EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS
The Cooperative Difference: Sustainability, Proximity, Governance

FG/MvB
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EACB response to AMLA Consultation on Draft RTS on group-wide requirements and on branches and subsidiaries in third countries with legal impediments under article 16(4) and 17(3) AMLR June 2026

The European Association of Co-operative Banks (EACB) is the voice of cooperative banks in Europe and beyond. It represents, promotes, and defends the common interests of its 27 member institutions in banking as well as cooperative legislation. With 2,500 banks and 36,500 branches, cooperative banks are widely established across the European Union and play a vital role in its financial and economic system. They have a longstanding tradition serving their 225 million customers, mainly consumers, retailers, and communities. An important task of the EACB is to raise awareness on the unique characteristics of the cooperative business model: democracy, transparency, and proximity. In Europe, cooperative banks represent 89 million members, providing employment to 712,000 individuals and maintaining an average market share of approximately 20%.

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Public consultation questions

Question 1: Do you have any observations concerning the definitions laid out in article 2?

Please find below our observations:

- ***Art.2** introduces a **definition of "control function"**, and we welcome its alignment with the EU financial services frameworks. We would appreciate confirmation that the term should be interpreted consistently across frameworks to support legal certainty and coherent application by obliged entities operating under multiple regimes. In addition, the wording "including, but not limited to" may create uncertainty regarding the exact scope of the functions covered.*

- *Regarding the new definitions in Art.2, we understand that those are intended to capture arrangements that fall outside the AMLR definition of a 'group'. However, the relationship between these concepts and the group definition is not explicit.*

  In particular, clarification would be welcome as to whether:

  - *these definitions are intended to apply only in the absence of a group structure;*
  - *obliged entities that are part of a group are expected to assess these concepts in parallel;*

  Without such clarification, it is unclear whether group-wide obligations could extend beyond formally defined group structures, within the meaning of AMLR, to other types of commercial arrangements. Further clarification on this point would therefore be appreciated.
  We further note that, given the broader RTS framework on group-wide policies, controls and information sharing, it is important to clarify whether, and to what extent, these definitions are intended to trigger obligations analogous to those applicable at group level.
  Finally, Recital (44) of the AMLR includes within the definition of groups the structures formed by entities permanently affiliated to a central body and financial institutions which are members of the same institutional protection scheme. However, the AMLR does not specify whether central bodies should be considered as parent undertakings in such structures for the purpose of AML-CFT requirements whereas national AML-CFT frameworks and other financial regulations including CRR regulation confer to central bodies similar obligations as those of parent undertakings in classical group structures). Clarification would help ensure legal certainty and preserve the robustness of existing group organisations.

- *We note that the definitions of 'structure', 'network' and 'partnership' are framed broadly and could capture a wide range of arrangements. In particular, there is a risk that purely contractual or investment relationships (e.g. minority interests or standard market arrangements) could fall within scope without involving the level of control, coordination or integration that would justify the application of group-like AML/CFT obligations. Furthermore, these definitions rely on concepts such as 'common management', 'common compliance control' or a 'common framework',*

without clearly specifying the level of influence or control required. In the absence of such clarification, there is a risk that arrangements involving coordination but not control could be captured, including situations where an obliged entity does not have the legal or practical ability to impose AML/CFT controls.
This may give rise to operational challenges, as obliged entities could be expected to apply policies or obtain information in respect of entities or arrangements over which they do not exercise control or have no legal means to enforce compliance. We therefore request that AMLA clarify that any obligations linked to these definitions are limited to what is within the obliged entity's legal and operational control.
In addition, AMLA should clarify that these concepts should only apply to AML/CFT obligations and present AML/CFT risks. The application of group-equivalent requirements would be disproportionate where the arrangement concerns activities that are not related to regulated services or transactions. The criterion of "common compliance control" should also be reconsidered, as structures such as networks, partnerships or franchises may be based on common ownership, management or a common business project, without necessarily implying common compliance control
AMLA should clarify the scope and potential overlap of this definitions, through supervisory guidance or practical examples.

