# Consultation Paper

## Draft Regulatory Technical Standards on the conditions for the functioning of the AML/CFT colleges in the non-financial sector under Article 50(13) of Directive (EU) 2024/1640

# Contents

**1 Responding to this consultation** 3

1.1 Data protection 3

1.2 Who should read this paper? 3

**2 Executive Summary** 4

2.1 Next steps 4

**3 Background and rationale** 5

3.1 General Considerations 5

3.1.1 Establishment of AML/CFT Colleges in the non-financial sector 6

3.1.2 Use of information subject to professional secrecy and legal privilege 7

3.1.3 Identification of situations requiring coordinating mechanisms at national level 8

**4 Draft regulatory technical standards** 10

***SECTION 1*** 13

***SECTION 2*** 13

***SECTION 3*** 20

***SECTION 4*** 24

***SECTION 5*** 26

***SECTION 6*** 28

***SECTION 7*** 29

**ANNEX I** 30

**ANNEX II** 31

**5 Accompanying documents** 35

5.1 Draft impact assessment with cost-benefit analysis 35

5.2 Overview of questions for consultation 42

# 1 Responding to this consultation

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

Comments are most helpful if they:

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

## 1.1 Data protection

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

## 1.2 Who should read this paper?

All interested stakeholders are invited to read this Consultation Paper. AMLA welcomes participation from all interested stakeholders to the public consultation.

# 2 Executive Summary

Article 50(13) of Directive (EU) 2024/1640 requires AMLA to draft regulatory technical standards ('RTS') specifying the general conditions for the functioning of the AML/CFT colleges in the non-financial sector, specifying:

a) the general conditions for the functioning of the AML/CFT supervisory colleges in the non-financial sector, including the terms of cooperation between permanent members and with observers, and the operational functioning of such colleges;
b) the template for the written agreement to be signed by non-financial supervisors pursuant to Article 50(7) of Directive (EU) 2024/1640;
c) conditions for the participation of supervisors in third countries;
d) any additional measure to be implemented by the colleges when groups include credit institutions or financial institutions.

Cooperation between national supervisors is essential to promoting a consistent and effective supervisory approach across the Union. To strengthen such cooperation, Directive (EU) 2024/1640 allows the setting-up of AML/CFT colleges in the non-financial sector pursuant to Article 50(1) and Article 50(7). In line with the risk-based approach underpinning the Union AML/CFT framework, the activities of AML/CFT colleges may be established for obliged entities in the non-financial sector where warranted by the level of risk to which those entities are exposed, and to the scale of their cross-border activity. The mandate in Article 50(1) Directive (EU) 2024/1640 aims to establish a common framework for AML/CFT colleges that promotes a coordinated approach to AML/CFT supervision by shaping the organisation and functioning of AML/CFT colleges in an effective manner that considers that obliged entities and the groups concerned may encompass significant differences in terms of their ML/TF risk profile and the scale of their cross-border activities.

The draft RTS ensures a proportionate and risk-based approach, suggesting the appropriate frequency, format and intensity of AML/CFT college activities and demonstrates a commitment to simplification by introducing common criteria and indicators, including standardized cooperation arrangements between permanent members and observers, to support the consistent functioning of AML/CFT colleges across the Union.

In preparing this consultation paper, AMLA sought and considered input from national competent authorities, through its Task Force on Cooperation.

## 2.1 Next steps

This Consultation Paper is published for a one-month period. AMLA will consult on the proposed draft RTS by holding a public hearing on 14 December 2026.

# 3 Background and rationale

Article 50 of Directive (EU) 2024/1640 ('AMLD') sets out the criteria enabling the establishment of AML/CFT colleges in the non-financial sector, namely the requirement that such colleges be established where an obliged entity in the non-financial sector, or a group thereof has set up establishments in at least two Member States in addition to the Member State where its head office is located.

Article 50(13) AMLD requires AMLA to issue draft Regulatory Technical Standards (RTS) on the conditions for the functioning of the AML/CFT colleges in the non-financial sector. The purpose of the RTS is to set out the additional rules and requirements governing AML/CFT colleges in the non-financial sector. This draft RTS covers four aspects:

a) General conditions for the functioning of AML/CFT supervisory colleges in the non-financial sector;
b) Terms of cooperation between permanent members of the AML/CFT college;
c) Terms of cooperation with observers of the AML/CFT college;
d) Conditions for the participation of non-financial supervisors in third countries.

The establishment of AML/CFT supervisory colleges is not an innovation introduced by AMLD. AML/CFT colleges in the financial sector were originally regulated by the Joint Guidelines (JC 2019 81) on cooperation and information exchange between competent authorities supervising credit and financial institutions under the Directive (EU) 2015/849 ("the Joint Guidelines"), issued by the European Supervisory Authorities (ESAs) in December 2019. While expanding the possibility for non-financial supervisors to set up dedicated AML/CFT supervisory colleges in the situations foreseen under Article 50, AMLD builds on this framework and the lessons learned from the operation of AML/CFT colleges in the financial sector, by establishing AML/CFT colleges as a statutory component of the Union AML/CFT supervisory framework.

The RTS to be adopted under Article 50(13) AMLD takes into account the specific features of AML supervision within the non-financial sector, including the possible allocation of AML supervisory responsibilities across multiple bodies, such as Self-Regulatory Bodies, and is part of a broader set of AMLA instruments designed to support the effective functioning of AML/CFT colleges in the non-financial sector. In fact, the draft RTS relies on coordination and information exchange with related frameworks addressing the composition of AML/CFT colleges, the identification of establishments, and supervisory methodologies. Together, these measures aim to enhance the consistency and effectiveness of the EU AML/CFT supervisory system.

## 3.1 General Considerations

One of AMLA's key objectives is to prevent the use of the Union's financial system for ML/TF purposes by ensuring high-quality AML/CFT supervision and contributing to supervisory convergence across the internal market. This proposed draft RTS plays a central role in achieving that objective. Once applied it

will ensure that when established, AML/CFT colleges in the non-financial sector operate under coherent and transparent terms followed consistently by non-financial supervisors.

General considerations underpinning the proposed draft RTS were the following:

- AML/CFT colleges in the non-financial sector shall provide an effective framework for cooperation, coordination and information exchange among the relevant authorities,
- It is envisaged that AML/CFT colleges in the non-financial sector operate effectively and consistently across the Union,
- AML/CFT colleges in the non-financial sector, when set-up, shall facilitate the timely identification of cross-cutting AML/CFT issues and risks as well as the assessment for the need for coordinated or joint supervisory actions;
- AMLA is committed to contributing to greater supervisory convergence and consistency in the application of AML/CFT requirements; and
- strengthen the effectiveness of the EU AML/CFT supervisory system as a whole.

While building on the lessons learned from the operation of AML/CFT colleges in the financial sector, the draft RTS introduces provisions addressing operational arrangements that may arise from the fragmentation of supervisory activities, including cooperation with third-country non-financial supervisors and the participation of both self-regulatory bodies and the corresponding public oversight authorities in AML/CFT colleges. Furthermore, the draft RTS provides for safeguards to ensure that effective information exchange within AML/CFT colleges is balanced with the protection of privileged information.

In addition, the draft RTS seeks to promote the application of a risk-based approach to the organisation and functioning of AML/CFT colleges in the non-financial sector, ensuring that arrangements such as the frequency and format of meetings are proportionate to the ML/TF risks posed by the obliged entity, group, or structure subject to group-wide requirements for which the college is established. In addition, it is envisaged that AML/CFT colleges in the non-financial sector, when established, produce meaningful and systematic discussions among competent authorities, including the identification of cross-cutting issues, the assessment of the need for coordinated or joint actions, and enhanced information collection and analysis before and during college meetings. Finally, the draft RTS covers the challenges relating to the mapping exercise to ensure a consistent identification of cases requiring the establishment of a college.

### 3.1.1 ESTABLISHMENT OF AML/CFT COLLEGES IN THE NON-FINANCIAL SECTOR

Irrespective of the effectiveness of AML/CFT colleges as a mechanism for facilitating information exchange among competent authorities and enhancing the supervision of cross-border obliged entities in the financial sector, the framework for AML/CFT colleges in the non-financial sector differs significantly from that applicable to the financial sector. In particular, the non-financial sector framework provides for the establishment of AML/CFT colleges on a voluntary basis rather than a mandatory one. Pursuant to Article 50(1) AMLD, Member States are required to ensure that the non-financial supervisors in charge of the parent undertaking of a group of obliged entities in the non-financial sector or of the head office of an obliged entity in the non-financial sector are able to set up

AML/CFT supervisory colleges either where an obliged entity in the non-financial sector, or a group thereof, has set up establishments in at least two other Member States but also where a third-country entity in the non-financial sector subject to AML/CFT requirements has set up establishments in at least three Member States. As a result, the decision to establish an AML/CFT college in the non-financial sector presents specific challenges, given the diversity of subsectors, business models, risk profiles and activities of obliged entities, as well as the potentially more limited scale and complexity of their cross-border operations. These features may not be directly comparable to those of credit institutions, financial institutions and groups thereof.

With respect to AML/CFT supervisory colleges in the non-financial sector, Article 50(1) AMLD outlines who shall be the permanent members of the college. On the other hand, several authorities, including non-financial supervisors of other Member States, non-financial supervisors from third countries, additional authorities such as FIUs and AMLA may also be invited to college activities as observers. Where the supervision of an obliged entity is exercised by a Self-Regulatory Body, the information on the structure of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements to be maintained by the lead supervisor must also include information on the public authority responsible for overseeing that Self-Regulatory Body.

In line with the wider risk-based approach that underpins the Union AML/CFT framework, participation in the activities of AML/CFT colleges in the non-financial sector should be proportional to the level of risk and supervisory relevance to which the entities concerned are exposed, as well as to the nature and extent of their cross-border presence. The draft RTS seeks to establish a common framework that promotes a risk-based and coordinated approach to AML/CFT supervision by shaping the organisation and functioning of colleges in a manner that is proportionate to the ML/TF risks of the entities or groups concerned, while maintaining a minimum level of engagement, namely by responding to information requests from the lead supervisor. In addition, the lead supervisor shall always retain the ability to invite specific members or observers that do not regularly participate in college meetings where their participation is considered necessary for the effective functioning of the college.

The draft RTS seeks to establish a common framework that promotes a risk-based and coordinated approach to AML/CFT supervision by shaping the organisation and functioning of colleges in a manner that is proportionate to the ML/TF risks of the entities or groups concerned.

