to financial supervisors more flexibility in adopting procedures that allow them to achieve the desired outcomes based on a case-by-case assessment. However, in some circumstances, a flexible interpretation of certain provisions may not provide enough clarity and lead to divergent approaches by financial supervisors.

Lastly, adopting a **balanced approach** (Option C) would ensure legal certainty and operational readiness for the benefits of all stakeholders, while allowing greater flexibility where this is necessary to ensure that the provisions be future proof and fit for purpose considering the evolving needs of AMLA, financial supervisors, and obliged entities.

In light of the considerations described above, **Option C** was chosen as the overall approach. The draft ITS mostly includes principle-based provisions but provides more detailed guidance when a higher level of legal certainty is needed.

Policy issue 1: Conditions for assistance in the context of direct supervision

Article 15(3)(a) of Regulation (EU) 2024/1620 requires the draft ITS to specify 'the conditions under which financial supervisors are to assist AMLA pursuant to paragraph 2'.

Article 15(2) of Regulation (EU) 2024/1620 provides that, where appropriate, financial supervisors shall assist AMLA with the preparation and implementation of any acts referred to in Article 5(2)(b), as regards all selected obliged entities, and shall follow the instructions given by AMLA when performing those tasks. More specifically, Article 5(2)(b) of Regulation (EU) 2024/1620 empowers AMLA to perform supervisory reviews and assessments, as well as impose specific requirements, apply administrative measures, and impose pecuniary sanctions and periodic penalty payments with respect to the selected obliged entities.

In line with the overarching approach described above, the draft ITS contains **principle-based provisions** on the conditions for assistance in the context of direct supervision. As a matter of fact, the benefit of adopting a flexible and future-proof approach, potentially encompassing a very broad set of situations in which assistance might be needed, outweighs the costs linked to the flexible interpretation of the provisions.

Policy issue 2: Process of periodic assessment for the purpose of selection for direct supervision

Article 15(3)(b) of Regulation (EU) 2024/1620 requires the draft ITS to specify 'the process of periodic assessment referred to in Article 12(1), including the roles of the supervisory authorities and AMLA in assessing the risk profile of credit institutions and financial institutions referred to in that paragraph'. This mandate refers to the periodic assessment (the 'risk assessment') of credit and financial institutions, and groups of credit institutions and financial institutions, for the purposes of selection for direct supervision.

Regarding the responsibilities of AMLA and the financial supervisors in the assessment process, the following three approaches were considered:

A. A **centralised approach**, where AMLA would own a centralised system allowing the Authority to access all the data points about obliged entities in the financial sector collected by financial supervisors, conduct its own data quality checks, and perform both the eligibility assessment and the risk assessment for the purpose of selection for direct supervision.

B. A **decentralised approach**, where financial supervisors would perform the risk assessment of the obliged entities under their supervision which meet the eligibility criteria referred to in Article 12(1) of Regulation (EU) 2024/1620 (the 'eligible obliged entities'), based on the methodology set out in the draft RTS under Article 12(7) of Regulation (EU) 2024/1620, without prejudice to the performance of the risk assessment at national level. Financial supervisors would then perform data quality checks and send the outcome of their risk assessment for the eligible obliged entities to AMLA, which would ultimately consolidate the results.

C. A **sequential approach**, where financial supervisors would collect from the eligible obliged entities the data points specified in the RTS under Article 12(7) of Regulation (EU) 2024/1620, perform data quality checks, and send such data points to AMLA. Then, AMLA would perform the risk assessment according to the methodology described in the above-mentioned RTS, and ultimately consolidate the results.

The **centralised approach** (Option A) would allow AMLA to obtain the most comprehensive dataset about the obliged entities in the financial sector, thus reinforcing its supervisory role. However, this approach would create significant costs for AMLA, which would need to store and maintain a very broad dataset, encompassing an estimated number of 160,000 obliged entities in the financial sector. This approach would also be operationally complex for both for AMLA and financial supervisors. It would also not be ready on time for the first selection cycle.

The **decentralised approach** (Option B) would be less burdensome for AMLA, but would require a significant effort from financial supervisors. Not only would financial supervisors be required to perform the data collection and data quality checks, but they would also need to perform the risk assessment of all the eligible obliged entities under their supervision before the entry into force of the obligation to assess and classify the inherent and residual risk profile of obliged entities at national level. Moreover, this approach would not enable AMLA to access the data underlying the risk assessment, with several disadvantages in terms of data comparability and data quality.

