

# Draft RTS on Customer Due Diligence under Article 28(1) of Regulation (EU) 2024/1624

## COMMISSION DELEGATED REGULATION (EU) .../...

of XXX

**on supplementing Regulation (EU) 2024/1624 of the European Parliament and of the Council with regard to regulatory technical standards specifying the information and requirements necessary for the performance of customer due diligence for the purposes of Article 28(1)**

**(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) 2024/1624 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, and in particular Article 28(1), points (a) to (e) thereof,

Whereas:

- (1) Regulation (EU) 2024/1624 aims for harmonisation of customer due diligence measures across Member States and obliged entities within the EU. To achieve this, this Commission Delegated Regulation ('Regulation') sets common parameters for the application of customer due diligence measures. Obligated entities are required to adjust the customer due diligence measures based on the ML/TF risk associated with their customers, business relationships or an occasional transaction. This will ensure a proportionate and effective approach. Accordingly, obliged entities shall collect the information on a risk-sensitive basis and apply the measures laid down in this Regulation, ensuring that their scope, intensity and frequency are proportionate to the customer's money laundering and terrorist financing risk profile.
- (2) Obligated entities should, when identifying a customer and verifying their identity, collect data and information in a consistent way in all Member States. The same approach should apply to all customers, whether they are a natural person or a legal person.
- (3) Obligated entities should collect information to understand the nationality and the place of birth of customers who are natural persons. Since not all government-issued identity documents contain information on the holder's nationality or their place of birth, obligated entities may need to obtain that information from other sources. Where a person holds multiple nationalities and declares them in good faith, verifying one nationality will be sufficient. In situations where the person is stateless, or has refugee or subsidiary protection status, this information should instead be obtained.
- (4) Information collected by obliged entities for customer due diligence purposes may not always be in the form of documents. This Regulation specifies the situations where documents should be collected.

(5) Obtaining data and documents from independent and reliable sources is key to ensuring that obliged entities can be satisfied that they know who their customers are. Reliable and independent sources of information for customers that are not natural persons include, but are not limited to: statutory documents of the legal entity or legal arrangement required by law, including certificates of incorporation or audited financial statements; the most recent version of the constitutive documents establishing the legal entity or legal arrangement, including the Memorandum of Association and Articles of Association, or a recent official copy of these documents issued by the applicable public registers and lists or an unofficial copy thereof certified by an independent professional or a public authority. In the case of a trust or similar legal arrangement that may not be subject to registration, a recent copy of the trust deed, or an extract thereof, together with any other document that determines the exercise of any powers by the trustees or similar administrators, certified by an independent professional, could qualify as reliable and independent sources of information.

(6) Obliged entities should assess the level of reliability and independence of the sources of information they have obtained as part of their customer due diligence process based on certain criteria. For example, unless it has been issued by a state or public authority, a recent document may be more reliable than information that dates back several years. Once such assessment of a certain source is completed, the results of such assessment can be used for multiple customers.

(7) There may be situations where identity documents issued to or held by the customer do not meet the attributes of an identity card or passport. This could be the case, for example, where the customer has credible and legitimate reasons for being unable to provide traditional forms of identity documentation: being an asylum seeker; a refugee; a person to whom a residence permit was not granted, but whose repatriation is impossible for legal or factual reasons; being homeless or being otherwise vulnerable. Regulation (EU) 2024/1624 does not provide an exemption from the list of information obliged entities should collect for natural persons in this category. To mitigate the risk of financial exclusion and unwarranted de-risking, this Regulation makes the approach more flexible by allowing obliged entities to obtain the requested information from these natural persons via other credible means. This could be the case where the customer is or acts on behalf of a minor child who does not possess a passport or identity document. In view of the minor's representation by a parent or legal guardian, who would themselves be subject to identification and verification, it would be appropriate to consider a birth certificate as a credible source for the purposes of identifying and verifying the identity of the minor child.

(8) Obtaining beneficial owner information for all customers that are not natural persons is essential for complying with anti-money laundering and countering the financing of terrorism (AML/CFT) requirements and with targeted financial sanctions obligations. For this reason, consultation of central registers for information on beneficial owners is necessary but not sufficient to fulfil the verification requirements.

(9) There are legitimate situations where the obliged entity may be unable to identify a natural person as the beneficial owner of its customer. In these situations, Regulation (EU) 2024/1624 instead requires the identification of senior managing officials

(SMOs). While SMOs are not beneficial owners, for the purposes of identification and verification measures, obliged entities should collect equivalent information for SMOs as they do for the beneficial owners.

(10) The identification of SMOs is permitted under Regulation (EU) 2024/1624 only in cases where the obliged entity has been unable to identify beneficial owners having ‘exhausted all possible means of identification’ or where ‘there are doubts that the persons identified are the beneficial owners’. Finding it difficult to identify the beneficial owner, for example in cases of complex corporate structures, does not amount to ‘doubts’ and therefore will not provide a sufficient basis for the obliged entity to instead identify the SMOs.

(11) When collecting information on the identity of SMOs ~~for the purposes of~~ in line with Article 6322(24), ~~point second subparagraph(b)~~, of Regulation (EU) 2024/1624, the obliged entity may collect the address of the registered office of the legal entity instead of the residential address and country of residence required under Article 62(1), second subparagraph, point (a), of Regulation (EU) 2024/1624.

(12) This Regulation specifies that, in addition to the information to be collected pursuant to the relevant provisions of Section 2 of this Regulation, obliged entities shall obtain information enabling them to verify the existence and scope of any power of representation. Such information may include documentation evidencing a power of attorney or statutory representation, such as proof of legal or parental representation by means of a birth certificate or court-appointed guardianship.

~~(12)~~(13) Understanding the purpose and intended nature of a business relationship or occasional transaction is an important component of the customer due diligence process and the modalities are set out in Article 25 of Regulation (EU) 2024/1624. Obligated entities should assess whether the information already at their disposal is sufficient to understand its purpose and intended nature. In situations where they need further information in order to be satisfied that they understand the purpose and intended nature of the business relationship or occasional transaction, this Regulation specifies which information obliged entities should obtain before entering into a business relationship or performing an occasional transaction to satisfy their information needs.

