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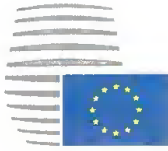
#### **INFORMATION NOTE**

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From:	General Secretariat of the Council
To:	Delegations
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010 - Letter to the Chair of the European Parliament Committee on Economic and Monetary Affairs

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Following the Permanent Representatives' Committee meeting of 28 February 2024 which endorsed the final compromise text with a view to agreement, delegations are informed that the Presidency has sent the attached letter, together with its Annexes, to the Chair of the European Parliament Committee on Economic and Monetary Affairs



Council of the European Union  
General Secretariat

SGS 24 / 001226

Ms Irene TINAGLI  
Chair of the Committee on Economic and Monetary Affairs  
European Parliament  
Rue Wiertz 60  
B-1047 Brussels

Brussels, 29. 02. 2024

**Subject:** Proposal for a Regulation of the European Parliament and of the Council establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010

Dear Ms TINAGLI,

Following my letter on 14 February 2024 and the informal negotiations on this proposal between the representatives of the three institutions, today the Permanent Representatives Committee agreed with the final compromise text on the Regulation establishing a new EU Antimoney Laundering Authority (including the location of the seat in Article 4).

I am therefore now in a position to inform you that, should the European Parliament adopt its position at first reading, in accordance with Article 294(3) TFEU, in the exact form of the text set out in the Annex to this letter (including the location of the seat in Article 4 and subject to revision by the lawyer-linguists of the two institutions), the Council, in accordance with Article 294(4) TFEU, will approve the European Parliament's position and the act shall be adopted in the wording which corresponds to the position of the European Parliament.

On behalf of the Council, I also wish to thank you for your close cooperation which should enable us to reach agreement on this file at first reading

Yours sincerely,

Willem van de VOORDE  
Chair of the  
Permanent Representatives Committee

Copy: Ms Mairéad McGuinness, Commissioner  
Ms Eva Maria POPTCHEVA, European Parliament Rapporteur  
Mr Emil RADEV, European Parliament Rapporteur

2021/0240 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>1</sup>,

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<sup>1</sup> OJ C , , p. .

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Experience with the current Anti-Money Laundering and Countering the Financing of Terrorism (AML/CTF) framework, which heavily relies on the national implementation of AML/CTF measures, has disclosed weaknesses not only with regard to the efficient functioning of the AML/CTF framework of the Union but also with regards to integrating international recommendations. Those weaknesses lead to the emergence of new obstacles to the proper functioning of internal market both due to the risks within the internal market as well as external threats facing the internal market.
- (2) Cross-border nature of crime and criminal proceeds endanger Union financial system efforts relating to prevention of money laundering and financing of terrorism. Those efforts have to be tackled at Union level through the creation of an Authority responsible for contributing to the implementation of harmonised rules. In addition, the Authority should pursue a harmonised approach to strengthen the Union's existing AML/CTF preventive framework, and specifically AML supervision and cooperation between FIUs. That approach should reduce divergences in national legislation and supervisory practices and introduce structures that benefit the smooth functioning of the internal market in a determined manner and should, consequently, be based on Article 114 TFEU.

- (3) Therefore, a European Authority for anti-money laundering and countering the financing of terrorism, the Anti-Money Laundering Authority ('the Authority') should be established. The creation of this new Authority is crucial to ensure efficient and adequate supervision of obliged entities ***that pose a high risk with regard to*** Money Laundering/Terrorist Financing (ML/TF) ■ , strengthening common supervisory approaches for ***all other*** obliged entities and facilitating joint analyses and cooperation between Financial Investigation Units (FIUs).
- (4) This new instrument is part of a comprehensive package aiming at strengthening the Union's AML/CFT framework. Together, this instrument, Directive [please insert reference – proposal for 6th Anti-Money Laundering Directive], Regulation [please insert reference – proposal for a recast of Regulation (EU) 2015/847] and Regulation [please insert reference – proposal for the Anti-Money Laundering Regulation] will form the legal framework governing the AML/CFT requirements to be met by obliged entities and underpinning the Union's AML/CFT institutional framework.
- (5) To bring AML/CFT supervision to an efficient and uniform level across the Union, it is necessary to provide the Authority with the following powers: direct supervision of a certain number of selected obliged entities of the financial sector, ***including crypto-asset service providers***; monitoring, analysis and exchange of information concerning ML/TF risks affecting internal market; coordination and oversight of AML/CFT supervisors of the financial sector; coordination and oversight of AML/CFT supervisors of the non-financial sector, including self-regulatory bodies and the coordination and support of FIUs.

- (6) Combining both direct and indirect supervisory competences over obliged entities, and also functioning as a support and **coordination** mechanism for FIUs, is the most appropriate means of bringing about supervision and cooperation between FIUs at Union level. This should be achieved by creating an Authority which should combine independence and a high level of technical expertise and which should be established in line with the Joint Statement and Common Approach of the European Parliament, the Council of the European Union and the European Commission on decentralised agencies<sup>3</sup>.
- (7) ***The arrangements concerning the seat of the Authority*** should be ***laid down in a headquarters agreement*** between the Authority and the host Member State. ***The headquarters agreement should stipulate*** the conditions of establishment of the seat and ***the*** advantages conferred by the Member State on the Authority and its staff. ***The Authority should conclude a headquarters agreement with the host Member State in a timely manner before it begins operations.***

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<sup>3</sup> [https://europa.eu/european-union/sites/default/files/docs/body/joint\\_statement\\_and\\_common\\_approach\\_2012\\_en.pdf](https://europa.eu/european-union/sites/default/files/docs/body/joint_statement_and_common_approach_2012_en.pdf).