At the same time, the draft RTS preserves the necessary flexibility for college members to determine the most appropriate arrangements for college meetings in accordance with Article 8.

### 3.1.2 USE OF INFORMATION SUBJECT TO PROFESSIONAL SECRECY AND LEGAL PRIVILEGE

AML/CFT colleges are permanent cooperation structures that bring together AML/CFT supervisors from different jurisdictions to facilitate the exchange of information, coordinate supervisory activities, and identify common ML/TF risks and AML/CFT concerns.

In accordance with Article 50(10) AMLD participation of third-country observers in AML/CFT colleges in the non-financial sector must ensure that any information disclosed is subject to professional secrecy requirements that are at least equivalent to that referred to in Article 67(1). The draft RTS adopts a

broader approach by addressing the protection of information exchanged within AML/CFT colleges activities generally, rather than limiting such protection to situations involving third-country observers.

The draft RTS seeks to support the effective functioning of AML/CFT colleges by establishing common arrangements for their functioning and operation. In particular, it promotes supervisory cooperation while fully respecting professional secrecy and legal privilege obligations. It further recognises that information covered by legal privilege may require specific treatment and should only be shared where necessary for supervisory purposes and permitted under the applicable legal framework.

Where a college relates to an obliged entity, group, or structure in the non-financial sector, that is subject to a guarantee of professional secrecy, the draft RTS establishes safeguards intended to prevent the disclosure of any type of information protected by professional secrecy or legal privilege in a manner that would be inconsistent with those obligations.

By providing appropriate safeguards, the draft RTS seeks to ensure that meaningful exchanges of information within AML/CFT colleges do not undermine compliance with applicable professional secrecy and legal privilege requirements. It further aims to ensure that the use of AML/CFT colleges to address common risks and issues in a coordinated manner does not result in the disclosure or use of information in circumstances where such disclosure would otherwise be prohibited under professional secrecy and legal privilege obligations.

### 3.1.3 IDENTIFICATION OF SITUATIONS REQUIRING COORDINATING MECHANISMS AT NATIONAL LEVEL

Compliance with the requirements relating to the establishment of AML/CFT colleges under Article 50 of AMLD requires the adoption of common principles that promote supervisory convergence and reduce fragmentation in the supervision of obliged entities in the non-financial sector.

While Article 3 of the draft RTS requires the lead supervisor to establish and maintain an up-to-date overview of the obliged entity's in the non-financial sector cross-border establishments and the relevant AML/CFT supervisors, it also provides for permanent members to organise themselves at national level through the appointment of one or more coordinating supervisors to represent a subgroup of permanent members in the activities of AML/CFT colleges in the non-financial sector.

Given the diversity of group structures, business models, and supervisory frameworks across the non-financial sector, the draft RTS recognises that there may be enhanced challenges to engage in colleges activities, where AML/CFT supervisory responsibilities are fragmented across multiple authorities within a Member State. Accordingly, it enables competent authorities to establish coordination mechanisms under which a coordinating supervisor may represent a sub-group of permanent members and act as the primary point of contact with the lead supervisor and the college.

The draft RTS further recognizes that such arrangements may facilitate the organization and functioning of AML/CFT colleges in sectors encompassing fragmented supervisory structures. However, the appointment of a coordinating supervisor does not affect the powers, responsibilities or accountability of the permanent members represented. In fact, the draft RTS advocates that any permanent member remains entitled to participate directly in the activities of the college where appropriate.

To this end, Article 16 establishes a framework that enables the appointment of coordinating supervisors while emphasizing that they shall not act as a substitute for permanent members in the exercise of their supervisory tasks, powers and responsibilities.

# 4 Draft regulatory technical standards

**COMMISSION DELEGATED REGULATION (EU) …/...**

**of DATE**

**supplementing Directive (EU) 2024/1640 of the European Parliament and of the Council with regard to regulatory technical standards specifying the conditions for the functioning of the AML/CFT colleges in the non-financial sector**

**(Text with EEA relevance)**

THE EUROPEAN COMMISSION,

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

Having regard to Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849[1], and in particular Article 50(13) thereof,

Whereas:

(1) Directive (EU) 2024/1640 establishes an enabling framework for the setting-up of AML/CFT supervisory colleges in the non-financial sector. Non-financial supervisors should prioritise the establishment of a college in particular where the size, complexity, cross-border nature and risk profile of the obliged entity in the non-financial sector, group, or structure subject to group-wide requirements, make such a mechanism most conducive to effective supervision. Where non-financial supervisors decide to establish an AML/CFT supervisory college, they should do so in accordance with the provisions of this Regulation.

(2) In order to ensure the proportionate and risk-based establishment of supervisory colleges in the non-financial sector, non-financial supervisors should, prior to deciding whether a college is warranted, make use of the information available, including information derived from cross-border activities and exchanges with other competent authorities. Such information should serve as the basis for assessing the cross-border dimension and ML/TF risk of the obliged entity in the non-financial sector, group, or structure subject to group-wide requirements, thereby supporting evidence-based decisions on the need for an AML/CFT supervisory college.

(3) The cases in which AML/CFT supervisory colleges can be established in the non-financial sector are defined in Article 50(1) and (7) of Directive (EU) 2024/1640 and are based on the concept of establishment as used in that Article. Where a group's parent undertaking or head office, including where such parent is a holding, does not itself establish the college, supervisors of the group's establishments in at least two Member States may agree to establish a college and designate among themselves the lead supervisor. In certain non-financial sectors, including gambling, supervisory relevance may arise from licensing frameworks in addition to, or in lieu of, the presence of a stable

[1] Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive(EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 (Text with EEA relevance), OJ L, 2024/1640, 19.6.2024, ELI: http://data.europa.eu/eli/dir/2024/1640/oj

infrastructure in a given Member State. In those sectors, supervisors may also take into account applicable licensing frameworks when assessing their participation in a college, even where a formal establishment in the sense of Union law may not be present.

(4) In the cases covered by Article 2(1), point (42)(b) of Regulation (EU) 2024/1624, the parent undertaking and, consequently, the supervisor of the home Member State should be identified according to the criteria specified in the [Delegated Regulation transposing the draft RTS under Article 16(4) of Regulation (EU) 2024/1624].

(5) Terms of cooperation between permanent members of the college and with observers are set out directly in this Regulation, in order to facilitate a harmonised functioning of colleges, while providing a clear and consistent framework for all participants. Where a college considers that specific circumstances warrant more detailed arrangements beyond those set out in this Regulation, it may supplement these provisions through a written cooperation and information-sharing agreement. In order to ensure that such agreements remain fit for purpose without imposing unnecessary procedural burdens, a distinction should be drawn between amendments that materially affect the rights, obligations or participation of permanent members or observers, which should be subject to an appropriate process of consultation or non-objection among college participants, and technical or administrative updates, such as the correction of factual inaccuracies or the update of contact details, which should not require formal circulation or approval.

(6) The functioning of AML/CFT colleges should be risk-based. The frequency and form of meetings, as well as the depth of information exchange, should take into account the residual ML/TF risk profile of the institution or group concerned on the basis of the risk assessments conducted pursuant to the applicable Union law, including in accordance with the regulatory technical standards adopted pursuant to Article 40(2) of Directive (EU) 2024/1640, where available. This approach should allow for flexibility, including the possibility of carrying out college activities by written procedure, provided that doing so is documented and agreed among permanent members.

(7) The AML/CFT database should play a central role in facilitating information-sharing within AML/CFT colleges. Where information reported to AMLA through that database is relevant to the activities and objectives of a college, such information should, to the extent possible and subject to applicable confidentiality and data protection requirements, be made available to the members of that college.

(8) In order to promote effective supervisory cooperation without creating disproportionate administrative burdens on supervisors, especially where they might so far have limited AML/CFT college experience, this Regulation establishes a high-level framework focused on the conditions for a college to function. This framework covers the identification of the lead supervisor, the terms of cooperation between permanent members and with observers of the AML/CFT supervisory college, the organisation of college activities, including information exchange. The framework allows for taking into account the diversity of the non-financial sector, where obliged entities operate across different business models, regulatory frameworks and risk environments, and the fact that effective participation in AML/CFT colleges may therefore require sector-specific expertise. Supervisors should accordingly take into account the specific characteristics of the sector of the obliged entity, group, or structure subject to group-wide requirements, including relevant differences in national regulatory and licensing frameworks, when cooperating within a college. More detailed operational modalities of each college should be determined by its members in light of the specific features of the institution or group and the ML/TF risks it presents.

(9) Members, and where relevant observers, of an AML/CFT supervisory college in the non-financial sector should reflect on whether there is an opportunity to agree on a coordinated supervisory approach in respect of the obliged entity, group, or structure subject to group-wide requirements for which the college is established, and, where such coordination appears appropriate and proportionate, agree on coordinated actions accordingly. Agreeing on a coordinated supervisory approach should not be mandatory, and should remain a matter for the members, and where relevant observers, to determine on a case-by-case basis. Where members, and where relevant observers, do agree on a coordinated supervisory approach, this constitutes an efficient means of supervising the obliged entity, group, or structure concerned, in particular by aligning the timing, sequencing or focus of supervisory action across the jurisdictions represented in the college. Such agreement should not be understood as altering the supervisory powers or legal frameworks applicable to its permanent members and observers.

(10) Some non-financial sector entities or groups thereof, and in particular, auditors, external accountants, notaries, lawyers and other independent legal professionals protected by professional confidentiality, may deal with information covered by legal privilege. Such information should be carefully identified, in order to exclude it from supervisory exchange, unless necessary for the supervision of the entity or group. Where categories of obliged entities particularly exposed to information covered by legal privilege are involved, the college should include related appropriate procedures.

(11) AML/CFT colleges should primarily function as platforms for effective information sharing and cooperation among supervisors. Their purpose should be to support supervisory activities by facilitating the exchange of relevant information, expertise, and supervisory insights, thereby promoting a consistent and informed approach to oversight. The frequency and form of the college meetings should remain proportionate and efficient, ensuring that they enhance supervisory effectiveness and coordination without imposing unnecessary administrative burdens, duplicative reporting requirements, or additional resource demands on participating supervisors.

(12) All the personal data processed for the implementation of this Regulation should be handled in accordance with the data protection framework of the Union, including the principles relating to the processing such as lawfulness, fairness and transparency, purpose limitation, data minimisation, accuracy, storage limitation, integrity and confidentiality, and accountability.

(13) Data protection laws, in particular Regulation (EU) 2016/679 of the European Parliament and of the Council and Regulation (EU) 2018/1725 of the European Parliament and of the Council are applicable to the processing of personal data.