~~(13)~~(14) Article 20(1), point (h), of Regulation (EU) 2024/1624 requires that obliged entities identify and verify the identity of the natural person on whose behalf or for the benefit of whom a transaction or activity is being conducted. This Regulation lays down specific rules for the identification and verification of the identity of the final investors of a collective investment undertaking (CIU) that distributes its shares or units through another credit or financial institution, which acts in its own name but on behalf or for the benefit of one or more final investors. To ensure the effectiveness of customer due diligence measures and the proportionality of their application, it is appropriate to allow CIUs, where the relationship with the intermediary institution is assessed as low or standard risk, to rely on that institution for the identification and verification of the final investors, provided that strict conditions are met and that information on the final investors can be obtained without undue delay. CIUs do not need to obtain information on the identity of the underlying investor in all cases and in a systematic manner. Consistent with a risk-based approach and in line with the principle of proportionality, the extent, including frequency and timing, and rationale

for obtaining such information should be determined by the specific risks to be mitigated.

**(14)(15)** Regulation (EU) 2024/1624 requires specific measures to be applied to transactions or business relationships with politically exposed persons (PEPs). The focus of this Regulation is on measures for the identification, by obliged entities, of politically exposed persons, their family members or persons known to be close associates. PEP screening measures should apply to the customer, its beneficial owner and the person on whose behalf or for the benefit of whom a transaction or activity is being carried out. These measures are important because once a PEP is identified, the obliged entity should apply specific and additional customer due diligence measures in relation to that customer.

**(15)(16)** In situations where the ML/TF risk is assessed as low, Regulation (EU) 2024/1624 allows the application of simplified due diligence measures. Simplified due diligence measures should ease the administrative burden on obliged entities and on their customers.

**(16)(17)** Minimum requirements for the identification of natural persons in low-risk situations should include at least the type of information that is usually included in a passport or identity document. This ensures that obliged entities have sufficient and verifiable information to establish the identity of their customers, while keeping the requirements proportionate to the lower level of ML/TF risk.

**(17)(18)** This Regulation identifies a service that would benefit from specific simplified due diligence measures. This is the case where a credit institution opens a pooled account for a customer that is an obliged entity, to hold or administer funds that belong to the customer's own clients, where the ML/TF risk of that service is assessed as low, based on the credit institution's risk assessment. In such cases, since the final customers are already subject to the customer due diligence measures applied by the obliged entity, it is proportionate to allow specific simplified due diligence measures, in order to avoid duplication of controls while ensuring that appropriate safeguards remain in place. Situations where credit institutions open a payment account for payment institutions or electronic money institutions will fall outside the scope of the sectoral simplified measures provision of this Regulation. Such situations would be regarded as correspondent relationships within the meaning of Article 2(22), point (b), of Regulation (EU) 2024/1624.

**(18)(19)** In situations where the ML/TF risks are higher, Regulation (EU) 2024/1624 calls for the application of enhanced due diligence measures to manage and mitigate these risks appropriately. Where obliged entities obtain additional information in relation to the measures mentioned in Article 34(4) of Regulation (EU) 2024/1624 to meet these requirements and to mitigate the higher risk appropriately and effectively, this information should be of sufficient quality to enable them to assess the authenticity and accuracy of the information provided. It should also meet the criteria of reliability and independence.

**(19)(20)** Additional information obliged entities obtain for understanding the source of funds and the source of wealth of the customer and of the beneficial owners in high-risk situations should enable them to satisfy themselves that the funds and assets used by the customer and beneficial owners are of legitimate origin.

(21) There may be situations where the information to be collected under Regulation (EU) 2024/1624 and this Regulation is already available to the obliged entity or, for example, to other obliged entities within the group. This could also be the case when information is obtained, for instance, to understand the customer's investment profile, or the nature of the engagement, or as part of the audit acceptance process. Where this is the case, obliged entities should consider how such information contributes to complying with their AML/CFT requirements, such as understanding the purpose and intended nature of the beneficial ownership or occasional transaction, before requesting similar information to avoid unnecessary duplication and reduce the regulatory burden on both the obliged entity and its customers. Where the existing information is not deemed sufficient, additional information should be obtained.

(20)(22) Customer due diligence measures include a specific requirement for obliged entities to verify whether the customer or the beneficial owner is subject to targeted financial sanctions as defined by Article 2(49) of Regulation (EU) 2024/1624. Screening for the application of trade or economic sanctions such as arms embargoes, trade restrictions or travel bans falls outside the scope of Regulation (EU) 2024/1624 and, consequently, of this Regulation.

(21)(23) Article 19(7) of Regulation (EU) 2024/1624 provides for a list of four conditions on the basis of which AML/CFT supervisors may decide to grant an exemption for electronic money issuers from the customer due diligence measures in Article 20(1), points (a), (b) and (c), of that Regulation. To enable supervisors to determine the extent of such exemption (i.e. 'fully or partially') in a consistent way across Member States, this Regulation provides AML/CFT supervisors with a non-exhaustive list of risk factors associated with features of electronic money instruments.

(22)(24) The use of attributes of means of electronic identification and qualified trust services for customer due diligence purposes should be aligned with the risk of ML/TF posed by the customer or beneficial owner.

(23)(25) Obligated entities need to ensure that their customer information remains up to date. The maximum periods of 1 and 5 years, respectively, for updating customer information in accordance with the requirements of the Regulation (EU) 2024/1624 should only start with the application date of this Commission Delegated Regulation for existing customers onboarded before Regulation (EU) 2024/1624 took effect.

HAS ADOPTED THIS REGULATION:

## Section 1

### General principles

#### *Article 1 - Proportionality and risk-based approach*

This Commission Delegated Regulation ('Regulation') shall be applied in line with the risk-based approach. The extent and the nature of the information to be obtained and the measures to be applied by obliged entities shall be commensurate with the type and level of risk identified and shall enable obliged entities to manage and mitigate that risk appropriately.