- (7a) *When selecting the seat of the Authority, the legislators are to ensure that, given the nature of the Authority, its location enables it to fully execute its tasks and powers, to recruit highly qualified and specialised staff, to offer adequate training opportunities for AML/CFT activities, where relevant, to closely cooperate with Union institutions, bodies, offices and agencies, and, in order to avoid reputational risks, the legislators are to consider, based on publicly available, relevant and comparable information such as FATF reports how ML/TF risks are adequately addressed in the Member State where the seat will be located. In addition, the legislators are to take into account the following criteria for the selection of the Authority's seat: an assurance that the Authority can be set up on site upon the entry into force of this Regulation; the accessibility of the location; the existence of adequate education facilities for the children of staff members; appropriate access to the labour market, social security and medical care for both children and spouses of staff members; and geographical balance. Considering those criteria, the Authority should have its seat in Frankfurt am Main.*

- (8) The powers of the Authority should allow it to improve AML/CFT supervision in the Union in various ways. With respect to selected obliged entities, the Authority should ensure group-wide compliance with the requirements laid down in the AML/CFT framework and any other legally binding Union acts that impose AML/CFT-related obligations on financial institutions. ***With respect to financial supervisors***, the Authority should ***in particular*** carry out periodic reviews to ensure that all financial supervisors ***perform*** their tasks ***adequately***. It should ***also investigate systematic failures of supervision resulting from breaches, non-application or incorrect application of Union law***. With respect to non-financial supervisors, including self-regulatory bodies where appropriate, the Authority should coordinate peer reviews of supervisory standards and practices and request non-financial supervisors to ***ensure the observance*** of AML/CFT requirements ***in their sphere of competence***. ***The Authority should be able to act in cases of potential breaches or non-application of Union law by non-financial supervisors and in case such breaches are not rectified in line with Authority's recommendations, it should issue warnings to the affected counterparties of the relevant non-financial supervisors. The Authority should facilitate the functioning of the AML/CFT supervisory colleges in both the financial and non-financial sectors. Overall, the Authority should contribute to convergence of supervisory practices and promotion of high supervisory standards.*** In addition, the Authority should coordinate ***and support*** the conduct of joint analyses by FIUs ***or request the launch of a joint analyses, and should*** ■ make available to FIUs IT and artificial intelligence services ***to enhance their analysis capabilities*** and tools for secure information sharing, including through hosting of FIU.net.



- (9) With the objective to strengthen AML/CFT rules at Union level and to enhance their clarity while ensuring consistency with international standards and other legislation, it is necessary to establish the coordinating role of the Authority at Union level in relation to all types of obliged entities to assist national supervisors and promote supervisory convergence, in order to increase the efficiency of the implementation of AML/CFT measures, also in the non-financial sector. Consequently, the Authority should be mandated to prepare regulatory technical standards, to adopt guidelines, recommendations and opinions with the aim that where supervision remains at national level, the same supervisory practices and standards apply in principle to all comparable entities. ***In addition, Authority should be tasked with monitoring and measuring the degree of convergence and consistent application of legal requirements and high supervisory standards by supervisory authorities and obliged entities.*** The Authority should be entrusted, due to its highly specialised expertise, with the development of a supervisory methodology, in line with a risk-based approach.

Certain aspects of the methodology, which can incorporate harmonised quantitative benchmarks, such as approaches for classifying the **■** risk profile of obliged entities, ***including its inherent and residual risk***, should be detailed in directly applicable binding regulatory measures – regulatory or implementing technical standards ***factoring ML/TF risks in prudential supervision, in order to ensure effective interaction between prudential and AML/CFT supervision***. Other aspects, which require wider supervisory discretion, such as approaches to assessing **■** internal controls ***of*** the obliged entities should be covered by non-binding guidelines, recommendations and opinions of the Authority. The harmonised supervisory methodology should take due account of, and where appropriate, leverage the existing supervisory methodologies relating to other aspects of supervision of the financial sector obliged entities, especially where there is interaction between AML/CFT supervision and prudential supervision. Specifically, the supervisory methodology to be developed by the Authority should be complementary to guidelines and other instruments developed by the European Banking Authority detailing approaches of prudential supervisory authorities with respect to factoring ML/TF risks in prudential supervision, in order to ensure effective interaction between prudential and AML/CFT supervision.