- *Finally, we believe in the importance of ensuring that the application of these concepts remains consistent with existing prudential and accounting frameworks used to define group perimeters, in order to avoid the creation of parallel or misaligned scopes of application across regulatory regimes. More broadly, the application of these definitions should remain consistent with the risk-based approach underpinning the AMLR, and should not result in disproportionate obligations being applied to arrangements that do not present equivalent AML/CFT risks.*

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

Question 2: Do you find the minimum requirements listed in article 3 of the draft RTS related to internal policies, procedures and controls sufficient and clear? If not, could you please indicate which other requirements, or further clarification, you think should be added and/or revised?

The requirements appear sufficiently clear and we welcome the principle-based approach followed by AMLA. However, we foresee a number of implementation challenges:

- *For groups headquartered outside the Union, group-wide policies, procedures and controls are typically established and approved at global level. The requirement for the parent undertaking in the Union to establish and approve a distinct set of group-wide policies may therefore create a duplication of frameworks, resulting in an incremented operational complexity and potential inconsistencies. We therefore request that AMLA clarify that, where global group frameworks meet or exceed the requirements of the AMLR and associated RTS, these may be relied*

upon to satisfy EU requirements, with any necessary adaptations limited to identified EU-specific requirements.

- *We note uncertainty regarding the legal basis for extending group-wide requirements to entities not linked through a traditional parent–subsidiary relationship under company law. Where entities are separately incorporated and subject to distinct legal and regulatory obligations, it may be unclear how far group-wide policies, procedures and controls can be imposed or enforced in practice. This is particularly relevant for cross-border information sharing, where legal constraints may limit the exchange or use of certain information. Clarification would be welcome on how these requirements should operate, including their application across legally distinct entities and the management of potential conflicts with local legal obligations.*
- *While none of the principles set out in Art.3 would directly undermine cooperative banking models, we suggest clarifying in the recitals, with regard to par. 1(a), that a direct reporting line between the group compliance manager/officer and local compliance functions may not always be practicable due to organisational specificities or group complexity. In such cases, the group compliance manager/officer should nevertheless be deemed to have adequate means to oversee the implementation of group-wide policies and controls, including through appropriate information channels and institutionalised committees involving local or regional compliance functions and management bodies.*
- *It would be useful to explicitly recognise, within the definition of policies, procedures and internal controls, the role of line controls (first-level controls). Such controls include both the assessment of the effectiveness of procedures, structures and systems, and support in relation to management decisions. This clarification would be relevant in the context of the AMLR and related RTSs where effective implementation of AML/CFT obligations relies on the involvement of first-level controls.*
- *In addition, with regard to Art.3(1)(c), further clarification and/or practical examples would be welcome on the identification and management of potential conflicts of interest, including the parties involved.*
- *While Art.3(1)(e) appropriately recognises the importance of information sharing between compliance, control and commercial functions, further clarification would be welcome regarding the scope and practical application of this requirement. In particular, clarification would be useful as to the type of information expected to be shared and its interaction with existing obligations relating to confidentiality, data protection and the prohibition on tipping-off. Without such clarification, the provision may create unnecessary operational complexity and potential conflicts with existing legal obligations.*
- *Art.3(2) requires group-wide policies to be approved by the EU parent management body and procedures and controls at least by the group compliance manager. This may be difficult in large, complex organisations. In particular, requiring management body approval of broad policies and detailed procedures may create bottlenecks and reduce agility in adapting to evolving risks. Clarification would be welcome that a proportionate, risk-based governance approach applies, including the option to delegate approval of more granular procedures and controls to suitably senior and competent functions, in line with existing governance frameworks.*

The inclusion in Art.5 to 15 of mechanisms addressing situations where third-country legal restrictions may affect information sharing, data processing, supervisory access or record

retention within cross-border groups is welcomed. Further consideration should be given to ensuring that supervisory expectations remain proportionate and operationally workable in cases of genuine conflicts of law, including data protection, banking secrecy or confidentiality requirements in third countries, so that obliged entities are not placed in a position where compliance with Union requirements would require a breach of applicable local law.

Section 3 - Information sharing (articles 4 - 9)

Question 3 : Do you foresee any operational or legal challenges including challenges related to legal privilege in implementing the provisions related to information sharing within entities of a group? If so, could you please indicate which ones?
Do you foresee any operational or legal challenges in ensuring that information sharing from third countries and to third countries within entities of a group is adequate to regulatory standards in the Union? Do you have any suggestion that would make it better suited operationally or legally?