## Section 2

### Information to be collected for identification and verification purposes

#### *Article 2 - Information to be obtained in relation to names*

1. In relation to the names and surnames of a natural person as referred to in Article 22(1), point (a)(i), of Regulation (EU) 2024/1624, obliged entities shall obtain all names and surnames that feature on the identity document, passport or equivalent.
2. In relation to the name of a legal entity as referred to in Article 22(1), point (b)(i), and other organisations that have legal capacity under national law as referred to in Article 22(1), point (d)(i), of Regulation (EU) 2024/1624, obliged entities shall obtain the registered name and the trade name where it differs from the registered name.

#### *Article 3 - Information to be obtained in relation to addresses*

The information on the address as referred to in provisions of Article 22(1) of Regulation (EU) 2024/1624 shall consist of the following information:

- (a) the full country name or the abbreviation in accordance with the International Standard for country codes (ISO 3166);
- (b) the city, or its nearest alternative;
- (c) where available, postal code, street name, post boxes, building number and the apartment number.

#### *Article 4 - Specification on the provision of the place of birth*

The information on place of birth as referred to in Article 22(1), point (a)(ii), of Regulation (EU) 2024/1624 shall consist of at least the country name. Should the identity document, passport or equivalent of the customer provide additional information on place of birth, such information shall be collected.

#### *Article 5 - Specification on nationalities*

For the purposes of Article 22 (1), point (a)(iii), of Regulation (EU) 2024/1624 obliged entities shall obtain information on all nationalities or, where applicable, the statelessness and refugee or subsidiary protection status of the customer, any natural person purporting to act on behalf of the customer, and the natural persons on whose behalf or for the benefit of whom a transaction or activity is being conducted.

#### *Article 6 - Documents for the verification of identity*

1. For the purposes of verifying the identity of the natural person in accordance with Article 22(6), point (a), and Article 22(7), point (a), of Regulation (EU) 2024/1624, a document shall be considered equivalent to an identity document or passport if it meets all of the following conditions:

- (a) it is issued by a state or public authority;
- (b) it contains all names and surnames and the holder's date of birth;
- (c) it contains information on the date of expiration and a document number;
- (d) it contains a facial image and the signature of the document holder;
- (e) it contains security features to ensure authenticity.

2. In situations where the natural person cannot provide an identity document, passport or a document that meets the requirements in paragraph 1 for a legitimate reason such as their statelessness or refugee or subsidiary protection status, a document shall be considered equivalent to an identity document or passport if it meets all of the following requirements:

- (a) it is issued by a state or public authority;
- (b) it contains all names and surnames of the natural person;
- (c) it contains the date of birth of the natural person;
- (d) it contains a facial image of the document holder.

If the document provided does not include information stipulated in the points of the first subparagraph, obliged entities shall use other credible means to obtain this information.

3. Obligated entities shall take reasonable steps to ensure that all documents obtained for the verification of the identity of the natural person pursuant to Article 22(6), point (a) and Article 22(7), point (a), of Regulation (EU) 2024/1624, as referred to in paragraphs 1 and 2, are authentic and have not been forged or tampered with.

4. When original documents are in a foreign language, obliged entities shall ensure that they understand their content.

5. For the purposes of verifying the identity of the persons referred to in Article 22(6) and Article 22(7), point (a), of Regulation (EU) 2024/1624, obliged entities shall obtain from that person the identity document, passport or equivalent, or a certified copy thereof, or act in accordance with Article 7.

6. Electronic identification means, as described in Article 7(1), shall be permitted to verify the identity of the natural person in a face-to-face context where they are available to the customer, any person purporting to act on behalf of the customer, and the natural persons on whose behalf or for the benefit of whom a transaction or activity is being carried out.

#### *Article 7 - Verification measures conducted on a non-face-to-face basis*

1. To comply with the verification requirements pursuant to Article 22(6) of Regulation (EU) 2024/1624 in a non-face-to-face situation, obliged entities shall use electronic identification means that meet the requirements of Regulation (EU) No 910/2014 with regard to the assurance levels 'substantial' or 'high', or relevant qualified trust services as set out in that Regulation.
2. In cases where the solution described in paragraph 1 is not available, or cannot reasonably be expected to be provided, obliged entities shall obtain the natural

person's identity document, passport or equivalent using remote solutions that meet the conditions set out in paragraphs 3 and 4-5.

3. Obliged entities shall ensure that the solution described in paragraph 2 uses reliable and independent information sources and includes the following safeguards regarding the quality and accuracy of the data and documents to be ~~collected~~verified:
  - (a) controls to ensure that the natural person presenting the customer's identity document, passport or equivalent is the person on the picture of the document;
  - (b) the integrity and confidentiality of the communication through the solution are ensured;
  - (c) any images, video, sound and/or data processed through the solution are captured in a readable format and with sufficient quality so that the natural person is unambiguously recognisable;
  - (d) where applicable, the identification process does not continue if technical shortcomings or unexpected connection interruptions are detected or there are any doubts regarding the identity of the natural person;
  - (e) the information, documents and data verified obtained through the remote solution ~~is~~ are valid and up-to-date and copies;
  - (f) ~~(e) the documents and information collected during the remote verification process, which are required to be retained, are~~ time-stamped and stored securely by the obliged entity. The content of stored records, including images, videos, sound and data shall be available in a readable format and allow for *ex-post* verifications.

4. ~~Where obliged entities accept reproductions of an original document for customers that are not natural persons and do not examine the original document, obliged entities shall take reasonable steps to ascertain that the reproduction is reliable.~~
54. Obliged entities using remote solutions shall be able to demonstrate to their competent authority that the remote verification solutions they use comply with the ~~provisions included in requirements of this Article and that they meet the requirements stipulated by the applicable data protection legislation and they shall also be able to justify why the customer could not be verified through the means referred to under Article 22(6) of Regulation (EU)2024/1624.~~

#### *Article 8 - Reliable and independent sources of information*

In order to determine whether a source of information is reliable and independent, obliged entities shall take risk-sensitive measures to assess:

- (a) the credibility of the source, including its reputation;
- (b) the official status and independence of the information source;
- (c) the extent to which the information is up-to-date;
- (d) the accuracy of the source, based on whether the information or data provided had to undergo certain checks before being provided or is consistent with other sources;
- (e) the ease with which the identity information or data provided can be forged.