*A harmonised supervisory methodology would enable development of common supervisory tools for interactions with, and data requests from, the obliged entities across the entire supervisory system. The Authority should be able to coordinate the development of such tools, in the form of structured questionnaires, based online or offline, and ultimately integrated into a single platform for interaction with obliged entities and among supervisors within the system. Such platform would not only facilitate supervisory processes and harmonised supervisory approaches but also ensure avoiding duplicative reporting requirements and excessive burden on obliged entities in the process of supervision both at Union as well as national levels.*

- (9a) *The extension of criminal offences that are predicate to money laundering to include non-implementation and evasion of targeted financial sanctions requires the development of an understanding of threats and vulnerabilities in that area at the level of obliged entities, supervisors and the Union. In carrying out its supervisory tasks over selected obliged, the Authority should therefore ensure that those entities have in place adequate systems to implement requirements related to targeted financial sanctions. Similarly, given its central role in ensuring an effective supervisory system across the internal market, the Authority should support supervisory convergence in this area to ensure adequate oversight of credit and financial institutions' compliance with requirements related to the implementation of targeted financial sanctions.*

*The information collected through its supervisory and convergence tasks constitutes a resource for the Union's understanding of risks in relation to non-implementation and evasion of targeted financial sanctions, and can contribute to the identification of effective mitigating measures. To this end, the Authority should contribute with its experience and knowledge to the development of the Union supranational risk assessment in relation to non-implementation and evasion of targeted financial sanctions.*

- (10) The Authority should be empowered to develop regulatory technical standards in order to complete the harmonised rulebook established in the [please insert references – proposal for 6th Anti-Money Laundering Directive, Anti-money laundering Regulation and proposal for a recast of Regulation (EU) 2015/847]. The Commission should endorse draft regulatory technical standards by means of delegated acts pursuant to Article 290 TFEU in order to give them binding legal effect. They should be subject to amendment only in very restricted and extraordinary circumstances, since the Authority is the actor in close contact with and knowing best the AML/CFT framework. To ensure a smooth and expeditious adoption process for those standards, the Commission's decision to endorse draft regulatory technical standards should be subject to a time limit.

- (11) The Commission should also be empowered to adopt implementing technical standards by means of implementing acts pursuant to Article 291 TFEU.
- (11a) In the process of developing regulatory technical standards, implementing technical standards, guidelines and recommendations addressed to obliged entities, supervisors or Financial Intelligence units, the Authority should as a rule conduct open public consultations, unless those consultations and analyses are highly disproportionate in relation to the scope and impact of the measures concerned or in relation to the particular urgency of the matter. The public consultations should be conducted in order to analyse the potential related costs and benefits of the new measures and requirements it is introducing, and in order to make sure that all the relevant stakeholders, including other Union bodies whose area of competence may be concerned, have had a chance to provide their input and advice. As the role of the civil society, including academia, investigative journalists, and non-governmental organisations, has proven paramount over the past years in identifying criminal patterns and how the Union AML/CFT framework can be strengthened to prevent criminal misuse of the Union internal market, the Authority should pay particular attention to input provided by civil society. It should ensure appropriate engagement of the civil society and active solicitations of its views during its policy-making process.***

- (12) Since there are no sufficiently effective arrangements to handle AML/CFT incidents involving cross-border aspects, it is necessary to put in place an integrated AML/CFT supervisory system at Union level that ensures consistent high-quality application of the AML/CFT supervisory methodology and promotes efficient cooperation between all relevant competent authorities. For these reasons, the Authority and national AML/CFT supervisory authorities ('supervisory authorities') should constitute an AML/CFT supervisory system. ***The AML/CFT supervisory system should be based on mutual trust and cooperation in good faith, including exchanges of the information and data related to supervision, in order to enable the Authority and supervisory authorities carry out their tasks effectively. This AML/CFT supervisory system*** would benefit supervisory authorities when facing specific challenges, for example vis-à-vis an enhanced AML/CFT risk or due to a lack of resources, as within that system mutual assistance should be possible on request. This could *also* involve exchange and secondments of personnel, training activities and exchanges of best practices. Furthermore, the Commission could provide technical support to Member States under Regulation (EU) 2021/240 of the European Parliament and of the Council to promote reforms aimed at reinforcement of the fight against money laundering.<sup>2</sup>

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<sup>2</sup> Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (OJ L 57, 18.2.2021, p. 1).

- (13) Considering the important role of thematic reviews in AML/CFT supervision across the Union as they enable to identify and compare the level of exposure to risks and trends in relation to obliged entities under supervision, and that currently supervisors in different Member States do not benefit from these reviews, it is necessary that the Authority identifies national thematic reviews that have a similar scope and time-frame and ensures their coordination at the level of the Union. To avoid situations of possibly conflicting communications with supervised entities, the coordination role of the Authority should be limited to interaction with relevant supervisory authorities, and should not include any direct interaction with non-selected obliged entities. For the same reason, the Authority should explore the possibility of aligning or synchronising the timeframe of the national thematic reviews and facilitate any activities that the relevant supervisory authorities may wish to carry out jointly or similarly.