We foresee legal and operational challenges, as detailed in our paper submitted by email.

- *Art.4 - we recognise the importance of intra-group information sharing to support a risk-based approach to AML/CFT and sanctions compliance across cross-border groups. However, concerns arise over the breadth and prescriptive nature of the framework, including the "at least" list of customer, transactional, risk, governance and STR-related data, which risks being interpreted as a mandatory baseline requiring systematic sharing of most or all data points, with significant implications particularly for low-risk customers. Clarification is needed that Art.4 enables sharing of relevant and available information rather than to impose new obligations to collect, generate, structure or centrally maintain data not otherwise required under the AMLR or other applicable legislation.*
  This raises concerns in relation to:
  - *applicable legal constraints, including GDPR principles, FIU-related secrecy obligations, confidentiality requirements and third-country legal restrictions. Reliance on customer consent to override such constraints is considered operationally impractical and legally questionable;*
  - *reliance on BO consent in practice, which is not realistic given the absence of a direct relationship and the fact that consent must remain withdrawable, creating significant operational uncertainty;*
  - *potential conflicts with national confidentiality or state secrecy obligations, treatment of STR/SAR-related information and other sensitive data points.*

Several provisions introduce terminology not fully aligned with AMLR (e.g. persons acting on behalf of customers, expected transactional behaviour, counterparties, ownership structure and legal entity data), creating uncertainty on scope and consistency with CDD. Operational concerns arise regarding feasibility and scalability in large cross-border groups, including data collection, processing, system integration, customer matching, and ensuring standardised and comprehensible information availability, as well as identifying customers belonging to the same group or structure. Further clarification is requested on

EACB AISBL – Secretariat • Rue de l'Industrie 26-38 • B-1040 Brussels
Tel: (+32 2) 230 11 24 • Enterprise 0896.081.149 • lobbying register 4172526951-19
www.eacb.coop • e-mail : secretariat@eacb.coop

the risk-based scope of information sharing, including when information is considered relevant for AML/CFT or targeted financial sanctions purposes, with illustrative examples to ensure consistent application and reduce interpretative divergence. Questions also arise on whether certain provisions imply ongoing "push" reporting of updates and on the practical application of the need-to-know principle, including whether a group-wide customer portfolio assessment is expected and how this aligns with proportionality and GDPR requirements.
Further clarification would also be useful on certain data categories listed in Art.4. For example, "typologies" and "risk indicators" should be defined or replaced by a functional description, as these may be received from FIUs or supervisors rather than produced by obliged entities.

- *Art.5 - we would appreciate clarification on the scope of intra-group information sharing, in particular whether it is limited to information received by EU obliged entities or also covers outbound sharing to third-country entities, and whether a two-way framework is envisaged. We also seek clarification on the interaction with Art.16(3) AMLR and on whether requirements differ depending on the direction of information flow. In addition, we highlight that third-country legal constraints (including banking secrecy, data localisation and confidentiality rules) may significantly restrict information exchange, and the RTS should explicitly allow proportionate alternative or mitigating measures where direct sharing is not feasible.*
- *Art.6 - we would welcome clarification on whether the provisions introduce new obligations compared with existing group-wide practices used to manage cross-border information restrictions, including governance frameworks and consent-based mechanisms. Clarification is also sought on key operational aspects of Art.6(3), in particular the trigger for the 28-day notification period and the interpretation of "without undue delay". We further request clarification on supervisory allocation in cases of direct AMLA supervision, including notification channels and the respective roles of AMLA and national competent authorities.*
- *Art.7 - we would appreciate clarification on the intended scope of supervisory information-sharing, in particular whether it covers all Art.4 categories or only information that is necessary and proportionate for supervisory purposes under a risk-based approach. We also highlight practical limitations regarding reliance on customer and beneficial owner consent, where obtaining such consent may not always be feasible, and consider that proportionate efforts should be sufficient. We also note the need for consistency across Art.12 and 13 regarding restrictions, consent and mitigating measures.*

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

Question 4: Do you foresee any operational or legal challenges in implementing the minimum actions and additional measures required under section 4 of the draft RTS where third-country law restricts the application of group-wide AML/CFT policies, procedures and controls?