The **sequential approach** (Option C) would entail several benefits. First, this approach would provide AMLA with access to the underlying data, without requiring AMLA to perform a full-scale data collection in the limited timeframe available before the first selection cycle. This would also be beneficial for obliged entities, which could rely on the national financial supervisors as contact points for both the selection and the risk assessment at national level. Second, this approach would allow the comparability among eligible obliged entities across Member States, thus ensuring a level-playing field. Third, by centralising the computation of the risk profile, this approach would reduce operational risks, such as errors in the formula applied by financial supervisors, which could not be identified and corrected by AMLA without having access to the underlying data. The only disadvantage for AMLA would be the additional burden, compared to the scenario in which national AML/CFT supervisors would perform the computations of the risk profile. However, by focusing on the set of the eligible obliged entities, which have been estimated at 300 to 400 groups, the risk assessment would still require a reasonable effort from AMLA.

Considering the above, **Option C** was preferred, since it would bring benefits to all the parties involved, including AMLA, national AML/CFT supervisors and obliged entities, while requiring a reasonable and proportionate level of effort from all stakeholders.

Based on the feedback received from the public consultation, an exemption was introduced in the first step of the sequential approach. This exemption allows financial supervisors of the home Member State to exempt credit institutions and financial institutions from submitting eligibility information, where they can establish, on the basis of objective, available, credible and verifiable data, that credit institutions or financial institutions, and groups thereof, are not eligible. This exemption aims to reduce the reporting burden on smaller credit and financial institutions that do not meet eligibility requirements, including many life insurance intermediaries as well as credit and financial institutions without cross-border activities. The impact on financial supervisors will depend on financial supervisors' decision on whether and how to apply the exemption.

Concerning the **level of granularity regarding procedural aspects**, the draft ITS follows a **balanced approach.** More specifically, the provisions present a high level of detail regarding the allocation of responsibility between AMLA and financial supervisors, as legal clarity around these aspects is considered essential. However, they are less detailed in terms of operational aspects – such as format for the submission of information, taxonomy, and data quality checks – since it was considered beneficial to leave room for flexibility so that the procedure could be adapted to the evolving needs of the parties involved, as well as potential evolutions in technology.

Policy issue 3: Decision on the selection of obliged entities

Article 15(3)(d) of Regulation (EU) 2024/1620 requires the draft ITS to specify 'the procedures for the preparation and adoption of decisions on the selection of obliged entities'.

Article 13(4) of Regulation (EU) 2024/1620 specifies that the list of the selected obliged entities shall be published by AMLA without undue delay upon completion of the selection process. Moreover, Article 13(6) of Regulation (EU) 2024/1620 requires AMLA to inform the relevant non-AML/CFT authorities of the outcomes of the assessment, prior to the publication of the list of the selected obliged entities.

This part of the mandate aims to ensure that decisions regarding the selection of obliged entities for direct supervision produce legal effects and are eligible for appeal. To ensure legal certainty and to allow all parties to exercise their rights, the draft ITS provides that AMLA shall communicate the decision to each selected obliged entity, as well as the financial supervisors and the relevant non-AML/CFT authorities, and specifies the essential details of such notifications, including the rights for legal recourse and appeal. The draft ITS also provides that the list of selected obliged entities shall be published on AMLA's website, in line with the SSM's practice of publishing the list of significant credit institutions on the ECB website.

Policy issue 4: Transfer of supervisory tasks and powers

Article 15(3)(c) of Regulation (EU) 2024/1620 requires the draft ITS to specify 'the working arrangements for the transfer of supervisory tasks and powers to AMLA or from AMLA to national level following a selection process, including arrangements on the continuity of pending supervisory procedures or investigations'.

In particular, the main objective of this part of the mandate is to ensure legal certainty regarding the pending supervisory procedures or investigations, as well as the continuity of existing cooperation agreements. Therefore, the draft ITS sets specific rules regarding those aspects. As far as additional working arrangements are concerned, the draft ITS sets general provisions requiring the secure transfer of information, accompanied by a proper inventory, without setting highly prescriptive requirements.

Policy issue 5: Composition and functioning of the JST

Article 15(3)(e) of Regulation (EU) 2024/1620 requires the draft ITS to specify 'the detailed rules and arrangements for the composition and functioning of the JSTs referred to in Article 16(1) and (2)'.