- (-1) *The efficient usage of data leads to better monitoring and compliance of firms. Therefore, both direct and indirect supervision by the Authority and supervisory authorities of all obliged entities across the system should rely on expeditious access to relevant data and information about the obliged entities themselves and the supervisory actions and measures taken towards them, subject to limited retention periods in accordance with the applicable data protection framework. To that end, and taking into account the confidential and sensitive nature of the information, the Authority should establish a central AML/CFT database with information collected from all supervisory authorities, and should make such information available to any supervisory authority and non-AML/CFT authority within the system when necessary, on a confidential and need-to-know basis. The collected data should also cover the relevant aspects of the withdrawal of authorisation procedures, fit and proper assessments of shareholders and members of individual obliged entities as this will enable relevant authorities to duly consider possible shortcomings of specific entities and individuals that might have materialised in other Member States.*



*The database should also include statistical information about and supervisory authorities and Financial Intelligence Units. All collected data and information would enable effective oversight by the Authority of the proper functioning and effectiveness of the AML/CFT supervisory system. The information from the database would enable the Authority to react in a timely manner to potential weaknesses and cases of non-compliance by non-selected obliged entities. In order to ensure that the database can contain all the relevant information that is across the AML/CFT supervisory system, the supervisory authorities should have the flexibility to submit other categories of data in addition to those directly envisaged by the Regulation. In the same vein, the Authority, while managing the database and analysing the submitted data, would be best placed to identify which additional data points or categories could be requested from supervisory authorities to boost the effectiveness of the database. To enable compiling, storing and using a coherent, structured dataset, it is necessary to further specify the format, procedures, timelines and further details on the scope and nature of the data to be transmitted to the database. For that purpose, AMLA should develop a draft regulatory technical standards and submit them to the Commission. The specifications provided in the standard would determine the appropriate level of detail for specific categories of information expected to be transmitted with respect to various type of supervisory activities or types of obliged entities.*

*The data collected with regard to obliged entities in the non-financial sector should consider the principle of proportionality and the mandate of the Authority in the non-financial sector. Additionally, considering that in the non-financial sector the Authority would introduce the Union level oversight for the first time, and the Directive [OP: please insert reference to AMLD6] requires adjustments in the national institutional framework of supervision which need to be transposed, it is necessary to envisage a sufficient period to prepare the integration of the information from supervisory authorities in the non-financial sector. Specifically, the database should have the non-financial sector data submitted by four years after the entry into force of this Regulation, approximately one year after the deadline for transposition of the Directive. However supervisory authorities in the non-financial sector should be able on a voluntary basis already to submit those data before that date. The personal data processed in the context of the database should be retained for a period of up to 10 years after the date of their collection by the Authority. Such duration of the retention period is strictly necessary and proportionate for the purpose of supervisory activities carried out by the Authority and supervisory authorities.*

*The length of the data retention period ensures that the Authority and supervisory authorities retain access to the necessary information on the risk assessment, business activities, controls in place and breaches of individual obliged entities in order to carry out their duties, which requires them to access case-related information over a longer period of time. Such duration of the retention period is notably necessary since supervisory authorities should take into account, among other factors, the gravity, the duration and the repetitiveness of the breach to determine the level of sanctions or measures to be applied, which requires to analyse case-related information regarding a longer period of reference. Similarly, such duration of the data retention period is also necessary with regard to information resulting from fit-and-proper assessments of shareholders or members of the management in order to ensure that supervisory authorities have sufficient information to assess whether they are of good repute, act with honesty and integrity and possesses the knowledge and expertise necessary to carry out their functions, and to ensure ongoing monitoring of those conditions as required by [AMLD]. Personal data should be deleted where it is no longer necessary to keep them. Considering the purpose of the database and the use of information contained therein by various participants of the AML/CFT supervisory system, it should not contain any data covered by the legal privilege.*

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- (15) With the objective of ensuring a more effective and less fragmented protection of the Union's financial framework, a limited number of the riskiest obliged entities should be directly supervised by the Authority. As ML/TF risks are not proportional to the size of the supervised entities, other criteria should be applied to identify the most risky entities. In particular, two categories should be considered: high-risk cross-border credit and financial institutions with activity in a significant number of Member States, selected periodically; and, in exceptional cases, any entity whose material breaches of applicable requirements are not sufficiently or in a timely manner addressed by its national supervisor. ***In the latter case, either the Authority or financial supervisors could request a transfer of supervision from national to Union level, with a proper justification. The Commission should examine the requests submitted by the Authority and either approve or reject the transfer by means of an official decision and taking into account the justification submitted. Where the request of transfer comes from the financial supervisors to the Authority and involve voluntary delegation of tasks and powers, it should be up to the Authority to render the decision on the necessity of the transfer, and assume direct supervision of the obliged entity or group in question where it finds that the Union interests and solidity of the AML/CFT system so require. All those entities towards which the Authority would be exercising direct supervisory powers*** would fall under the category of 'selected obliged entities'.