We foresee both legal and operational challenges in implementing the minimum actions and additional measures under Section 4 of the draft RTS where third-country law

restricts the application of group-wide AML/CFT policies, procedures and controls. In particular, certain requirements appear difficult to operationalise or potentially disproportionate in practice, including:

- *the requirement under Art. 10(1)(c) to obtain consent for information sharing from UBOs, which is not realistic given that obliged entities do not have a direct relationship with UBOs;*
- *the requirement under Art. 15(1)(d) for prior approval by senior management of the parent undertaking, which may not be proportionate in all cases and could reduce operational flexibility;*
- *the requirement under Art. 15(1)(e), which may imply that source of funds, source of wealth, and documentation of the destination of funds become mandatory in all customer files, raising questions as to whether this reflects the intended scope of the provision.*

In addition, regarding the mandatory information of competent supervisors on third-country legal restrictions to the implementation of core group-wide requirements set out in paragraph (1) of Art. 10 to 14, AMLA could usefully support a more coordinated approach at EU-level by consolidating and publishing a list of those reported legal restrictions. This would avoid an inefficient institution-by-institution approach whereby each obliged entity separately identifies and reports the same obstacles to its own supervisor.

Question 5: Do you foresee any challenges in applying the provisions relating to information sharing within the group where third-country law restricts the ability to access, process or exchange information for AML/CFT purposes (article 12 and 13 of the draft RTS)? If so, please explain.

We would welcome further clarification on the minimum actions expected under Articles 12 and 13 where third-country law restricts the sharing of customer information or the disclosure of STR/SAR-related information within the group.

In particular, we believe it would be beneficial to clarify the interaction between the notification obligations under Articles 12(1)(a) and 13(1)(a) and the 28-calendar-day deadline. Since the AMLR generally refers to a "without undue delay" standard, the introduction of a specific 28-day period should be clearly justified and its trigger should be specified.

AMLA should also confirm that, where an obliged entity has completed the required notifications and applied all measures legally and operationally available to it, it should be deemed to have complied with its obligations, even if intra-group information sharing remains impossible due to third-country legal restrictions.

Section 6 - Conditions for the application of group-wide requirements to structures sharing common ownership, management or compliance control (articles 21 - 24)

Question 8: Do you find the conditions listed in article 21 sufficiently clear and

effective to identify the structures that shall apply requirements similar to groups?
If not, please explain.

The criterion "common compliance control" appears to cover a scope exceeding AML/CFT considerations, since the areas covered by control functions are not specified in the definition. This undetermined scope may create legal uncertainty and lead to unintended situations where group-wide requirements would apply to arrangements with specific risks unrelated to ML-FT.

Therefore, we suggest limiting the scope of this concept to control functions and areas addressed under banking / financial regulations (e.g CRD/Solvency). This would ensure greater legal certainty and support a more proportionate assessment.

Question 9: Do you foresee any legal or operational challenges in implementing the provisions listed in this RTS and in particular by article 21 for the above-mentioned structures?
If so, please describe the challenges and provide practical examples.

We foresee legal and operational challenges in applying group-wide requirements to structures that do not rely on a parent-subsidiary relationship.

Article 21(3) should be clarified to ensure that information-sharing and related AML/CFT obligations do not apply to non-obliged entities within a structure, unless there is a clear legal basis in the AMLR. Extending such obligations to entities that are not subject to AML/CFT requirements would be disproportionate and difficult to implement in practice.

Additionally, AMLA should define the notions of "network members" and "partners" and clarify how they relate to the definitions of "network" and "partnership" in Article 2.

Finally, under Article 21 RTS, "structures" must apply requirements equivalent to group-wide requirements, and taking into account size, complexity and risks. We foresee potential legal and operational challenges, for example for ordinary national credit institution structures, due to the lack of clarity on the application of proportionality and on whether simplifications compared to group-wide requirements would be available. We would therefore welcome clarification on these aspects.

Contact:

The EACB trusts that its comments will be taken into account.

For further information or questions on this paper, please contact:

- Ms Marieke van Berkel, Head of Department (Marieke.vanBerkel@eacb.coop)
- Ms Fiorella Grasso, Adviser, Consumer Policy & Financial Crime (fiorella.grasso@eacb.coop)