*Article 9 - Identification and verification of the identity of the natural or legal persons using a virtual IBAN*

For the purposes of Article 22(3) of Regulation (EU) 2024/1624, the obliged entity shall obtain and verify the following information ~~information to be obtained to identify and verify the identity of the natural or legal persons using the virtual IBAN~~ shall include:

- (a) In relation to the natural or legal persons using the virtual IBAN, the information required pursuant to Article 22(1) of Regulation (EU) 2024/1624;
- (b) the virtual IBAN number assigned to that natural person or legal person;
- (c) the dates on which the associated bank or payment account was opened and, where applicable, closed.

*Article 10 - Reasonable measures for verification of the beneficial owner*

The reasonable measures referred to in Article 22(7), point (b), of Regulation (EU) 2024/1624 shall include at least one of the following:

- (a) consulting public registers, other than the central registers, or other reliable national systems that contain the information necessary to verify the identity of the beneficial owner, or the person on whose behalf or for the benefit of whom the transaction or activity is being carried out, such as the residence register, tax register, passport database and the land register, to the extent that these are accessible to obliged entities; or
- (b) collecting information from the customer or other sources, which may include third-party sources such as:
  - i. reputable credit agencies and/or comparable reputable data services providers;
  - ii. utility bills;
  - iii. up-to-date information from credit or financial institutions as defined in Article 3, paragraphs (1) and (2), of Regulation (EU) 2024/1624. The collected information shall confirm that the beneficial owner or the person on whose behalf or for the benefit of whom a transaction or activity is being carried out has been identified and verified by the respective institution;
  - iv. documents from the legal entity or the legal arrangement where the beneficial owner is named, and where the identity of the named person is certified by persons that are authorised for document certification purposes.

*Article 11 - Understanding the ownership and control structure of the customer*

1. Obliged entities shall take risk-sensitive measures to ensure they obtain a comprehensive understanding of the ownership and control structure of the customer pursuant to Article 20(1) point (b) of Regulation (EU) 2024/1624.

2.4. For the purposes of the first paragraph understanding the ownership and control structure of the customer in accordance with Article 20(1), point (b), of Regulation (EU) 2024/1624 and in situations where the customer's ownership and control structure contains more than one legal entity or legal arrangement, obliged entities

shall take risk-sensitive measures to obtain and assess at least the following information:

- (a) a description of the ownership and control structure, including the legal entities and/or legal arrangements that constitute intermediate entities between the customer and their beneficial owners and relevant for understanding the ownership and control structure; and
- (b) where applicable:
  - i. where beneficial ownership is determined on the basis of control, information on how this is expressed and exercised; or
  - ii. information on the regulated market on which the securities are listed, in case a legal entity at an intermediate level of the ownership and control structure has its securities listed on a regulated market, and the number and percentage of shares listed if not all the legal entity's securities are listed on a regulated market.

23. With respect to the legal entities and/or legal arrangements described in paragraph (24), point (a), and to the extent that it is relevant, obliged entities shall take risk-sensitive measures to obtain the following information:

- (a) the legal form of such entities and/or arrangements, and reference to the existence of any nominee shareholders;
- (b) the jurisdiction of incorporation or registration of the legal person or legal arrangement,
- (c) in the case of a trust, the jurisdiction of its governing law;
- (d) where applicable, the shares of interest held by each legal entity or legal arrangement, its sub-division, by class or type of shares and/or voting rights expressed as a percentage of the respective total.

43. When obliged entities assess the ownership and control structure, they must be satisfied that:

- (a) the information included in the description pursuant to paragraph 2, point (a) is credible;
- (b) that there is an economic, legal or other rationale behind the structure; and
- (c) that they understand how the overall structure affects the ML/TF risk associated with the customer.

*Article 12 - Understanding the ownership and control structure of the customer in the case of complex corporate structures*

1. To understand the ownership and control structure of the customer in accordance with Article 20(1), point (b), of Regulation (EU) 2024/1624, obliged entities shall treat an ownership and control structure as a complex corporate structure where there are three or more layers between the customer and the beneficial owner and, in addition, more than one of the following conditions is met:
  - (a) there is a legal arrangement or a similar legal entity such as a foundation in any of the layers;

- (b) the customer and any legal entities present at any of these layers are registered in jurisdictions outside the EU;
- (c) there are nominee shareholders or nominee directors involved in the structure;
- (d) the structure obfuscates or diminishes transparency of ownership with no legitimate economic rationale or justification.

2. ~~When some of the conditions stipulated in paragraph 1 are met~~In the case of complex corporate structures as referred to in paragraph 1, obliged entities shall, where necessary to complement the measures undertaken pursuant to Article 11, obtain additional information, such as an organigram~~take reasonable measures, and where necessary, obtain additional information, such as an organigram, needed to complement the information collected under Article 11(1), to understand the complex corporate structure.~~

3. Obligated entities shall take risk-sensitive measures to satisfy themselves that the information obtained is accurate ~~and provides obliged entities with a comprehensive understanding of the ownership and control structure of the customer.~~

#### *Article 13 - Information on senior managing officials*

In relation to senior managing officials as referred to in Article 22(2), second subparagraph, of Regulation (EU) 2024/1624, obliged entities shall:

- (a) collect the same information as the information they would collect for beneficial owners. Obligated entities may decide to obtain the address of the registered office of the legal entity instead of the senior managing official's residential address and country of residence;
- (b) verify the identity of senior managing officials in the same way as they would for beneficial owners.