- (16) The first category of credit and financial institutions, or groups of such institutions should be assessed every three years, based on a combination of objective criteria related to their cross-border presence and activity, and criteria related to their ML/FT risk profile. Only *credit or financial institutions or groups thereof, which are present in a significant number of Member States, regardless of whether they operate through establishments or under the freedom to provide services in Member States, and for which supervision at Union level would therefore be more adequate, should be included in the selection process.*
- (16a) *The periodic assessment of the risk profile of credit and other financial institutions for the purpose of selection for direct supervision should rely on data to be provided by the national financial supervisors and, for already selected obliged entities, by the Authority. In addition, the Authority should ensure harmonised application of the methodology by financial supervisors and provide coordination of the assessment of the risk profile of entities at group level. An implementing technical standard should precise the respective role of the Authority and the financial supervisors in the assessment process. The Authority should ensure alignment, where appropriate, between the methodology for assessment of risk profile for the purpose of the selection process pursuant to article 12 and the methodology for harmonising the assessment of the inherent and residual risk profiles of obliged entities at national level, to be developed in the regulatory technical standards pursuant to Article 31(2) of Directive [OP: please insert reference to AMLD6].*

- (17) *Given the current wide diversity of approaches adopted by national authorities to the evaluation of the residual risk profile of obliged entities, the process of regulatory development of a refined and detailed harmonised methodology allowing for assessment of residual risk with comparable outcomes is evolving and should be started on the basis of the work carried out by the European Banking Authority as soon as possible. Therefore the methodology for the categorisation of residual risk to be adopted for the first identification of selected obliged entities may be more straightforward and aimed at harmonising the different diverse approaches applied at national level. The Authority should review the methodology it is to apply every three years, taking account of the evolution of the relevant knowledge.*
- (18) The final selection criterion should warrant a level playing field among directly supervised obliged entities, and to that end, no discretion should be left to the Authority or supervisory authorities in deciding on the list of obliged entities that should be subject to direct supervision. Therefore, where a given assessed obliged entity operates cross-border and falls within the high risk category in accordance with the harmonised methodology , it should be deemed a selected obliged entity.

- (19) To provide transparency and clarity to the relevant institutions, the Authority should publish a list of the selected obliged entities within **six months** of commencement of a selection round, after verifying the correspondence of information provided by the financial supervisors to the cross-border activities criteria and the **risk profile** methodology. Therefore it is important that at the beginning of each selection period, the relevant financial supervisors, **and, if necessary, the obliged entities themselves**, provide the Authority with up-to-date statistical information to determine the list of financial institutions eligible for assessment in accordance with the assessment entry criteria relating to their cross-border operations. In this context, the financial supervisors should inform the Authority about the **risk profile** category that a financial institution falls into in their jurisdictions in accordance with the methodology laid down in the regulatory technical standards. The Authority should then assume the tasks related to direct supervision **six** months after the publication of the list. That time is needed to appropriately prepare the transfer of supervisory tasks from national to Union level, including the formation of a joint supervisory team, and adopting any relevant working arrangements with the relevant financial supervisors.

- (20) To ensure legal certainty and a level playing field among selected entities, any selected entity should remain under direct supervision of the Authority for at least three years, even if since the moment of selection and in the course of the three years it ceases to meet any of the cross-border activity or risk-related criteria due to e.g. potential **ceasing**, consolidation, expansion or re-allocation of activities carried out via establishments or freedom to provide services. The Authority should also ensure that sufficient time is allocated to preparation by the obliged entities and their supervisory authorities to the transfer of supervision from national to Union level. Therefore, each subsequent selection should commence **twelve** months before the end-date of the three year period of supervision of the previously selected entities.
- (20a) *The Authority should supervise financial sector obliged entities with a high risk profile within the Union, where such entities operate in six Member States through multiple establishments or through the freedom to provide services within the EU. In such cases, supranational supervision by the Authority would bring significant added value compared to fragmented supervision between home and host Member States by eliminating the need for national supervisors of home and host Member States to coordinate and align the measures taken vis-à-vis various parts of the single group. In order to ensure homogeneous supervision of groups and a more granular analysis of the risk of the cross-border entities assessed, the assessment of the ML/TF risk of obliged entities which are part of a group should be always done at the level of the group, resulting in a single group-wide risk score to be considered for the purposes of the selection.*



*The entire group should then be considered as the selected obliged entity. While the exact number of entities that could meet the risk and cross-border activities criteria for direct supervision varies and depends on their business model and money-laundering risk profile at the moment of the assessment, it is necessary to ensure an optimal, progressive and dynamic repartition of competence between the Union and national authorities in the first phase of the existence of the Authority. To ensure a sufficient number and adequate range of types of high risk groups and entities that are supervised at Union level, the Authority should have sufficient resources to simultaneously supervise up to 40 groups and entities at least in the first selection process. In case more than 40 entities would qualify for direct supervision based on their high risk profile, the Authority should select among them the 40 entities operating through the freedom of establishment or the freedom to provide services in the highest number of Member States. In the event that this criterion is not sufficient to select 40 entities, in particular where several obliged entities operate in the same number of Member States – for example, entity number 39, 40 and 41 all operate in the same number of Member States – the Authority should be able to distinguish among them and should select those that have the highest ratio of volume of transactions with third countries to the total volume of transactions.*