(14) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (‘AMLA’ or ‘the Authority’).

(15) The Authority has analysed the potential costs and benefits related to the draft regulatory technical standards on which this Regulation is based and conducted an impact analysis.

HAS ADOPTED THIS REGULATION:

*SECTION 1*

*Article 1*

**Subject matter and scope**

This Regulation lays down the conditions for the functioning of AML/CFT supervisory colleges established pursuant to Article 50 of Directive (EU) 2024/1640, in respect of obliged entities in the non-financial sector, including groups thereof, and structures subject to group-wide requirements.

*Article 2*

**Definitions**

1. For the purposes of this Regulation, in addition to the definitions set out in Article 2 of Regulation (EU) 2024/1620, in Article 2 of Regulation (EU) 2024/1624 and Article 2 of Directive (EU) 2024/1640, the following definitions apply:

(a) 'lead supervisor' means the non-financial supervisor that may set up a AML/CFT supervisory college pursuant to Article 50(1), (2) and (3) of Directive (EU) 2024/1640;
(b) 'structure subject to group-wide requirements' means a structure as described in Article 50(1) second subparagraph of Directive (EU) 2024/1640;
(c) 'AML/CFT database' means the central AML/CFT database established and maintained by AMLA pursuant to Article 11 of Regulation (EU) 2024/1620.

*SECTION 2*

***General conditions for the functioning of AML/CFT supervisory colleges in the non-financial sector***

*Article 3*

**Information on the structure of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements**

1. The lead supervisor shall establish and maintain an up-to-date overview of entities identified in accordance with Article 50(4) of Directive (EU) 2024/1640, for the purpose of identifying the permanent members and potential observers of an AML/CFT supervisory college, pursuant to Article 50(5), (6), (9), (10) and (11) of Directive (EU) 2024/1640.

2. The overview pursuant to paragraph 1 shall contain at least the following information:

(a) the names of all Member States and third countries in which entities identified in accordance with Article 50(4) of Directive (EU) 2024/1640 have been established;
(b) the name of the supervisor, supervisors or self-regulatory bodies of entities identified in accordance with point (a) and the name and contact details of the public authority overseeing self-regulatory bodies pursuant to Article 52 of Directive (EU) 2024/1640;
(c) the name and, where available, any unique identifier, of entities identified in accordance with point (a);
(d) the nature of the activities and the professional sector or sub-sector of the obliged entity, group or structure subject to group-wide requirements and its establishments;

(e) the level of ML/TF risk pursuant to Article 7 of this Regulation associated with the non-financial entity, group or structure and its cross-border establishments, to the extent known to the lead supervisor; and
(f) any relevant information on the ownership and group structure of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements.

3. The information referred to in paragraph 2, points (a), (b) and (c) shall be displayed in a structured and comprehensible format having regard to the complexity of the entity or group structure and shall be made available to all permanent members and observers, in a secure manner.

4. The lead supervisor shall review and update the overview referred to in paragraph 1 regularly and whenever becoming aware of any relevant change(s) to the information collected pursuant to paragraph 2. For that purpose, the lead supervisor may use the template set out in Annex I.

5. The overview pursuant to paragraph 1 and information on a specific AML/CFT supervisory college shall be shared with AMLA, when the college is set up and thereafter, without undue delay, once the overview referred to in paragraph 1 has been updated pursuant to paragraph 4.

6. Permanent members and observers of an AML/CFT supervisory college shall exchange with the lead supervisor all necessary information to establish and maintain up to date the overview completed pursuant to paragraph 1.

*Article 4*

**List of permanent members and observers of the AML/CFT supervisory college**

1. The lead supervisor shall establish and maintain an up-to-date list of all permanent members and observers of an AML/CFT supervisory college in accordance with the requirements for the establishment of the AML/CFT database. The list shall be accessible by all permanent members through the IT infrastructure that supports the AML/CFT database, and, upon request, be made available to observers. The list shall be reviewed at regular intervals and updated whenever a relevant change occurs.

2. The list pursuant to paragraph 1 shall contain, for each permanent member and observer, at least the following information:

(a) the name of the authority;
(b) the name and contact details of a generic point of contact within that authority and, in addition or alternatively, the contact details of the designated contact person(s);
(c) an indication whether an authority is a permanent member or an observer and the applicable legal basis for the observer status pursuant to Article 50(5), (6), (9), (10) or (11) of Directive (EU) 2024/1640.

3. The lead supervisor shall share the list with all permanent members and observers without undue delay upon request and shall make it available through a secure information-sharing mechanism.

4. Permanent members and observers shall inform the lead supervisor without undue delay of any changes concerning information stipulated by paragraph 2, and of any change in the scope of their supervisory mandate that may affect their participation in the college.

*Article 5*

**Communication channels**

1. Permanent members and observers shall use secure communication channels for cooperation purposes, and where possible, the IT infrastructure that supports the AML/CFT database. College meetings shall be organised in a secure manner, with controlled access to the meeting room or online connection where relevant.

2. Permanent members shall agree on the language(s) that should be used for communications within the AML/CFT supervisory college. Where information is not available in the language(s) chosen, permanent members or observers sharing information shall provide it in one of those languages. Where this is not feasible, permanent members and observers sharing information shall strive to provide, at a minimum, a summary of that information in a language of the AML/CFT supervisory college.

*Article 6*

**Mutual assistance**

1. College members may request mutual assistance from each other in the performance of their AML/CFT supervisory tasks relating to the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements. Mutual assistance may be requested in relation to, in particular:

(a) determination of the ML/TF risks related to all or part of obliged entity, group, or structure subject to group-wide requirements;
(b) the outcome of relevant recent or planned supervisory activities;
(c) assistance with on-site or off-site inspections carried out in the requesting authority's or body's jurisdiction;
(d) the assessment of the adequacy of the group-wide AML/CFT policies and procedures, the group-wide business-wide risk assessment, and the effectiveness of the group-wide compliance function;
(e) any other information relevant to the performance of the AML/CFT supervisory tasks of the requesting authority in relation to the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements, including its establishments.

2. The requesting party shall submit its request to the requested party and inform the Lead supervisor of this submission without undue delay. Requests for mutual assistance shall specify the information or assistance requested, the purpose for which it is sought, and the deadline foreseen which shall, except in duly justified cases, not be less than 10 working days. In exceptional circumstances where an oral request is made, it should be followed up with a formal written request.

3. The supervisor receiving a request for mutual assistance shall respond within the deadline set out in the request. Where a college member is unable or not in a position to act on a request, it shall inform the requesting party and the lead supervisor of the related reasons, and shall, where possible, indicate alternative ways in which the assistance might be provided.

4. The lead supervisor shall be informed of the outcome of the request for mutual assistance and shall retain all requests it is informed of in a secure manner. The lead supervisor may inquire as to developments in the mutual assistance, and facilitate resolution where difficulties arise.

*Article 7*

**ML/TF risk assessment for AML/CFT supervisory college purposes**

1. For the purpose of determining the frequency and form of college meetings pursuant to Article 8, the lead supervisor shall consider, in consultation with the permanent members, the ML/TF risk level of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements.

2. The lead supervisor shall take as a basis the individual ML/TF risk assessments available from each permanent member in respect of the establishment(s) of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements in their respective jurisdictions, determined pursuant to Union law, where such assessments are available.

3. Regardless of the methodology used to determine the group-wide ML/TF risk, the final risk assessment shall result in one of the following risk categories: high, substantial, medium or low ML/TF risk.

4. For the purposes of paragraphs 1 and 2, the lead supervisor may also contact observers to obtain their input into the ML/TF risk assessment of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements.

5. Where permanent members of the AML/CFT supervisory college have diverging views on the assessment on the overall ML/TF risk level of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements, the lead supervisor shall, in consultation with the permanent members concerned, discuss those differences. The permanent members shall consider the rationale for those diverging views, including whether they are based on:

(a) differences in the licensing, authorisation or regulatory framework applicable to the establishment(s) of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements in the relevant jurisdiction;
(b) a fact that a given product, service, or business model is prohibited, permitted, or subject to specific authorisation or supervisory safeguards in different jurisdictions.

6. Following the exchange of views pursuant to paragraph 5, the lead supervisor and the permanent members shall use best efforts to reach a common view on the overall ML/TF risk level of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements, without diverging views being treated as precluding agreement on a single overall risk level.

7. Where, notwithstanding paragraph 6, permanent members are unable to reach a common view on the overall ML/TF risk level of obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements, the lead supervisor shall determine that overall ML/TF risk level, having regard to the views expressed by the permanent members, and shall document the reasons for that determination. That determination and the accompanying reasons shall be communicated to all permanent members and observers.

8. The risk determination made pursuant to this Article shall be reviewed by the lead supervisor, in consultation with permanent members and updated without undue delay where a material change in the ML/TF risk profile of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements so warrants. The updated risk assessment shall be available to all permanent members and observers.

*Article 8*

**Frequency and form of college meetings**

1. Where it is determined that the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements presents a high ML/TF risk pursuant to Article 7, the college shall hold at least one meeting per year. Where it is determined that the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements presents a substantial or medium ML/TF risk, the college shall hold at least one meeting every two years. Where it is determined that the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements presents a low ML/TF risk, the college may operate on the basis of written exchanges of information when deemed necessary, unless a meeting is warranted by one or several of the factors referred to in paragraph 3.

2. The form of the AML/CFT supervisory college meetings, including whether to hold physical meetings, virtual meetings, or to conduct college activities by written procedure, shall be determined by the lead supervisor in consultation with permanent members, based on the specificities of the college and having regard to the efficiency of outcomes. This applies regardless of the ML/TF risk level of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements. College activities conducted by written procedure shall be considered equivalent to a meeting for the purpose of satisfying the minimum frequency requirements in paragraph 1, provided that:

(a) the decision to conduct activities by written procedure is documented and agreed among permanent members;
(b) all permanent members are given adequate time to contribute; and
(c) the outcome of the written procedure is documented and shared with all permanent members and observers.

3. The lead supervisor shall determine the frequency and form of scheduled college meetings on a risk-sensitive basis, taking into account paragraphs 1 and 2 and the following factors:

(a) the ML/TF risk associated with the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements, including its establishments, as assessed in accordance with applicable Union law;
(b) any significant change in that ML/TF risk since the previous college meeting;
(c) the nature, scale and complexity of the cross-border activities of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements;
(d) the views expressed by permanent members;
(e) the urgency of emerging ML/TF risks affecting the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements;
(f) any recently crystallised ML/TF risks or serious breaches of AML/CFT requirements.