#### *Article 14 - Identification and verification of beneficiaries of trusts and similar legal entities or arrangements*

1. For the purposes of Article 22(4) of Regulation (EU) 2024/1624, the information obliged entities shall obtain from the trustee, legal entity or legal arrangement include:
  - (a) a description of the class of beneficiaries and its characteristics, which shall contain sufficient information to allow the obliged entity to determine whether individual beneficiaries are ascertainable and shall be treated as beneficial owners; and
  - (b) relevant documents to enable the obliged entity to establish that the description is correct and up-to-date.
2. Obligated entities shall take risk-sensitive measures to ensure that the trustee, legal entity or legal arrangement provide timely updates, including on specific material events that may lead to beneficiaries previously identified by class or characteristics becoming ascertainable and thus beneficial owners.

*Article 15 - Identification and verification of beneficiaries of discretionary trusts*

1. For the purposes of Article 22(5) of Regulation (EU) 2024/1624, the information obliged entities shall obtain from the trustee of the discretionary trust include:
  - (a) details on the objects of a power and default takers, to establish whether it is a class of natural or legal persons or if the natural or legal persons are already identified;
  - (b) relevant documents to enable the obliged entity to establish that these details are correct and up-to-date.
2. To comply with paragraph 1, obliged entities shall take risk-sensitive measures to:
  - (a) obtain sufficient information about how and in which ways the power of discretion can be exercised by the trustee(s);
  - (b) establish whether trustees have exercised their power of discretion and appointed one or more beneficiaries from among the objects of a power, or whether the default takers have become the beneficiaries due to the trustees' failure to exercise their power of discretion.

*Article 16 - Identification and verification of the person purporting to act on behalf of the customer*

In relation to the identification and verification of the person purporting to act on behalf of the customer as referred in Article 22 of Regulation (EU) 2024/1624, and in addition to the information to be collected pursuant to the relevant provisions of Section 2, obliged entities shall obtain information which enables them to verify the existence and extent of the power of representation.

*Article 17 - Identification and verification obligations for collective investment undertakings*

When a collective investment undertaking distributes its shares or units through another credit institution or financial institution that acts in its own name but on behalf or for the benefit of one or more final investors, it may fulfil the requirement under Article 20(1), point (h), of Regulation (EU) 2024/1624 if it is satisfied that the credit institution or financial institution will provide the information necessary to identify and verify the identity of any ~~the~~ final investors without undue delay and upon request. This applies provided that:

- (a) the credit institution or financial institution is subject to AML/CFT obligations in an EU Member State or in a third country that has AML/CFT requirements that are no less robust than those stipulated by Regulation (EU) 2024/1624;
- (b) the credit institution or financial institution is effectively supervised for compliance with obligations as provided for in point (a);
- (c) the risk associated with the relationship with the credit or financial institution is low or standard; and
- (d) the collective investment undertaking is satisfied that the credit institution or financial institution applies robust and risk-sensitive CDD measures to its own customers and its customers' beneficial owners.

### Section 3

#### Purpose and intended nature of the business relationship or the occasional transaction

##### *Article 18 - Identification of the purpose and intended nature of a business relationship or occasional transaction*

For the purposes of Article 20(1), point (c), and Article 25 of Regulation (EU) 2024/1624, obliged entities shall obtain, where necessary:

- (a) in relation to the purpose and economic rationale of the occasional transaction or business relationship, taking into account the nature of the product or service provided, at least one of the following information:
  - i. the reason the customer has requested the obliged entities' products or services;
  - ii. the intended use of the products or services requested by the customer;
  - iii. the reason for performing the occasional transaction;
  - iv. whether the customer has additional business relationships with the obliged entity or, where applicable, its wider group, and the extent to which that information available influences the obliged entity's understanding of the customer.
- (b) in relation to the estimated amount of the envisaged activities, at least one of the following information:
  - i. the estimated amount of funds to be deposited;
  - ii. the estimated amount of funds to be used in connection with the product offered or service provided;
  - iii. information to understand the anticipated type and frequency of activities or the number, size, volume, type and frequency of transactions that are likely to be performed during the business relationship or occasional transaction;
  - iv. information to understand the anticipated number, size, volume, type and frequency of transactions that are likely to be performed during the business relationship or occasional transaction.
- (c) in relation to the source of funds, at least one of the following information to understand the activity that generated the funds and the means through which the customer's funds were transferred:
  - i. employment income, including salary, wages, bonuses and other compensation from employment;
  - ii. pension or retirement funds and government benefits including social benefits;
  - iii. grants;
  - iv. business revenue;
  - v. capital provided by shareholders and intercompany funding;
  - vi. loans and credit facilities;

- vii. savings and investments income;
- viii. inheritance, gifts, sales of assets and legal settlements.

(d) in relation to the destination of funds, at least one of the following information:

- i. the expected types of recipient(s);
- ii. the jurisdiction where the transactions are to be received;
- iii. whether the recipient of funds is the intended beneficiary of the transferred funds, or acting as intermediary for the beneficiary.

(e) in relation to the business activity or the occupation of the customer, at least one of the following information:

- i. the occupation of the customer, including information on the customer's employment status;
- ii. the sector in which the customer is active, including information on customer's industry, operations, products and services;
- iii. whether the business activity or the occupation of the customer is regulated;
- iv. whether the customer is an obliged entity and the sector in which the customer operates;
- v. whether the customer is actively engaged in business;
- vi. geographical presence of the customer;
- vii. information on the main sources of revenues of the customer;
- viii. key stakeholders of the customer.

## Section 4

### Politically Exposed Persons

#### *Article 19 - Identification of Politically Exposed Persons*

1. To identify a politically exposed person or a family member<sup>1</sup>, or person known to be a close associate<sup>2</sup> of a politically exposed person, pursuant to Article 20(1), point (g), of Regulation (EU) 2024/1624, obliged entities shall determine:
  - (a) With the exception of the situations referred to in Article 44 of Regulation (EU) 2024/1624, before the establishment of the business relationship or the carrying out of the occasional transaction, if the customer, the beneficial owner of the customer and, where relevant, the person on whose behalf or for the benefit of whom a transaction or activity is being carried out, is a politically exposed person, a family member, or person known to be a close associate; and
  - (b) whether existing customers, the beneficial owner of the customer and, where relevant, the person on whose behalf or for the benefit of whom a transaction or activity is being carried out are or have become politically exposed persons,

<sup>1</sup> Article 2(1), point (35) of Regulation (EU) 2024/1624.