*In the steady state of functioning of the Authority, and building on experience with supervision in the first selection process, it would be beneficial for the number of entities under its supervision to increase but also for the Authority to ensure a complete coverage of the internal market under its supervision. To that end, on the one hand, in case more than 40 entities would qualify for direct supervision based on their high risk profile, the Authority could, in consultation with the supervisory authorities, agree supervising a specific different number of entities or groups that is greater than 40. In deciding on the number of selected obliged entities, the Authority should take into account its own resources capacity to allocate or additionally hire the necessary number of supervisory and support staff and should ensure that the increase in the financial and human resources is feasible. At the same time, the complete coverage of the internal market could be ensured by supervising at least one entity in each Member State. To that end, in the Member States where no entities were selected following a regular process, it should be the entity with high risk profile in accordance with the risk methodology designed for the selection process, including the criteria to choose between several entities with the high risk profile.*

- (21) The relevant actors involved in the application of the AML/CFT framework should cooperate with each other in accordance with the duty of sincere cooperation enshrined in the Treaties. In order to ensure that the AML supervisory system composed of the Authority and supervisory authorities functions as an integrated mechanism, and that jurisdiction-specific risks and local supervisory expertise are duly taken into account and well utilised, direct supervision of selected obliged entities should take place in the form of joint supervisory teams ***and, where appropriate, dedicated on-site inspection teams***. These teams should be led by a staff member of the Authority coordinating all supervisory activities of the team (***JST coordinator***). ***The JST coordinator and other staff members of the Authority allocated to the joint supervisory team should be based at the premises of the Authority but should be able to carry out their day-to-day tasks and supervisory activities in any Member States where the selected obliged entity has its operations. To that end, the financial supervisors should assist in ensuring smooth and flexible working arrangements for all the joint supervisory team members.***

The Authority should be in charge of *the* establishment and composition of the joint supervisory team, and *local supervisor involved in the supervision of the entity* should ensure that a sufficient number of their staff members are appointed to the team, taking into account the risk profile of the selected entity in their jurisdiction, *as well as its overall volume of activity. Each supervisor involved in the supervision of the group should appoint a member to the joint supervisory team. However, in cases where the risk of the obliged entity's activities is low in a particular Member State, the financial supervisor in that Member State should be able to choose, in agreement with the JST coordinator, not to appoint a member to the joint supervisory team. Where no member is appointed to the joint supervisory team, the relevant financial supervisor should still have a contact point for any joint supervisory team matters and responsibilities.*

- (22) To ensure that the Authority can fulfil its supervisory obligations in an efficient manner with regard to selected obliged entities, the Authority should be able to obtain any internal documents and information necessary for the exercise of its tasks and for that purpose have general investigation powers afforded to all supervisory authorities under national administrative law. *To that end, the Authority should be able to address information requests to any natural or legal person belonging to the selected obliged entity, such as an obliged entity itself or any legal person within the obliged entity; employees of the obliged entity and persons in comparable positions, including agents and distributors; external contractors which may be natural or legal persons; or third parties to whom a selected obliged entity has outsourced its activities, which may be natural or legal persons.*

- (23) The Authority should have the power to require actions, internal to the entity, to enhance the compliance of obliged entities with the AML/CFT framework, including reinforcement of internal procedures and changes in the governance structure, going as far as removal of members of the management body, without prejudice to the powers of other relevant supervisory authorities of the same selected entity. Following relevant findings related to non-compliance or partial compliance with applicable requirements by the obliged entity, it should be able to impose specific measures or procedures for particular clients or categories of clients who pose high risks. On-site inspections should be a regular feature of such supervision *and could be performed by dedicated teams*. If a specific type of on-site inspection, *for instance with respect to natural person, where the business premises are the same as person's private residence*, requires an authorisation by the national judicial authority, such authorisation should be applied for by the Authority.
- (24) The Authority should have a full range of supervisory powers in relation to directly supervised entities in order to ensure compliance with applicable requirements. These powers should apply in cases where the selected entity does not meet its requirements, in cases where certain requirements are not likely to be met, as well as in cases where internal *procedures* and controls are not appropriate to ensure sound management of selected obliged entity's ML/FT risks. The exercise of these powers could be done by means of binding decisions addressed to selected individual obliged entities.

- (25) In addition to supervisory powers *to impose administrative measures*, and in order to ensure compliance, in *any* cases of █ breaches of directly applicable requirements, the Authority should be able to impose █ pecuniary sanctions on the selected obliged entities. ***For serious, repeated or systematic breaches, the Authority should always apply pecuniary sanctions.*** Such sanctions should be proportionate and dissuasive, should have both punitive and deterrent effect, and should comply with the principle of ne bis in idem. The maximum amounts of pecuniary sanctions should be in line with those established by [please insert reference – 6<sup>th</sup> Anti-Money Laundering Directive] and available to all supervisory authorities across the Union. The basic amounts of these sanctions should be determined within the limits established by the AML/CFT framework, taking into account the nature of the requirements that have been breached. In order for the Authority to take aggravating or mitigating factors adequately into account, adjustments to the relevant basic amount should be possible. With the objective to achieve a timely change of the damaging business practice, the Executive Board of the Authority should be empowered to impose periodic penalty payments to compel the relevant legal or natural person to cease the relevant conduct.