4. The lead supervisor may convene an ad hoc college meeting, with all or some of the college participants, either on its own initiative or upon request from a permanent member. This possibility shall notably be considered in case of a material change referred to in Article 7. The lead supervisor shall share those conclusions with the remaining college participants as relevant.

5. The permanent members of the college shall dissolve a college if the requirements of its set up are not met anymore. The decision to dissolve a college taken by its permanent members including the information on the termination date shall be notified to observers without undue delay.

*Article 9*

**Risk-based approach to engagement in college activities**

1. Permanent members and observers shall participate in meetings of the AML/CFT supervisory college on a risk-based approach, having regard, in particular, to the relevance of the meeting or of the items on its agenda to their respective supervisory responsibilities, and to the ML/TF risk profile of the establishment(s) for which they are responsible.

2. In the event of a permanent member deciding not to attend the meeting, it shall inform the lead supervisor in advance of the meeting.

3. The lead supervisor shall ensure that permanent members and observers that do not participate in a particular college meeting have access to the relevant documentation and outcomes relating to that meeting.

4. Irrespective of their level of participation in college meetings pursuant to paragraph 1, permanent members and observers shall ensure a minimum level of active engagement with the college and shall as a minimum, provide any information needed for the proper functioning of the AML/CFT supervisory college as requested by the lead supervisor.

5. Notwithstanding paragraph 1, the lead supervisor may formally invite a permanent member or observer that does not regularly participate in college meetings to participate in a specific meeting, where the lead supervisor considers that the participation of such member or observer is necessary for the effective functioning of the college.

*Article 10*

**Coordinated supervisory approach**

1. College members shall regularly discuss whether specific aspects of the obliged entity, group, or structure subject to group-wide requirements present common ML/TF risks or AML/CFT issues that could be more effectively addressed through a coordinated supervisory approach. This discussion shall result in a documented conclusion.

2. For the purposes of paragraph 1 a coordinated supervisory approach means the agreement by permanent members on supervisory objectives and on the related supervisory action(s) to ensure that the cross-border institution or group complies with Union AML/CFT requirements and is supervised consistently across jurisdictions. A coordinated supervisory approach may include, inter alia, coordinated on-site or off-site inspections, coordinated thematic reviews, and may lead to enforcement or remediation measures.

3. Where a coordinated supervisory approach may be proposed for discussion by the lead supervisor, any permanent member, AMLA or any other observer, such proposal shall be discussed either at the next scheduled college meeting or, where the matter is urgent, through a written procedure.

4. Where a coordinated approach is proposed, the following elements shall be assessed:

   (a) the nature and level of the ML/TF risk that the coordinated approach is designed to assess or mitigate;
   (b) the objectives of the coordinated approach, and the types of supervisory actions to be undertaken;

(c) relevant differences in the applicable legal and regulatory frameworks and how those differences are to be taken into account;
(d) the supervisory resources required and their planned allocation.

5. To achieve the envisaged objectives, not all AML/CFT college members have to participate in the execution of an agreed coordinated supervisory approach, if justifiable. AML/CFT college members shall be updated in writing on the outcome of the coordinated supervisory approach taken.

6. Where a coordinated supervisory approach is agreed upon by the members or observers taking part in it, the lead supervisor shall document and keep record of at least the following:

(a) the participating members or observers;

(b) the supervisory activities to be performed, including any joint supervisory action(s);

(c) the timeline for implementation;

(d) the modalities of information exchange related to the coordinated approach; and

(e) the options for coordinated follow-up, including, where applicable, enforcement measures.

The participating permanent members and observers shall cooperate with the lead supervisor to provide the aforementioned information in a timely manner.

7. Where agreed measures have not produced the intended outcomes, the participating permanent members shall reassess the situation and consider the need for additional or more intrusive measures. This reassessment shall be documented.

8. Where a participating member fails to act in accordance with the agreed coordinated approach, any other member may refer the matter to the lead supervisor.

*Article 11*

**Confidentiality and permissible uses of information**

1. Information exchanged within college activities shall be used by permanent members and observers solely for the purpose of performing their respective functions.

2. Any disclosure pursuant to this Article shall be limited to what is necessary and proportionate for the performance of the tasks of the recipient, and shall be supported by reasonable and justified grounds, having regard to the purpose for which the information was originally obtained.

3. Information exchanged within the AML/CFT supervisory college pursuant to this Regulation shall be disclosed to supervisors, including AMLA when acting as a supervisor or public authorities as referred to in Article 52 of Directive (EU) 2024/1640 without prior consent of the originator of the information, except in those cases where the information originates from a third-country counterpart, in which case disclosure shall be subject to the terms of the written cooperation and information-sharing agreement or, absent such agreement, to the prior consent of the third-country counterpart concerned.

The originator of the information shall be notified of the following, to the extent possible before or at the latest at the time of disclosure:

(a) the information shared;
(b) the recipient of the information;
(c) the rationale of the disclosure.

4. Information exchanged pursuant to this Regulation may be disclosed without prior consent of the originator of the information in other cases, where such disclosure is authorised or required under Union law, including in cases where the exchange of information is carried out with Financial Intelligence Units, competent authorities referred to in Article 2(1)(44), points (c) and (d) of Regulation (EU) 2024/1624 or with authorities in charge of implementing targeted financial sanctions mentioned in Article 66 of Directive (EU) 2024/1640. The same applies when the information received by the supervisor is used for the purposes set out in Article 67(3) points (b) and (c) of the Directive (EU) 2024/1640.

The originator of the information shall be notified of the following, to the extent possible before or at the latest at the time of disclosure:

(a) the information shared;
(b) the recipient of the information;
(c) the legal basis of the disclosure;
(d) the rationale of the disclosure.

5. Where the college relates to an obliged entity in the non-financial sector, group, or structure subject to group-wide requirements comprising a legal professional within the meaning of Regulation (EU) 2024/1624, permanent members and observers shall exchange and use information in accordance with this Article subject to the professional secrecy and legal privilege obligations applicable to them. Nothing in this Regulation shall be construed as requiring or permitting a disclosure that would not otherwise be permitted under those obligations.

*Article 12*

**Management of disputes**

Where a dispute arises between permanent members or with observers in relation to the functioning of the college or the interpretation or implementation of the written cooperation and information-sharing agreement, and the parties are unable to resolve the dispute among themselves, any party may refer the matter to AMLA in accordance with Articles 36 and 38 of Regulation (EU) 2024/1620.

*SECTION 3*

***Terms of cooperation between permanent members of the AML/CFT supervisory college***

*Article 13*

**Identification of the lead supervisor**

1. For the purposes of this Regulation, the lead supervisor shall be identified as follows:

(a) in the cases referred to in Article 50(1), point (a) and Article 50(7) of Directive (EU) 2024/1640:
   i. the non-financial supervisor in charge of the head or parent undertaking of an obliged entity in the non-financial sector, group, or, in case where Article 50(3) of Directive (EU) 2024/1640 applies, shall be the supervisor in charge of the college;
   ii. in case of structures subject to group-wide requirements, the parent undertaking should be identified pursuant to Article 16(4) of Delegated Regulation (EU) 2024/1624. Where the parent undertaking identified is not itself an obliged entity under Regulation (EU) 2024/1624, the lead supervisor shall be determined in accordance with paragraph 2;

(b) in the cases referred to in Article 50(1), point (b) of Directive (EU) 2024/1640, the lead supervisor shall be the non-financial supervisor of the Member State in which the parent undertaking, identified in accordance to Article 16(4) of Delegated Regulation (EU) 2024/1624, is located.

2. In the situation referred to in paragraph 1, point (a), (ii), where the parent undertaking is not itself an obliged entity under Regulation (EU) 2024/1624, the lead supervisor shall be determined by agreement among the non-financial supervisors of structure subject to group-wide requirements, taking into account at least the following criteria:

(a) the nature, size and complexity of the obliged entities within the group or structure subject to group-wide requirements established in each Member State;
(b) the location of the obliged entity within the group or structure subject to group-wide requirements that has primary responsibility for the implementation of group-wide AML/CFT policies and controls;
(c) the geographic distribution of the group or structure subject to group-wide requirements operations and ML/TF risk exposure; and
(d) the supervisory capacity and resources of the authorities concerned.

3. Where an obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements comprises establishments operating across different non-financial sectors, and the lead supervisor identified pursuant to paragraph 1 or 2 does not have supervisory experience in one or more of those sectors, the lead supervisor shall ensure that sector-specific expertise is nonetheless reflected in the functioning of the college, including by:

(a) consulting permanent members with relevant sectoral expertise on matters related to establishments in the sector concerned;
(b) where appropriate, delegating or entrusting specific tasks or the coordination of specific matters relating to a given sector to a permanent member with relevant sectoral expertise, without prejudice to the lead supervisor's overall responsibility for the functioning of the college; and
(c) where deemed relevant, establishing sector-specific sub-groups or work-streams within the college.

4. The lead supervisor shall notify AMLA of its identification as lead supervisor and shall update that notification without undue delay upon any change to the group structure that affects the determination of the lead supervisor.

*Article 14*

**Invitation of permanent members to participate in the AML/CFT supervisory college**

1. The lead supervisor shall contact the permanent members of the college to participate in the college. Upon receipt of such communication, permanent members shall acknowledge receipt in writing to the lead supervisor within the deadline specified in the communication, which should be no less than ten working days, and specify any relevant details allowing for their participation. The lead supervisor shall keep a record of the communication and the related replies, in a secure manner.

2. When a new permanent member joins the college, the lead supervisor shall, without undue delay:

(a) communicate to the new permanent member the relevant college documentation, and a description of the operational functioning of the college, including the procedures for information exchange, the applicable confidentiality obligations, and any specific arrangements that have been

put in place beyond what is set in this Regulation, including, where relevant, any agreement signed by college members;
(b) inform all existing permanent members and observers of the accession of the new member;
(c) update the list referred to in Article 4 of this Regulation.

3. New permanent members accede to the college framework by:

(a) acknowledging receipt of the relevant college documentation;
(b) confirming acceptance of its terms of cooperation, pursuant to this Regulation;
(c) where relevant, signing the supplementary written cooperation and information-sharing agreement or a dedicated accession notice, no re-signature by existing members being required.

*Article 15*

**Role of self-regulatory bodies in the AML/CFT supervisory college**

1. Where a non-financial supervisor that participates in a college as a permanent member or observer is a self-regulatory body subject to public oversight pursuant to Article 52 of Directive (EU) 2024/1640, the public authority overseeing that self-regulatory body may also participate in the college as observer, in order to facilitate coordination at national level.