<sup>2</sup> Article 2(1), point (36) of Regulation (EU) 2024/1624.

family members or persons known to be a close associate of a politically exposed person.

2. ~~Obliged entities shall perform a review of whether the persons~~  
~~The determination~~  
~~specified in paragraph 1, point (b), qualify as politically exposed persons~~  
~~shall take place:~~

- (a) with a frequency established on the basis of a risk-sensitive approach;
- (b) without delay in case of new information or changes in information collected for the purposes of the performance of customer due diligence measures that may have an impact on the identification as a politically exposed person,
- (e) ~~the beneficial owner of the customer and, where relevant, the person on whose behalf or for the benefit of whom a transaction or activity is being carried out, has become a:~~
  - i. ~~politically exposed person;~~
  - ii. ~~family member of a politically exposed person; or~~
  - iii. ~~person known to be a close associate of a politically exposed person;~~

~~(d)(c)~~ without delay in case of changes and amendments to the list of prominent public functions published pursuant to Article 43(5) of the Regulation (EU) 2024/1624.

3. To comply with paragraphs 1 and 2, obliged entities shall put in place automated screening tools and measures, or a combination of automated screening tools and manual checks unless the size, business model, complexity or nature of the business of the obliged entity justifies the use of manual checks only.

## Section 5

### Simplified Due Diligence measures

#### *Article 20 - Minimum requirement for customer identification in situations of low risk*

1. In situations of low risk, obliged entities shall obtain at least the following information to identify the customer and the person purporting to act on behalf of the customer:

- (a) for a natural person:
  - i. all names and surnames;
  - ii. place of birth;
  - iii. date of birth;
  - iv. nationalities of the natural person or their statelessness, refugee or subsidiary protection status.
- (b) for a legal entity and other organisations that have legal capacity under national law:
  - i. the legal form;
  - ii. the registered name of the legal entity and its trade name where it differs from its registered name;
  - iii. the address of the registered office; and

- iv. where available, the registration number or tax identification number, or the legal entity identifier.
2. Paragraph 1 shall also apply to persons on whose behalf or for the benefit of whom a transaction or activity is being carried out.

*Article 21 - Minimum requirements for the identification and verification of beneficial owner or senior managing officials in situations of low risk*

1. To identify the beneficial owner or senior managing officials in situations of low risk, obliged entities shall consult one of the following sources of information:
  - (a) the information contained in the central register, business or company register;
  - (b) any information provided by the customer, including information that obliged entities may already hold;
  - (c) any publicly available information contained in a reliable independent open source.
2. To verify the identity of the beneficial owner or senior managing officials in situations of low risk, the obliged entity shall consult one of the sources of information listed in paragraph (1), points (b) or (c), that was not used for identification purposes.

*Article 22 - Sectoral simplified measures with respect to pooled accounts*

A credit institution that opens an account in which the account holder administers the funds of its clients fulfils the requirements stipulated in Article 20(1), point (h), of Regulation (EU) 2024/1624, if all of the following conditions are met:

- (a) the credit institution is satisfied that the account holder will provide ~~customer due diligence information and documents~~the information and documents required pursuant to Article 20(1)(h) of Regulation (EU) 2024/1624 related in relation to clients for whom it administers their funds, immediately after such request has been made by the credit institution;
- (b) the account holder is an obliged entity that is subject to AML/CFT obligations in an EU Member State or a third country with AML/CFT requirements that are no less robust than those stipulated by Regulation (EU) 2024/1624;
- (c) the account holder is effectively supervised for compliance with obligations as provided for in point (b);
- (d) the ML/TF risk associated with the business relationship is low;
- (e) the credit institution is satisfied that the account holder applies robust and risk-sensitive customer due diligence measures on its clients and the clients' beneficial owners.

*Article 23 - Customer identification data updates in low-risk situations*

1. Where, in cases with a low degree of ML/TF risk, obliged entities reduce the frequency of customer identification updates as referred to in Article 33(1), point (b), of Regulation (EU) 2024/1624, obliged entities shall monitor the relationship in order to be satisfied that:
  - (a) there is no change in the circumstances relevant for the assessment of the business relationship with the customer;
  - (b) no event took place which would require an information update; and
  - (c) no suspicious and/or unusual transactions or activities were identified that are inconsistent with a low-risk relationship.
2. In any case, obliged entities shall update the customer identification data in accordance with Article 26(2), point (b), of Regulation (EU) 2024/1624.

*Article 24 - Minimum information to identify the purpose and intended nature of the business relationship or occasional transaction in low-risk situations*

In order to apply simplified due diligence measures pursuant to Article 33(1), point (c), of Regulation (EU) 2024/1624, obliged entities shall at least take risk-sensitive measures to understand:

- (a) the intended use of the products or services requested by the customer;
- (b) where applicable, the estimated value of transactions during the business relationship or of the occasional transaction;
- (c) where necessary, the source of funds.

## **Section 6**

### **Enhanced Due Diligence measures**

*Article 25 - Additional information on the customer and the beneficial owners*

For the purposes of Article 34(4), point (a), of Regulation (EU) 2024/1624, obliged entities shall obtain one or more of the following additional information that will allow them to:

- (a) be satisfied that the information they hold on the customer and the beneficial owners or the ownership and control structure of the customer other than a natural person is authentic and accurate; or
- (b) assess the reputation of the customer and the beneficial owners; or
- (c) identify and assess in a comprehensive way ML/TF risks associated with the customer, the beneficial owners or any close relationships known to the obliged entity or that are publicly known.