With the aim to heighten awareness of all obliged entities, by encouraging them to adopt business practices in line with the AML/CFT framework, the *pecuniary* sanctions and penalties should be disclosed. ***The disclosure regime for administrative measures as well as the pecuniary sanctions and periodic penalty payments imposed by the Authority and detailed in this Regulation should be closely aligned with that at national level, as provided by Directive [OP: please insert reference to AMLD6].*** The Court of Justice should have jurisdiction to review the legality of decisions adopted by the Authority, the Council and the Commission, in accordance with Article 263 TFEU, as well as for determining their non-contractual liability.

- (26a) It is important that authorities in charge of overseeing implementation of targeted financial sanctions at national level are timely informed of any violation of such obligation by selected obliged entities. To that end, the Authority may share such information with the financial supervisor in the relevant Member State and instruct it to convey such information to the national authority responsible for overseeing the implementation of those sanctions.***

- (27) For non-selected obliged entities, the AML/CFT supervision is to remain primarily at national level, with national competent authorities retaining full responsibility and accountability for direct supervision. The Authority should be granted adequate indirect supervisory powers to ensure that supervisory actions at national level are consistent and of a high quality across the Union. Therefore, it should carry out assessments of the state of supervisory convergence and publish reports with its findings. It should be empowered to ***adopt follow-up measures in the form of*** guidelines and recommendations, ***including individual recommendations*** addressed to ***financial supervisors as a result of the assessment***, with a view to ensuring harmonised and high level supervisory practices across the Union. ***Individual recommendations could contain suggestions of specific follow-up measures which the financial supervisor is expected to make every effort to comply with. Where a financial supervisor does not implement the follow-up measures, the Authority should take the adequate and necessary steps in accordance with this Regulation.***



- (27a) *The Authority should also be able to settle disagreements between financial supervisors concerning the measures to be taken towards a non-selected obliged entity in the financial sector. In order to ensure constructive cooperation, the Authority should in the first instance attempt to resolve the dispute through a conciliation phase with a time limit. In the event that it does not achieve the desired results, the Authority should be able to adopt a binding decision requiring those supervisors to take specific action or to refrain from certain action, in order to settle the matter and to ensure compliance with Union law.*
- (27b) *For the purposes of safeguarding the proper functioning and effectiveness of the AML/CFT supervisory system, the Authority should be able to identify and act in cases of systematic failures of supervision caused by breaches of Union law resulting from non-application or improper application of national measures transposing Union Directives. To that end, and without prejudice to the powers of the European Commission to launch an infringement procedure pursuant to TFEU, the Authority should be able to investigate such possible breaches. Where a breach has been established by the Authority, after informing the supervisor concerned and, where appropriate, giving other financial supervisors the opportunity to provide information on the matter, the Authority could, if it considers it appropriate, issue a recommendation to the supervisor in question, outlining the measures to be taken to rectify the breach. Where the shortcomings identified have not been remedied, the Commission should also be able to issue an opinion requiring the supervisor to comply with the recommendation issued by the Authority.*

- (28) Certain obliged entities in the financial sector that do not meet the requirements for regular selection might still have a high inherent ***and/or residual risk*** profile from the money laundering and terrorism financing perspective, or might take on, change or expand activities that entail high risk, not mitigated with a commensurate level of internal controls, thus leading to ***serious, repeated or systematic*** breaches of its AML/CFT requirements. If there are indications of possible ***serious, repeated or systematic*** breaches of applicable AML/CFT requirements, they may be a sign of gross negligence on part of the obliged entity. The supervisory authority should ■ be able to adequately respond to any possible breaches and prevent the risks from materialising and leading to gross negligence of AML/CFT requirements. However, in certain cases a national level response might not be sufficient or timely, especially when there are indications that ***serious, repeated or systematic*** breaches at the level of the entity have already occurred. In those cases, the Authority should ■ request the local supervisor to take specific measures to remedy the situation, including requesting to issue financial sanctions ***or other coercive measures***. To prevent money laundering and terrorism risks from materialising, the deadline for action at national level should be sufficiently short.

- (28a) *The Authority should be notified where the situation of any non-selected obliged entity with regard to its compliance with applicable requirements and its exposure to ML/TF risks deteriorates rapidly and significantly, especially where such deterioration could lead to significant harm to the reputation of several Member States or of the Union as a whole.*
- (29) The Authority should have the opportunity to request a transfer of supervisory tasks and powers relating to a specific obliged entity on its own initiative in case of inaction, **failure or inability** to follow its instructions within the provided deadline. Since the transfer of tasks and powers over an obliged entity without the specific request of the financial supervisor to the Authority would require a discretionary decision on the part of the Authority, the Authority should address a specific request to that end to the Commission. In order for the Commission to be able to take a decision coherent with the framework of the tasks allocated to the Authority within the AML/CFT framework, the request of the Authority should enclose an appropriate justification, and should indicate a precise duration of the reallocation of tasks and powers towards the Authority.