2. The participation of self-regulatory bodies and public authorities overseeing them in colleges shall be subject to the confidentiality requirements set out in this Regulation and in applicable Union law.

3. The lead supervisor shall take into account the division of responsibilities between self-regulatory bodies and public oversight authorities at national level when determining the terms of participation of these bodies in the college.

*Article 16*

**Internal coordination mechanisms between permanent members**

1. Without prejudice to their status as permanent members of the AML/CFT supervisory college, permanent members may organise themselves at national level, including by designating, among themselves, one or more coordinating supervisors to represent a sub-group of permanent members in the activities of the college, including in college meetings.

2. The designation of a coordinating supervisor pursuant to paragraph 1, shall be agreed among the permanent members of the sub-group concerned and shall be subject to the approval of the lead supervisor. It may cover all or part of the activities of the college, and may be limited in time or in scope, as agreed by the permanent members concerned and approved by the lead supervisor.

3. The designation of a coordinating supervisor pursuant to paragraph 1 shall not dispense any of those permanent members from producing the risk assessment with regard to the establishment(s) for which it is responsible, in accordance with Article 7 of this Regulation

4. A coordinating supervisor designated pursuant to paragraph 1, shall consolidate and represent, in the activities of the college, the inputs of the permanent members of the sub-group concerned. In representing the members of the subgroup in the activities of the college, the coordinating supervisor shall in no way act as a substitute for those permanent members in the exercise of their respective supervisory tasks and powers.

5. Notwithstanding the designation of a coordinating supervisor pursuant to paragraph 1, any permanent member of the sub-group concerned may, at any time, participate directly in the activities of the college, including college meetings.

6. The lead supervisor may, where deemed necessary, request that a permanent member of the sub-group concerned participate directly in specific activities of the college, including specific college meetings, notwithstanding its representation by the coordinating supervisor pursuant to paragraph 1.

*Article 17*

**Purpose and scope of cooperation between permanent members**

1. The lead supervisor and all permanent members shall cooperate within the AML/CFT supervisory college for the purpose of ensuring the effective and consistent AML/CFT supervision of entity, group or structure subject to group-wide requirements. The scope of that cooperation shall include, in particular:

(a) the exchange of information related to the entity, group or structure subject to group-wide requirements, and its cross-border establishments;
(b) the participation in the AML/CFT supervisory college meetings;
(c) the provision of mutual assistance in the performance of supervisory tasks, in accordance with Article 6 of this Regulation;
(d) the discussion and, where appropriate, the developments regarding coordinated supervisory approaches, in accordance with Article 10 of this Regulation.

2. The lead supervisor and permanent members shall ensure that the representatives participating in college meetings and activities have sufficient knowledge of and ongoing supervisory involvement with the obliged entity, group, or structure subject to group-wide requirements, taking into account the topics to be discussed and the objectives to be pursued. Representatives shall have the power to commit their authority or body as permanent member, to the maximum extent possible under their applicable institutional framework.

3. Where the college considers that specific circumstances warrant more detailed operational arrangements, it may, by unanimous agreement of all permanent members, supplement the provisions of this Regulation through a written cooperation agreement. Such supplementary agreement shall be consistent with this Regulation, shall be recorded by the lead supervisor, and shall be made available to all permanent members and to observers and AMLA upon request.

4. Where a supplementary written cooperation agreement is signed, the lead supervisor shall inform all permanent members and observers of any proposed material amendments to the cooperation agreement at least ten working days in advance of the proposed amendment taking effect. Permanent members may raise observations or objections in writing within that period where consensus cannot be reached, AMLA may be consulted for assistance.

5. New permanent members or observers joining the College shall accede to the agreement without requiring re-signature by existing members.

6. The written cooperation agreement in its entirety shall be made available to any permanent member upon request and shall be shared with AMLA upon its request.

*Article 18*

**Information exchange between permanent members**

1. Permanent members shall exchange, at a minimum, any information relevant for the AML/CFT supervision of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements, including:

(a) information on the legal, governance and organisational structure of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements, covering all establishments;
(b) individual risk assessments of the establishments of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements in their respective jurisdictions;
(c) relevant information available on the beneficial owners and senior management, including outcomes of fit and proper checks;
(d) relevant policies, procedures and controls in place within the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements;
(e) relevant information on customer due diligence matters, adequately aggregated or anonymised where relevant and possible;
(f) information referred to in Article 23(1), point (a) of Directive (EU) 2024/1640 concerning the quality and quantity of suspicious transaction reports filed by the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements and its cross-border establishments, where available and permissible under applicable law;
(g) adverse developments in relation to the parent undertaking, subsidiaries, branches and other establishments, which could seriously affect other parts of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements;
(h) results of AML/CFT supervisory actions, including on-site and off-site inspections;
(i) pecuniary sanctions that non-financial supervisors intend to impose and administrative measures that non-financial supervisors intend to apply.

2. Information shall be exchanged on a regular basis in preparation for college meetings and on an ad hoc basis where urgency requires.

*SECTION 4*

***Terms of cooperation with observers of the AML/CFT supervisory college***

*Article 19*

**Participation of observers from Member States**

1. The lead supervisor shall identify and in compliance with provisions of Article 50(5), (6) and (11) of Directive (EU) 2024/1640 invite financial supervisors, non-financial supervisors and other entities from Member States to participate in the AML/CFT supervisory college as observers. In compliance with Article 50(9) of Directive (EU) 2024/1640, the lead supervisor shall always invite AMLA to participate in the AML/CFT supervisory college.

2. Before inviting an observer to the AML/CFT supervisory college, the lead supervisor shall:

(a) consult with all permanent members and take into account any observations or objections received within a reasonable deadline to be set by the lead supervisor, which should to the extent feasible be no less than ten working days;
(b) assess the impact that the attendance of the proposed observer may have on the functioning of the college and on the confidentiality of information exchanged;
(c) ensure that the proposed observer is prepared to accept the applicable terms of participation in accordance with this Regulation, and it is subject to professional secrecy requirements stipulated by Directive (EU) 2024/1640.

3. Permanent members shall raise any observations or objections to the proposed observer(s) referred to in paragraph 2 in writing, with a reasoned explanation, within the deadline set by the lead supervisor, which should in any event be no less than ten working days.

4. Where a supplementary written agreement referred to in Article 17 of this Regulation has already been agreed upon and signed by permanent members, the observer concerned shall also sign that agreement prior to its first participation in college activities.

5. When a new observer joins the college, the lead supervisor shall update the list referred to in Article 4 of this Regulation and shall inform all permanent members and observers of the college. The lead supervisor shall proceed similarly when an observer is no longer part of the college.

6. Where the college considers that the specific circumstances of a given observer warrant more detailed or tailored arrangements beyond the provisions of this Regulation, the college may conclude a written agreement with that observer specifying additional terms. Such an agreement shall be consistent with the provisions of this Regulation and shall be recorded by the lead supervisor and made available to all permanent members of the college and to the relevant observer upon request. Terms of participation shall be signed by the relevant observer prior to its first participation in college activities.

7. The status, rights and obligations of AMLA as an observer of an AML/CFT supervisory college are specified by Article 50(9) of Directive (EU) 2024/1640 and Article 36 of Regulation (EU) 2024/1620. Provisions of this Regulation apply to AMLA only if they do not restrict status, rights and obligations of AMLA as stipulated by Union law.

*Article 20*

**Information exchange with observers**

1. Observers shall have access to the information exchanged within the college that is relevant to the performance of their functions in relation to the entities identified in accordance with Article 3(1). The scope of such information is to be determined by the lead supervisor, after consultation with the relevant observer and permanent members. Before an observer participates in a college meeting for the first time, the lead supervisor shall confirm in writing to that observer the scope of its participation and the applicable confidentiality conditions.

2. Observers shall treat all information received in the context of their participation in the college as confidential and shall not use it for purposes other than those set out in this Regulation and Union law.

3. The lead supervisor may, in agreement with permanent members, restrict an observer's access to specific categories of information where necessary to protect the confidentiality of information or for other justified reasons.

*Article 21*

**Participation of observers in the activities of the AML/CFT supervisory college**

1. Observers may participate in the meetings and activities of the college to the extent that such meeting and activities are relevant to their functions. Observers shall be invited by the lead supervisor, after consultation with the permanent members, to meeting(s) of the AML/CFT supervisory college.

2. Observers may request and receive mutual assistance in accordance with Article 6 of this Regulation, where this is necessary for the performance of their tasks.

3. The participation of an observer may be suspended or withdrawn by the lead supervisor, after consultation with the permanent members, where:

(a) the observer no longer meets the conditions for participation set out in this Regulation or Union law;
(b) the observer has failed to comply with its confidentiality obligations; or
(c) the lead supervisor and permanent members determine that the continued participation of the observer is no longer warranted.

4. The observer shall be informed of any proposed suspension or withdrawal within a reasonable period of time before any decision takes effect.

*SECTION 5*

***Conditions for the participation of third-country non-financial supervisors***

*Article 22*

**Participation of third-country observers**

1. Third-country supervisory authorities may participate in a college as observers only where the conditions set out in Article 50(10) of Directive (EU) 2024/1640 are fulfilled and the relevant authority has signed the written cooperation and information-sharing agreement with third countries referred to in Article 24 of this Regulation.

2. The lead supervisor shall maintain a record of all signed written cooperation agreements with third-country supervisors and make them available to AMLA and permanent members, upon request.

*Article 23*

**Assessments of conditions for participation of third-country observers**

1. Before inviting a third-country counterpart to participate in the college as an observer or agreeing to a request for participation from a third country observer, the lead supervisor shall conduct an assessment of whether the requirements set out in Article 50(10) of Directive (EU) 2024/1640 are fulfilled.

2. The lead supervisor, when carrying out such an assessment pursuant to Article 50(10) of Directive (EU) 2024/1640, in order to be in the position to decide on the participation of a third-country observer in an AML/CFT supervisory college, shall take into account, in particular the following:

(a) relevant assessments or mutual recognition agreements adopted at Union level;
(b) relevant assessments or mutual recognition agreements adopted by other supervisors.

3. Where the outcome of the lead supervisor's assessment diverges from positions adopted by other AML/CFT colleges concerning the same third country counterpart, the lead supervisor shall engage in dialogue with those lead supervisors and, where necessary, with AMLA, to reach a consistent position before concluding the assessment.