*Article 26 - Additional information on the intended nature of the business relationship*

1. For the purposes of Article 34(4), point (b), of Regulation (EU) 2024/1624, obliged entities shall obtain one or more of the following additional information on the intended nature of the business relationship that will allow them to:
  - (a) be satisfied that the information they hold is authentic and accurate when it comes to information on the intended nature of the business relationship; or
  - (b) be satisfied that the destination of funds is consistent with the stated nature of the business relationship or occasional transaction and the customer's risk profile; or
  - (c) assess that the expected number, size, type, volume and frequency of transactions that are expected to be performed are consistent with the declared business activity, source of funds or source of wealth of the customer.
2. For the purposes of points (a) to (c) of paragraph 1, information to be obtained by obliged entities may consist of additional information on the customer's key customers, contracts, business partners, associates or the occasional transaction, including, where relevant, the beneficial owner's business partners or associates.

*Article 27 - Additional information on the source of funds, and source of wealth of the customer and of the beneficial owners*

For the purposes of Article 34(4), point (c), of Regulation (EU) 2024/1624, obliged entities shall obtain such additional information on the source of funds, and source of wealth of the customer and of the beneficial owners, that will satisfy them that the source of funds or source of wealth is derived from lawful activities. Such information may include one or more of the following:

- (a) in relation to proof of income:
  - i. tax declarations;
  - ii. recent pay slips or employment documentation specifying at least the amount of salary;
  - iii. other official income statements;
- (b) audited accounts, investment documentation, credit facility agreements and loan agreements;
- (c) in case of immovable property, public deeds, or abstract from the land or residents registry;
- (d) inheritance, gifts and legal settlements documentation, documentation from certified independent professionals or public authorities;
- (e) contract of sale or written confirmation of sale;
- (f) information from reliable asset or public registers;
- (g) authentic information from reputable media publications or reputable commercially available service providers;
- (h) any other relevant information from independent and reliable sources, providing a high degree of reassurance that the customer's and beneficial owners' source of funds, and

source of wealth are not the proceeds of criminal activity and are consistent with the obliged entities' knowledge of the customer and the nature of the business relationship.

*Article 28 - Information on the reasons for the intended or performed transactions and their consistency with the business relationship*

For the purposes of Article 34(4), point (d), of Regulation (EU) 2024/1624, obliged entities shall obtain one or more of the following information on the reasons for the intended or performed transactions and their consistency with the business relationship, on which basis they can assess:

- (a) the extent to which the reason provided for the transaction is credible and in line with the institution's knowledge of the customer; or
- (b) the consistency of the overall transactions performed during the business relationship with the activities carried out and the customer's turnover, especially in the case of economic activities characterised by the use of assets representing higher ML/TF risks; or
- (c) information to clarify any higher risks the obliged entity may have identified in respect of the parties involved in the transaction, including any intermediaries, and their relationship with the customer.

## **Section 7**

### **Targeted Financial Sanctions**

*Article 29 - Screening of customers and beneficial owners*

Obligated entities shall establish whether their customers, the beneficial owners and the entities or persons which control or meet the ownership conditions stipulated in Article 20(1), point (d), of Regulation (EU) 2024/1624 are subject to targeted financial sanctions. Where there is a suspicion of circumvention or evasion of targeted financial sanctions, obliged entities shall also establish whether the person acting on behalf of the customer is subject to targeted financial sanctions.

*Article 30 - Screening requirements*

For the purposes of Article 29, obliged entities shall:

- (a) screen, through automated screening tools or solutions, or a combination of automated screening tools and manual checks, at least the following information on customers, beneficial owners and the entities or persons which control or meet the ownership conditions over such customers:
  - i. in the case of a natural person, all the names and surnames, in the original and/or transliteration of such data;
  - ii. in the case of a legal person, the registered name of the legal person, in the original and/or transliteration of such data;
  - iii. in the case of a natural person, legal person, body or entity:

- any other names, aliases or trade names where they differ from the registered name;
- digital wallet addresses, where available in the lists of targeted financial sanctions.

Obligated entities may perform manual checks of information subject to screening under this point only where manual checks are proportionate to the size, business model, complexity, or nature of their business.

- (b) in case of a match, the information under point (a) shall be checked against all available due diligence information on the customer, the beneficial owners or entities or persons which control or meet the ownership conditions under Article 20(1), point (d), of Regulation (EU) 2024/1624 to determine whether a person is the intended target of the targeted financial sanctions. In case of doubt, the obliged entity shall refer to all other sources available to them, including public sources of information, such as registers of owned and controlled entities and central registers.
- (c) regularly screen their customers, beneficial owners and entities or persons which control or meet the ownership conditions under Article 20(1), point (d), of Regulation (EU) 2024/1624, at least under the following circumstances:
  - i. during customer onboarding or before entering into a business relationship or performing an occasional transaction;
  - ii. when there is a change in any of the existing designations, or a new designation is made pursuant to Article 26(4) of Regulation (EU) 2024/1624;
  - iii. there is a significant change in the due diligence data of an existing customer, beneficial owner or entity, or person which controls or meet the ownership conditions under Article 20(1), point (d), of Regulation (EU) 2024/1624, such as but not limited to a change of name, residence, or nationality or change of business operations, which may have a potential impact on the designation as a listed person, body or entity;
- (d) ensure that the screening and verification are performed without undue delay by using updated targeted financial sanctions lists.

## Section 8

### **Risk factors associated with features of electronic money instruments**

#### *Article 31 - Risk factors*

Where supervisors decide to allow for an exemption under Article 19(7) Regulation (EU) 2024/1624, based on the conditions listed in Article 19(7), points (a) to (d), of Regulation (EU) 2024/1624, supervisors shall consider one or more of the following risk factors to determine the extent of that exemption:

- (a) the extent to which the payment instrument has low transaction limits or thresholds to limit transaction values;