This mandate is linked to Article 16 of Regulation (EU) 2024/1620, which provides details about the composition of JSTs, the responsibilities of the JST Coordinator, the tasks of JSTs, and the respective responsibilities of AMLA and the financial supervisors in this context. In addition, Article 16(6) of Regulation (EU) 2024/1620 requires AMLA to develop internal operational rules and procedures regarding the composition of JSTs, which are out of scope of the draft ITS.

Given the detailed nature of the above-mentioned provisions under Article 16, it was not considered necessary to include additional prescriptive rules regarding the functioning and composition of JSTs in this ITS. Therefore, the draft ITS only specifies minimum requirements aligned with the corresponding provisions of SSM Framework Regulation and the operational procedures adopted in the SSM context.

4.2 Feedback on the public consultation

AMLA publicly consulted on the draft proposal contained in this paper. The consultation period lasted six weeks and ended on 27 January 2026. 25 responses were received and published on the AMLA website.

This paper presents a summary of the key points and other comments arising from the consultation, the analysis and discussion triggered by these comments and the actions taken to address them if deemed necessary.

4.2.1 SUMMARY OF KEY ISSUES AND AMLA'S RESPONSE

Respondents expressed support for the draft ITS. Feedback mainly focused on requests for clarification and further detail, rather than requests for changes to the overall structure or policy choices. In response, AMLA introduced clarifications and definitions to improve clarity and readability.

The sections below describe, where relevant, how the ITS was amended to reflect the comments received.

Process of periodic assessment for the purpose of selection for direct supervision (Section 2 of the draft ITS)

Respondents requested greater clarity on the timeline and on the overall process for the selection of obliged entities for direct supervision. They also called for a communication strategy around selection.

Some respondents raised concerns about the possible reporting burden on some types of entities given the short timeline of the selection process. Some respondents also suggested that the draft ITS should specify the additional selection process that applies from the second selection round, as referred to in Article 13(3) of the AMLAR.

AMLA's response

AMLA amended the draft ITS to further specify the timeline and the main steps of the selection process. Regarding requests for open and transparent communication on the selection process, AMLA remains committed to this objective, as evidenced by the communication and stakeholder engagement undertaken during the testing phase.

AMLA designed the selection process with the European Commission's simplification agenda in mind, limiting the reporting burden where possible. Nevertheless, following the feedback received, AMLA reviewed the proposals and introduced an exemption from the collection of eligibility information in cases where supervisors can establish, based on existing information, that entities are non-eligible. Some respondents suggested that the ITS should also specify the additional selection process applicable from the second selection round, as referred to in Article 13(3) of the AMLAR. This request could not be accommodated, as it falls outside the mandate of the ITS, which is limited to the periodic assessment process referred to in Article 12(1) of the AMLAR.

Decision on the selection of obliged entities (Section 3 of the draft ITS)

Several respondents requested that the applicable time limits be explicitly defined and that the distinction between technical observations and substantive review requests be clarified.

AMLA's response

The details of AMLA due process safeguards, such as the right to be heard, will be included in a separate instrument . For this reason, no changes were made to the draft ITS.

Composition and functioning of the joint supervisory teams ('JST') (Section 5 of the draft ITS)

Some respondents suggested including additional provisions in the draft ITS on the functioning and composition of Joint Supervisory Teams, such as governance arrangements or specific expertise requirements.

AMLA's response

AMLA carefully considered these suggestions. Given the detailed nature of the relevant provisions under Article 16 of the AMLAR, including additional prescriptive rules regarding the functioning and composition of JSTs in this ITS would unduly limit the flexibility necessary to support their effective and efficient functioning. For this reason, no changes were brought to the draft ITS.

Other contributions

Several respondents put forward suggestions for more detailed IT specifications. While these proposals were not incorporated into the ITS, AMLA will consider their inclusion, where appropriate, in future operational procedures. Targeted clarifications and safeguards were nonetheless added to the ITS, including requirements for information‑sharing channels to support versioning and for AMLA to publish the relevant reporting templates and instructions.

Transfer of supervisory tasks and powers (Section 4 of the draft ITS)

Although this was not raised by respondents during the public consultation, AMLA adjusted the provisions governing pending procedures and investigations. Following consultation with national supervisory authorities, the ITS now avoids an automatic transfer of all open cases when supervisory responsibility moves to AMLA or are sent back to the national level. Instead, the new supervisor will decide, on a case by case basis, which pending procedures it will take over and which should be completed by the former supervisor.