4. The lead supervisor shall share the assessment and its outcome with all permanent members, and with AMLA. The assessment document shared shall include a clear statement of the outcome and the rationale supporting it, including the sources of information and criteria relied upon. Where the third-country counterpart is assessed as not meeting the requirements set out in Article 50(10) of Directive (EU) 2024/1640, it shall not participate in the AML/CFT supervisory college as an observer.

5. AMLA will make available a list of the third-country authorities that have been assessed on their compliance with the requirements set out in Article 50(10) of the Directive (EU) 2024/1640, specifying for each authority the lead supervisor responsible for the assessment and the outcome thereof.

*Article 24*

**Written cooperation and information-sharing agreement with observers in third countries**

1. A written cooperation and information-sharing agreement with a third country observer shall be established, when:

(a) the outcome of the assessment referred to in Article 23 allows for the third country counterpart to participate in the AML/CFT supervisory college, as an observer;
(b) permanent members of the AML/CFT supervisory college agree with the participation of a third country counterpart in that college. Such agreement shall be recorded and securely stored by the lead supervisor and made available upon request to AMLA and to any permanent member or observer of the AML/CFT supervisory college.

2. The lead supervisor shall use the template set out in Annex II to this Regulation for the written cooperation and information-sharing agreement with the third country counterpart. Deviations from the template may only be made where strictly necessary to accommodate constraints arising from the third-country counterpart's applicable law or institutional requirements. Where the cooperation and information sharing agreement cannot be concluded because the third-country counterpart requests modifications to the template that cannot be accommodated, the lead supervisor may request AMLA's support to facilitate the conclusion of the agreement.

3. The lead supervisor shall verify that the third country counterpart endorses and signs the cooperation and information-sharing agreement prior to their participation in the college meetings and activities as observers. The lead supervisor shall agree with the third-country counterpart the level of seniority required for the signatories of the cooperation and information sharing agreement, having regard to the nature and significance of the cooperation envisaged. The lead supervisor shall ensure that the signing and validation process is secure and preserves the integrity and authenticity of the signed agreement.

*SECTION 6*

***Additional measures***

*Article 25*

**Coordinated organisation of AML/CFT supervisory colleges with similar composition**

1. Where two or more AML/CFT supervisory colleges established pursuant to Article 50(1) and Article 50(7) of Directive (EU) 2024/1640 have the same, or substantially the same, permanent members, the lead supervisors of the colleges concerned may agree to organise the activities of those colleges jointly, including by holding joint meetings or conducting joint written exchanges of information, without prejudice to paragraph 2.

2. Where the activities of two or more colleges are organised jointly pursuant to paragraph 1:

(a) each college shall retain its own identity, and the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements for which it is established shall in no case be treated as merged with, or part of, another obliged entity, group, or structure for supervisory purposes;
(b) the agenda of a joint meeting, or the object of a joint written exchange, shall clearly distinguish the items pertaining to each college, and shall allow permanent members to identify, for each item, the college and the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements to which it relates;
(c) information exchanged, risk assessments produced, and any conclusions, recommendations or coordinated actions agreed shall be recorded separately for each college, and shall be attributed to the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements concerned;
(d) the joint organisation of activities shall not affect the confidentiality of information exchanged within a given college;
(e) any permanent member or observer of one of the colleges concerned that is not a permanent member or observer of another of those colleges shall not, unless invited to, participate in the parts of the joint meeting, or the joint written exchange, pertaining to that other college.

3. The lead supervisors concerned shall inform the permanent members of the respective colleges of the joint organisation of activities pursuant to paragraph 1, including of the practical arrangements adopted to ensure compliance with paragraph 2.

*Article 26*

**Invited participants**

1. The lead supervisor, in agreement with the permanent members, may invite the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements for which the AML/CFT supervisory college is established to participate in a dedicated part of a college meeting. Participation of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements pursuant to paragraph 1 shall be limited to a dedicated slot of the meeting, separate from the parts of the meeting reserved to permanent members and observers.

2. The lead supervisor, in agreement with the permanent members, may invite a supervisor of a third country to participate in a college meeting as an invited participant, where the conditions for its participation

as an observer pursuant to Article 23 are not met because the equivalence assessment referred to in Article 50(10) of Directive (EU) 2024/1640 could not be conducted. This paragraph shall not apply where the equivalence assessment referred to in Article 50(10) has been carried out and has concluded that the third-country counterpart does not meet the conditions set out in Article 50(10) of Directive (EU) 2024/1640.

3. Where a third-country supervisor participates in a college meeting pursuant to paragraph 2, the lead supervisor, in agreement with the permanent members, shall:

(a) ensure that the information that is subject to confidentiality rules is not shared;
(b) determine the parts of the meeting to which that supervisor may be invited;
(c) identify any other condition necessary to safeguard the confidentiality of the information exchanged within the college.

*SECTION 7*

***Final provisions***

*Article 27*

**Entry into force and application**

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

It shall apply from 10 July 2027 (it cannot apply before the transposition date of the AMLD – if the COM adopts this Regulation after this date, then this provision can be deleted).

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

Done at Brussels,

*For the Commission*

*The President*

# ANNEX I

## Overview Template

| Group | Member State or a third country where an obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements is operating a cross-border establishment | Competent authority or authorities responsible for the AML/CFT supervision of each cross-border establishment | Where applicable, public authority competent for the oversight of the self-regulatory body responsible for the AML/CFT supervision of each cross-border establishment | Name of the cross-border establishment operating in the Member State or third country | Where available, indicate also the legal entity identifier (LEI) or other applicable identifier | Sector of Activity of the establishment operating in the Member State or third country | How is the establishment operating in the Member State or third country (e.g., branch, subsidiary, etc.) | Is the establishment operating in the Member State or Third Country dealing with information subject to legal privilege (Yes / No) | Level of ML/TF risk associated with the establishment in the Member State or third country | Other, including any relevant information on the ownership and group structure of the obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | |

# ANNEX II

## TEMPLATE FOR THE WRITTEN COOPERATION AND INFORMATION-SHARING AGREEMENT WITH THIRD-COUNTRY SUPERVISORS

*[Template referred to in Article 24 of [RTS under 50(13)AMLD]]*

**PRELIMINARY NOTE**

This template shall be used for the written cooperation agreement to be concluded between the lead supervisor (on behalf of the college) and third-country supervisory authorities invited to participate as observers in an AML/CFT supervisory college pursuant to Article 50(11) of Directive (EU) 2024/1640. The lead supervisor shall adapt this template to the specific circumstances of the case. Text in square brackets is to be completed as appropriate.

**WRITTEN COOPERATION AGREEMENT**

between

[NAME OF LEAD SUPERVISOR] ('the Lead Supervisor'),

acting on behalf of the AML/CFT Supervisory College established in respect of [OBLIGED ENTITY/GROUP NAME],

and

[NAME OF THIRD-COUNTRY SUPERVISORY AUTHORITY] ('the Third-Country Supervisor'),

a supervisory authority established under the laws of [THIRD COUNTRY].

**PREAMBLE**

(A) [Alternatively] An obliged entity in the non-financial sector, or group, or structure subject to group-wide requirements established in the Union ([obliged entity/group name]) operates establishments in [third country], which is subject to AML/CFT supervision by the Third-Country Supervisor.

OR

A third-country entity in the non-financial sector, or group, or structure subject to group-wide requirements, which is subject to AML/CFT supervision by the Third-Country Supervisor, has set up one or several establishments in Member States of the Union.

(B) The lead supervisor has conducted an equivalence assessment of the confidentiality regime applicable to the Third-Country Supervisor in accordance with Article 23 of [RTS under 50(13) AMLD] and has determined that such regime is equivalent to the requirements of Directive (EU) 2024/1640.

(C) The Parties wish to establish the terms under which the Third-Country Supervisor may participate as an observer in the College.

**1. Object**

1.1 This Agreement (the 'Agreement') governs the terms of cooperation and information exchange between the permanent members of the AML/CFT supervisory college (the 'College'), and the Third-Country Supervisor [insert the name of the 3rd country counterpart] as a third country observer (the 'Observer') in the College, established in accordance with Article 50 of Directive (EU) 2024/1640 by the [insert the name of the competent authority which is the lead supervisor of the AML/CFT college] as the lead supervisor (the 'Lead Supervisor') in respect of [insert the name of the non-financial obliged entity or group name for which the AML/CFT supervisory college is established] (the 'Obliged Entity').

1.2 By signing this Agreement, the observer agrees to participate in the College and accepts the functioning of the College in accordance with the Commission Delegated Regulation (EU) …/… of XX (the 'Regulation') [RTS under 50(13) AMLD]. This Agreement intends to align on expectations towards the Observer, with regard to its participation in the College. It also clarifies the functioning of the College, including expectations in relation to all College participants, and for this purpose reproduce some of the provisions already applicable in accordance with the Regulation for ease of reference.

1.3 For the avoidance of doubt, the signing of the Agreement by the Observer shall not be construed as meaning that the Observer undertakes to adhere to the European Union (EU) or that the Observer shall be legally bound by any requirement from the EU's legislation.

1.4 The provisions of the Agreement are not legally enforceable, do not confer any legal rights, or supersede or modify domestic laws.

**2. Participation as observer in the college meetings**

2.1 The Observer will aim at attending all College meetings for which it has received an invitation from the Lead Supervisor as set out in the Regulation. Where the Observer is not able to attend the meeting, it will notify the Lead Supervisor of this prior to the meeting.

2.2 In case non-permanent members or non-observers are invited to a specific College meeting as invited participants as set out in the Regulation, the Lead Supervisor will notify this information to the Observer prior to the meeting. In this case, the Observer may not attend the meeting or refuse to share non-public information with the invited participants during the meeting.

2.3 The Lead Supervisor will make available to the Observer all relevant information prior to the College meeting or at the same time as such information is made available to the permanent members and other observers.

2.4 The Observer will ensure that the most appropriate representatives of the Observer participate in the College meetings and other activities, based on their knowledge of the non-financial sector, or group, or structure subject to group-wide requirements topics to be discussed and objectives to be pursued.

**3. Mutual assistance in the College**

3.1 Pursuant to Article 6 of the Regulation, the Observer may request mutual assistance, including supervisory cooperation and the exchange of information, from permanent members or other observers of the College in any matters relevant to the AML/CFT supervision of the Firm and at least in matters dealt with in the College.

3.2 Permanent members and other observers of the College may also request mutual assistance, including supervisory cooperation and the exchange of information, from the Observer in the same matters.