- (b) the extent to which the issuer can verify that the funds originate from an account held and controlled solely or jointly by the customer at an EEA-regulated credit or financial institution;
- (c) the extent to which the payment instrument is issued at a nominal or no charge;
- (d) the nature and the range of the goods or services that can be acquired, including the level of risks associated with these goods and services;
- (e) the extent to which the payment instrument is valid in one or multiple Member States and its issuer is regulated by a national or regional public authority for specific social or tax purposes to acquire specific goods or services from suppliers having a commercial agreement with the issuer;
- (f) the extent to which the transactions through the electronic money instrument are executed by an obliged entity that applies customer due diligence measures and record-keeping requirements laid down in Regulation (EU) 2024/1624;
- (g) the extent to which the payment instrument has a specific and limited duration in which the payment instrument can be used;
- (h) the extent to which the payment instrument is available through direct channels which may include the issuer or a network of service providers and, in the case of online or non-face-to-face distributions, possess adequate safeguards, including electronic signatures, and anti-impersonation fraud measures;
- (i) the extent to which distribution is limited to intermediaries that are themselves obliged entities applying customer due diligence measures and record-keeping requirements laid down in Regulation (EU) 2024/1624;
- (j) the extent to which the payment instrument has a limited geographical distribution;
- (k) the extent to which the issuer applies adequate technological tools, including geo-fencing and IP tracking, to restrict access from, transfers to or receiving funds from countries that are not EU Member States nor EEA countries.

## Section 9

### **Electronic identification means and relevant qualified trust services**

#### *Article 32 - Electronic identification means and relevant qualified trust services*

1. Annex I defines the corresponding list of attributes that electronic identification means and qualified trust services are required to feature in accordance with Article 22(6), point (b), of Regulation (EU) 2024/1624, in order to fulfil the requirements of Article 20(1), points (a) and (b), and Article 22(1) of that Regulation, for the purposes of applying standard and enhanced due diligence measures. Where simplified due diligence is to be applied, the electronic identification means and relevant qualified trust services shall have the corresponding attributes laid down in Annex I that allow compliance with Section 5 of this Regulation.

2. Obliged entities may consider featuring additional attributes to assist the unambiguous identification and verification of the customer or beneficial owner if justified by the ML/TF risk associated with the customer or beneficial owner.
3. Where an electronic identification means or qualified trust service does not possess all attributes that allow the identification and verification of the customer or beneficial owner, as required in Article 22(1) of Regulation (EU) 2024/1624 or Section 5 of this Regulation, the obliged entity shall take steps to obtain and verify the missing attributes through other means in line with Article 22(6) of Regulation (EU) 2024/1624.
4. Obliged entities may consider putting in place enhanced measures to complement the mitigation of ML/TF risks, including the use of higher assurance levels or complementing electronic identification means with qualified trust services.

*Article 33 – 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.

In cases where the customer has entered into a business relationship before the publication date of this Regulation, the documents, data and information relating to those customers shall be brought in line with the requirements of this Regulation and of Regulation (EU) 2024/1624 on a risk-sensitive basis, but in all cases not later than within the periods set out in Article 26(2) of Regulation (EU) 2024/1624 obliged entity shall update the information referred to in Article 23 within five years of publication of this Regulation in the Official Journal of the European Union, by taking into account the risk profile of the customer.

It shall apply from [Date of application].

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

Done at Brussels,

*For the Commission  
The President*

*[For the Commission  
On behalf of the President]  
[Position]*

## ANNEX I: List of attributes referred to in Section 9

Article 22(1)		Minimum corresponding attributes <sup>3</sup>
<b>(a) for a natural person</b>	(i) all names and surnames	<ul style="list-style-type: none"> <li>• <b>family_name</b></li> <li>• <b>given_name</b></li> </ul>
	(ii) place and full date of birth	<ul style="list-style-type: none"> <li>• <b>birth_date</b></li> <li>• <b>birth_place</b></li> </ul>
	(iii) nationalities, or statelessness and refugee or subsidiary protection status where applicable, and national identification number, where applicable	<ul style="list-style-type: none"> <li>• <b>nationality</b></li> <li>• <b>Other</b> existing attributes covering statelessness and refugee or subsidiary protection status (where applicable)</li> <li>• <b>personal_administrative_number</b> (where applicable)</li> </ul>
	(iv) the usual place of residence or, if there is no fixed residential address with legitimate residence in the Union, the postal address at which the natural person can be reached and, where available the tax identification number	<ul style="list-style-type: none"> <li>• <b>resident_country</b></li> <li>• <b>resident_state</b></li> <li>• <b>resident_city</b></li> <li>• <b>resident_postal_code</b></li> <li>• <b>resident_street</b></li> <li>• <b>resident_house_number</b></li> <li>• <b>resident_address</b></li> <li>• <b>Other</b> existing attributes covering the tax identification code (where available)</li> </ul>
<b>(b) for a legal entity</b>	(i) legal form and name of the legal entity	<ul style="list-style-type: none"> <li>• <b>current_legal_name</b></li> <li>• <b>Other</b> existing attributes covering legal form</li> <li>• <b>a unique identifier constructed by the sending Member State in accordance with the technical specifications for the purposes of cross-border identification and which is as persistent as possible in time</b></li> </ul>
	(ii) address of the registered or official office and, if different, the principal place of business, and the country of establishment	<ul style="list-style-type: none"> <li>• <b>current_address</b></li> <li>• <b>Other</b> existing attributes covering additional addresses</li> <li>• <b>Other</b> existing attributes covering the country of creation</li> </ul>
	(iii) the names of the legal representatives of the legal entity as well as, where available, the registration number, tax identification number and Legal Entity Identifier	<ul style="list-style-type: none"> <li>• <b>Other</b> existing attributes covering the names of the legal representatives of the legal entity</li> <li>• <b>Legal Entity Identifier (LEI)</b> (where available)</li> <li>• <b>VAT registration number or tax reference number</b> (where available)</li> <li>• <b>Other</b> existing attributes covering the registration number (where available)</li> </ul>

<sup>3</sup> Based on Commission Implementing Regulation (EU) 2024/2977 of 28 November 2024 laying down rules for the application of Regulation (EU) No 910/2014 of the European Parliament and of the Council as regards person identification data and electronic attestations of attributes issued to European Digital Identity Wallets

(iv) the names of persons holding shares or a directorship position in nominee form, including reference to their status as nominee shareholders or directors

- **Other** existing attributes covering the names of persons holding shares or a directorship position in nominee form, including reference to their status as nominee shareholders or directors