3.3 Where a request for mutual assistance is made, the process described in Article 6 of the Regulation should be followed, including the following:

3.3.1. The requesting party shall submit its request to the requested party and inform the Lead supervisor without undue delay following this submission. Requests for mutual assistance shall specify the information or assistance requested, the purpose for which it is sought, and the deadline foreseen which shall, except in cases duly justified, not be less than 10 working days. In exceptional circumstances where an oral request is made, it should be followed up with a formal written request.

3.3.2 The supervisor receiving a request for mutual assistance shall respond within the deadline specified in the request. Where a permanent member is unable or not in a position to act on a request, it shall inform the requesting party of the related reasons, and shall, where possible, indicate alternative ways in which the assistance might be provided.

3.3.3 Where information is not available in the language(s) of the AML/CFT supervisory college, the requested party should consider providing a summary in a language of the AML/CFT supervisory college.

**4. Confidentiality and use of information exchanged in the College**

4.1 Pursuant to Article 11 of the Regulation, permanent members will:

4.1.1 Treat all non-public information received from the Observer as part of the College as confidential and process the personal data received in compliance with applicable EU data protection rules; and

4.1.2 Disclose such non-public information to parties other than permanent members and observers of the College only after having obtained prior consent from the Observer.

4.1.3 Use such non-public information for the purposes specified in the Regulation, namely:

4.1.3.1 To ensure that the Firm complies with the requirements stemming from Directive (EU) 2024/1640;

4.1.3.2 To inform their assessment of the ML/TF risks to which the Firm is exposed.

4.1.4 Use such non-public information for purposes other than those specified in Paragraph 4.1.3 of the Agreement only after having obtained prior consent from the Observer.

4.1.5 Verify that other observers joining the college are bound by confidentiality regimes equivalent to those applying to the college members.

4.2 The Observer will:

4.2.1 treat all non-public information obtained as part of the College as confidential and process the personal data received in accordance with EU data protection rules ensuring an adequate level of protection applicable to the Observer; and

4.2.2 where the disclosure of such non-public information to parties other than permanent members and observers of the College is permissible under the applicable law, it may be disclosed only after having obtained prior consent from the permanent members or observers from which the information originated or that may be affected by the information disclosure.

4.2.3 use the information received only to inform its assessment of the ML/TF risks to which the Firm is exposed and/or for the purpose of conducting its supervisory activities.

4.3 For the avoidance of doubt, 'non-public information' within the meaning of Paragraph 4 of the Agreement includes requests for mutual assistance.

4.4 The Lead Supervisor will ensure that all persons dealing with or having access to non-public information shared in the context of the College are bound by obligations of professional or official secrecy. In particular, the Lead Supervisor will ensure that other observers are bound by the same requirements as those which apply to the Observer pursuant to Article 4 of this Agreement.

**5. Final provisions**

5.1 The Lead Supervisor will inform the Observer of any material update made to the Agreement. Should the Observer disagree with an update, the Observer may terminate the Agreement in accordance with Paragraph 5.6 below.

5.2 The Agreement will not be published by the Observer, the Lead Supervisor, any other permanent member or observers of the College.

5.3 Non-public information exchanged within the College should be treated as confidential also after the termination of this Agreement, or after an authority or a body ceases to be a permanent member or an observer within the College.

5.4 The Lead Supervisor signs the Agreement on behalf of all permanent members.

5.5 The Agreement can be modified only upon mutual consent of the Lead Supervisor and the Observer.

5.6 Either party may terminate the Agreement upon thirty (30) days' written notice to the other party.

5.7 The Terms apply from the date on which the Lead Supervisor and the Observer have both signed the Terms.

[Lead Supervisor]

Name and title: _____

On behalf of the Lead Supervisor, [Supervisor and Member State]

Signature: _____ Date: _____

[Third-Country counterpart]

Name and title: _____

On behalf of [Third country authority, Member State]

Signature: _____ Date: _____

# 5 Accompanying documents

## 5.1 Draft impact assessment with cost-benefit analysis

As per Article 49(1) of Regulation (EU) 2024/1620, before submitting draft regulatory technical standards (RTS) to the European 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 Consultation Paper (CP) on the draft RTS under Article 50(13) of Directive (EU) 2024/1640 on the conditions for the functioning of the AML/CFT colleges in the non-financial sector (hereinafter also referred as 'AML/CFT Supervisory Colleges' or 'AML/CFT Colleges').

This IA/CBA is qualitative in nature and draws on input provided by supervisors in the financial and non-financial sector as part of the development of the draft RTS. The policy choices reflect the experience and professional judgement of supervisors and AMLA, as well as lessons learnt from the experience drawn from the operation of AML/CFT colleges in the financial sector under the previous AML/CFT framework, as well as the supervision of obliged entities in the non-financial sector.

**A. Problem identification**

Cooperation between national supervisors is essential to promoting a consistent and effective supervisory approach across the Union. To strengthen such cooperation, Directive (EU) 2024/1640 requires the setting-up of AML/CFT supervisory colleges in the financial sector pursuant to Article 49 and enables creation of AML/CFT supervisory colleges in the non-financial sector pursuant to Article 50.

Under the previous AML/CFT framework, Directive (EU) 2015/849 established a general obligation for home and host supervisors to cooperate. This requirement was subsequently strengthened to ensure that cooperation and the exchange of information between supervisors were not prohibited or unreasonably restricted. In the absence of more detailed provisions on supervisory cooperation, the European Supervisory Authorities (ESAs) developed Guidelines establishing a framework for cooperation and information exchange between competent authorities responsible for the supervision of credit and financial institutions for AML/CFT purposes[2]. Those Guidelines also defined arrangements for the establishment and functioning of AML/CFT supervisory colleges for credit and financial institutions operating on a cross-border basis in at least three jurisdictions.

Evidence gathered under the previous framework suggests that AML/CFT supervisory colleges have positively contributed to supervisory cooperation, although certain areas for improvement were identified. These concerned the uneven implementation of a risk-based approach and the lack of

[2] Joint Guidelines on cooperation and information exchange for the purpose of Directive (EU) 2015/849 between competent authorities supervising credit and financial institutions – The AML/CFT Colleges Guidelines.

sufficiently meaningful and systematic discussions aimed at achieving a common supervisory approach[3].

In the non-financial sector, a formal AML/CFT supervisory college framework had not been established beyond the general provisions under Directive (EU) 2015/849. Therefore, cooperation relied mainly on bilateral and ad-hoc agreements, which varied in nature and scope across non-financial sectors and Member States. Such divergences may increase the operational burden for non-financial supervisors, create obstacles to timely information exchange, and reduce the consistency and effectiveness of supervisory cooperation. The new AML/CFT framework seeks to address those shortcomings by establishing an enabling framework for the setting-up of AML/CFT supervisory colleges in the non-financial sector.

The conditions under which AML/CFT supervisory colleges in the non-financial sector can be established are specified by Articles 50(1) and 50(7) of Directive (EU) 2024/1640. More specifically, Article 50(1) requires Member States to enable the setting-up of AML/CFT colleges where an obliged entity in the non-financial sector, group, or structure subject to group-wide requirements has set up establishments in at least two different Member States other than the Member State where its head office is located, and where a third-country entity subject to AML/CFT requirements other than a credit institution or a financial institution has set up establishments in at least three Member States. Additionally, Article 50(7) allows Member States to enable the setting-up of AML/CFT supervisory colleges where an obliged entity in the non-financial sector established in the Union has set up establishments in at least two third countries. Pursuant to Article 50(1), third-country non-financial supervisors can be invited to AML/CFT supervisory colleges under certain conditions, including compliance with confidentiality requirements equivalent to those applicable to Union non-financial supervisors and compliance with Union law regarding the processing and transmission of personal data. In line with the risk-based approach underpinning the Union AML/CFT framework, the establishment and activities of AML/CFT supervisory colleges should be proportionate to the level of risk to which the obliged entities and groups are exposed, and to the scale of their cross-border activity.

The new framework creates a need for harmonised and sufficiently detailed rules to ensure that AML/CFT supervisory colleges in the non-financial sector, where established, operate in a consistent, effective and risk-sensitive basis across the Union. Therefore, Article 50(13) of Directive 2024/1640 requires AMLA to develop the draft RTS specifying the rules on the functioning of AML/CFT supervisory colleges in the non-financial sector.

The draft RTS shall define:

a) the general conditions for the functioning of the AML/CFT supervisory colleges in the non-financial sector, including the terms of cooperation between permanent members and with observers, and the operational functioning of such colleges;
b) the template for the written agreement to be signed by non-financial supervisors pursuant to Article 50(7);
c) conditions for the participation of non-financial supervisors in third countries;

[3] A detailed assessment of the functioning of AML/CFT supervisory colleges in the financial sector is provided by the EBA's Report on the functioning of AML/CFT colleges in 2024/2025.

d) any additional measure to be implemented by the colleges when groups include credit institutions or financial institutions.

**B. Policy objectives**

The general objective of the draft RTS is to support the effective implementation and functioning of the AML/CFT supervisory college framework in the non-financial sector established by Directive (EU) 2024/1640. This is expected to enhance supervisory cooperation and information exchange, foster supervisory convergence across Member States, and contribute to more consistent and effective AML/CFT supervision across the Union, in line with the broader objectives of the Union AML/CFT package.

To achieve this general objective, the draft RTS pursue the following specific objectives:

- Support the establishment of a harmonised and risk-based framework for the organisation and functioning of AML/CFT supervisory colleges in the non-financial sector across the Union, by defining common rules governing the functioning of such colleges, where established;
- Promote the risk-based approach to the functioning of AML/CFT colleges in the non-financial sector, by ensuring that the organisation and activities of colleges are proportionate to the ML/TF risks of the obliged entities or groups concerned, as well as the scale and complexity of their cross-border activities;
- Enhance the effectiveness of supervisory cooperation within AML/CFT colleges in the non-financial sector, by facilitating timely information exchange, mutual assistance and coordinated supervisory approaches among supervisors participating in such colleges;
- Provide legal clarity regarding the roles and responsibilities of the parties involved, by clarifying the roles, responsibilities and interactions of lead supervisors, permanent members, observers and other participants in AML/CFT supervisory colleges in the non-financial sector;
- Establish clear and consistent conditions for the participation of third-country observers in AML/CFT supervisory colleges in the non-financial sector, while ensuring appropriate safeguards relating to confidentiality, professional secrecy and data protection.

**C. Baseline scenario**

Under the baseline scenario, Member States would enable the setting-up of AML/CFT supervisory colleges in the non-financial sector pursuant to Article 50 of Directive (EU) 2024/1640. Non-financial supervisors would therefore be required to cooperate within AML/CFT supervisory colleges established for the supervision of non-financial obliged entities, and groups thereof, which operate on a cross-border basis.

In the absence of the draft RTS, non-financial supervisors would be required to implement the AML/CFT supervisory college framework set out in Directive (EU) 2024/1640 without detailed and harmonised regulatory provisions governing its practical operation. In doing so, non-financial supervisors may develop inconsistent and divergent practices regarding the organisation and operation of colleges. Divergences are particularly likely, given the lack of a previously established AML/CFT supervisory college framework in the non-financial sector, the heterogeneity of supervisory set-ups across Member

States, and the diversity of business models, risk profiles and activities of obliged entities in the non-financial sector.

In the absence of detailed regulatory provisions, non-financial supervisors may also determine a number of operational arrangements on a case-by-case basis. These would include aspects relating to the organisation of colleges, the allocation of responsibilities among participants, the modalities for cooperation and information exchange, and the conditions governing cooperation with third-country non-financial supervisors. While such an approach would provide a degree of flexibility, it would also increase the likelihood of divergent supervisory practices across Member States.

The absence of harmonised and legally binding provisions could also result in legal uncertainty in areas where responsibilities and procedures are not specified in detail at Union level. This may affect the consistency of information exchange, the coordination of supervisory activities, and the treatment of cross-border obliged entities and groups operating across multiple jurisdictions and, where relevant, across both the financial and non-financial sectors. It may also create additional operational burden for non-financial supervisors, which may need to rely on bilateral agreements to govern the aspects of supervisory cooperation and information exchange which are not detailed in the legal framework.

The draft RTS seeks to address these shortcomings by providing a harmonised and risk-based framework for the functioning of AML/CFT supervisory colleges in the non-financial sector throughout the Union.

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

This section describes the policy options considered and the decision taken by AMLA as part of the development of the draft RTS on AML/CFT supervisory colleges in the non-financial sector.

This section starts by outlining the overarching principles guiding the policy choices. Then, it presents the main policy options considered by AMLA when developing the draft RTS, followed by an analysis of the potential costs and benefits of each option from a qualitative perspective, concluding with the preferred option resulting from the analysis.

Overarching principles

As overarching approach when developing the draft RTS, AMLA sought to build on the existing AML/CFT supervisory college framework established in line with the Joint ESAs' Guidelines on AML/CFT Colleges, to ensure continuity with the practices that have proven to be effective.

At the same time, AMLA considered it necessary to adapt the framework to the institutional architecture introduced by the Union AML/CFT package, and to enhance the framework by addressing the limitations identified through supervisory experience.

Accordingly, the draft RTS aims to preserve continuity with supervisory practices that have proven effective, while introducing targeted enhancements to strengthen risk-based supervisory cooperation, improve legal clarity, streamline cooperation mechanisms, and reduce unnecessary administrative burden for supervisors.

This approach is expected to facilitate a smooth transition to the new framework, promote effective and risk-based supervisory cooperation and information exchange, foster supervisory convergence, and promote the overall effectiveness and consistency of AML/CFT supervision across the Union.

Policy issue: Continuity with the existing AML/CFT supervisory college framework

Under the previous AML/CFT framework, AML/CFT supervisory colleges were established to facilitate cooperation and information exchange among supervisors responsible for the AML/CFT supervision of cross-border credit and financial institutions, and groups thereof. Since no legally binding framework existed, the operation of these colleges was largely based on the Joint ESAs' Guidelines on AML/CFT Colleges.

Under the new AML/CFT package, Directive (EU) 2024/1640 significantly strengthens the cooperation framework by establishing AML/CFT supervisory colleges as a statutory element of the AML/CFT supervisory architecture. In this context, AMLA is mandated to develop draft RTS governing the functioning of AML/CFT supervisory colleges in the non-financial sector.

When implementing this mandate, AMLA considered whether building on the existing framework while introducing targeted improvements or establishing a fundamentally new architecture.

The following two options were assessed:

A. Building on the existing framework, with targeted enhancements where relevant;
B. Establishing a fundamentally new AML/CFT supervisory college framework.

Option A

Under Option A, the draft RTS would replicate the core elements of the draft RTS on AML/CFT supervisory colleges in the financial sector, but targeted amendments would be introduced to ensure proportionality with respect to the non-financial sector.

The main benefit of this option is that it would promote effective and consistent AML/CFT supervisory cooperation while maintaining a proportionate approach. Under this option, the draft RTS would seek to ensure consistency and effectiveness of the AML/CFT supervisory college framework by extending the provisions that have proven to be effective in the financial sector, while introducing enhancements that have been considered relevant based on supervisory experience in the financial sector, as well as other provisions aimed at addressing the specificities of the non-financial sector. This approach would enable AMLA and non-financial supervisors to leverage supervisory experience gained through AML/CFT supervisory colleges in the financial sector, while adapting the framework to reflect differences in institutional architecture, supervisory set-ups, as well as operational specificities of obliged entities and groups in the non-financial sector, including cases where structures similar to group that are subject to group-wide requirements operate across jurisdictions, and cases where information exchanged is subject to professional secrecy or legal privilege.

The only disadvantage of this option is that it would introduce certain differences between the AML/CFT supervisory college frameworks applicable in the financial and non-financial sectors. However, such differences would be justified by proportionality considerations and by differences in institutional architecture, supervisory arrangements, and operational specificities between the two sectors.

Overall, Option A would provide a balanced and proportionate solution, building on experience gained through AML/CFT supervisory colleges in the financial sector, while ensuring that the framework is appropriately tailored to the non-financial sector.

Option B

Under Option B, AMLA would design a fundamentally new AML/CFT supervisory college framework for the non-financial sector, independent from the arrangements established for the financial sector. This could include different cooperation mechanisms, organisational arrangements, and rules governing information exchange.

The main advantage of this option would be the flexibility to design a framework specifically tailored to the non-financial sector. It could incorporate innovative approaches to supervisory cooperation adapted to the supervisory set-ups and operational specificities of the sector and could place greater emphasis on proportionality and risk-based supervisory cooperation.

However, this option would require a significant departure from established supervisory practices and would result in greater divergence between the financial and non-financial sectors. Moreover, it would prevent AMLA and non-financial supervisors from fully leveraging lessons learned through AML/CFT supervisory colleges in the financial sector.

Given that the existing framework has generally proven effective and that institutional, supervisory and operational specificities can be addressed through targeted and proportionate amendments, a fundamentally different AML/CFT supervisory college framework would not appear proportionate to the objectives pursued. The additional benefits associated with a fully tailored framework are unlikely to justify the operational and institutional costs associated with this option.

**E. Preferred option**

Given the considerations outlined above, Option A was considered the preferred option. This option best meets the objectives of the mandate by balancing harmonisation and proportionality. It builds on supervisory experience gained through existing practices, while introducing targeted and proportionate amendments. It contributes to effective and consistent supervisory cooperation while reinforcing the risk-based approach, simplifying cooperation mechanisms, and enhancing legal clarity regarding key elements of the AML/CFT supervisory college framework in the non-financial sector.

The draft RTS maintains the core elements governing the functioning of AML/CFT supervisory colleges in the financial sector. Provisions relating to the operational functioning of colleges, mutual assistance, coordinated supervisory approaches and information exchange remain broadly aligned with the financial-sector framework, while being adapted where necessary to reflect the institutional, supervisory and operational specificities of the non-financial sector.

More specifically, the draft RTS addresses proportionality concerns and tailor the provisions to the specificities of the non-financial sector by:

- Clarifying the applicability of the AML/CFT supervisory college framework not only to groups but also to other structures subject to group-wide requirements;
- Providing additional flexibility regarding the structure of college meetings;
- Adapting provisions on the identification of the lead supervisor to reflect the characteristics of groups and equivalent structures in the non-financial sector;
- Clarifying the role of self-regulatory bodies (SRBs) in AML/CFT supervisory colleges;
- Specifying additional confidentiality measures in cases where information exchanged is subject to professional secrecy or legal privilege;
- Streamlining cooperation mechanisms and terms of cooperation, including the introduction of an internal coordination mechanism between permanent members; and
- Introducing a mechanism enabling the coordinated organisation of AML/CFT supervisory colleges with a similar composition, thereby increasing efficiency and reducing operational burden.

This option is expected to provide benefits in terms of increased supervisory effectiveness and consistency, stronger risk-based supervisory cooperation, better proportionality, and greater legal clarity. The assessment recognises that non-financial supervisors will incur implementation costs associated with establishing the mechanisms and arrangements necessary for the functioning of AML/CFT supervisory colleges. However, these costs primarily arise from the institutional architecture introduced by Directive (EU) 2024/1640 rather than from the draft RTS themselves.

The draft RTS seek to limit those costs by promoting a risk-based approach to the functioning of colleges and by simplifying cooperation mechanisms and arrangements to the extent possible. Moreover, the expected benefits arising from more effective and consistent cooperation and greater legal clarity are expected to outweigh those costs.

Obliged entities and groups in the non-financial sector may also incur additional administrative costs in connection with their participation in AML/CFT supervisory colleges, where relevant. However, these costs are primarily linked to the institutional architecture introduced by Directive (EU) 2024/1640 and are not expected to be significantly affected by the draft RTS.

Overall, the draft RTS is expected to enhance the effectiveness and efficiency of the AML/CFT supervisory colleges framework in the non-financial sector, with a view to enhancing the effectiveness and consistency of AML/CFT supervision and foster a common approach to AML/CFT supervision at Union level.

## 5.2 Overview of questions for consultation

Question 1: Do you have any comments on the proposals in recitals of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.

Question 2: Do you have any comments on the proposals in Section 1 of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.

Question 3: Do you have any comments on the proposals in Section 2 (General conditions for the functioning of AML/CFT supervisory colleges in the financial sector) of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.

Question 4: Do you have any comments on the proposals in Section 3 (Terms of cooperation between permanent members of the AML/CFT supervisory college) of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.

Question 5: Do you have any comments on the proposals in Section 4 (Terms of cooperation with observers of the AML/CFT supervisory college) of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.

Question 6: Do you have any comments on the proposals in Section 5 (Conditions for the participation of third-country non-financial supervisors) of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.

Question 7: Do you have any comments on the proposals in Section 6 (Additional measures) of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.

Question 8: Do you have any comments on the proposals in Section 7 (Final provisions) of the draft RTS? If you think adjustments are needed, please explain your rationale and provide information of the impact the proposals would have if they remained unchanged.