The timeframe for the reallocation of powers should correspond to the time the Authority requires to deal with the risks at entity level, and should not exceed three years. *The Authority should be able to request a prolongation of this timeframe in case the breaches identified have not been addressed. This prolongation should be limited to what is necessary to address those breaches and not exceed 3 years.* The Commission should adopt a decision transferring powers and tasks for supervising the entity to the Authority swiftly, and in any case *without undue delay. That decision should be communicated to the European Parliament and to the Council.*

- (30) In order to improve supervisory practices in the non-financial sector, the Authority should carry out peer reviews of *non-financial supervisors, which should also include peer reviews of* public authorities overseeing self-regulatory bodies. *To that end, the Authority should develop the methodological framework for such reviews, including rules to avoid any conflict of interest in the conduct of peer reviews and in the drawing-up of findings, and regarding the consideration to be given to evaluations by international organisations or intergovernmental bodies with competence in the field of preventing money laundering and terrorist financing, when deciding on the planning of peer reviews and on their content.*

*With a view to fostering convergence of supervisory practices, the Authority should publish reports with findings from those peer reviews, including shortcomings and good practices identified; those reports could be accompanied by guidelines or recommendations addressed to the relevant public authorities, including public authorities overseeing self-regulatory bodies. Self-regulatory bodies should be able to participate in peer reviews where they have expressed an interest to do so.*

- (31) With the objective to increase the efficiency of the implementation of AML/CFT measures also in the non-financial sector, the Authority should also be able to investigate possible breaches or incorrect application of Union law by supervisors in that sector *as well as* public authorities overseeing self-regulatory bodies. *Where the Authority establishes that a breach exists, it should be able to issue a recommendation vis-a-vis the non-financial supervisor or supervisory authority concerned specifying the measures to be taken to rectify it. Where no appropriate action has been taken in response to that recommendation, the Authority should also be able to issue a warning to the relevant counterparties of the supervisory authority or non-financial supervisor. The powers of the Authority to issue such recommendations and warnings are without prejudice to the powers of the Commission to launch infringement procedures against Member States where it detects situation of non-implementation or bad implementation of Union law, in accordance with the powers conferred on it under the Treaties.*

- (31a) The Authority should also be able to settle disagreements between non-financial supervisors concerning the measures to be taken towards an obliged entity in the non-financial sector. In order to ensure constructive cooperation, the Authority should attempt to resolve the dispute through a conciliation phase with a time limit. At the end of the conciliation phase, the Authority should issue an opinion on how to settle the matter of disagreement.*
- (31b) Considering the cross-border nature of money laundering and terrorist financing, effective and efficient cooperation, information exchange and coordinated action between FIUs are of crucial importance. In order to improve such coordination and cooperation, the Authority should be entrusted with tasks and powers enabling the Authority and the FIUs to jointly constitute an FIUs support and coordination mechanism. To that end, the Authority should have sufficient human, financial and IT resources, which should, where necessary, be organisationally separated from the staff carrying out the tasks relating to the Authority's supervisory activities. The success of the support and coordination mechanism depends on the Authority and the FIUs cooperating in good faith and exchanging all the relevant information required to fulfil their respective tasks. In case of a disagreement between FIUs in relation to cooperation and the exchange of information, the Authority should be informed accordingly and should be able to act as a mediator between the relevant FIUs.*

- (32) In order to analyse suspicious activity affecting multiple jurisdictions, the relevant FIUs that received linked reports should be able to efficiently conduct joint analyses of cases of common interest. To this end, the Authority should be able to propose, ***initiate***, coordinate and support with all appropriate means the joint analyses of cross-border suspicious transactions or activities. The joint analyses should be triggered where there is a need to conduct ■ such joint analyses pursuant to the relevant provisions in Union law ***and in accordance with the methods and criteria for the selection and prioritisation of cases relevant for the conduct of joint analyses developed by the Authority. The FIUs should make every effort to accept the Authority's invitation to take part in a joint analysis. An FIU that declines to take part in a joint analysis exercise should explain the primary reasons for its refusal to the Authority. Where relevant, these reasons should be provided to the FIU that identified the need to carry out joint analysis.*** Upon the explicit consent of the FIUs participating in the joint analyses, the staff of the Authority supporting the conduct of joint analyses should be able to receive and process all necessary data and information, including the data and information pertaining to the analysed cases.

- (32a) *The Authority should be able to request FIUs to initiate joint analysis exercises under specific circumstances where, for example, information has been brought to the attention of the Authority by whistleblowers or investigative journalists or where the joint analysis of complex and cross-border cases would add value. The concerned FIUs should respond to the Authority without delay if they are willing to take part in the joint analysis and should provide reasons if they decide not to participate.*
- (32b) *Identifying links with information held by other agencies, bodies and offices, and by relevant third parties at an early stage is critical to ensure that the most relevant cross-border cases, including those requiring extensive operational analysis, are selected. In this respect, subject to the consent of all FIUs that have indicated their willingness to take part in a joint analysis, the staff of the Authority should be authorised to cross-match, on a hit/no-hit basis, the data of those FIUs with the information made available by other FIUs and Union bodies, offices and agencies, including Europol. The Authority should ensure that the most advanced available state-of-the-art technology, including ‘privacy-enhancing technologies’, is used for the purposes of cross-matching information on a hit/no-hit basis.*



*The ma3tch functionality of the FIU.net system is an example of a solution which enables establishing in real time, in a pseudonymous manner, if a subject is already known by the FIU of another country or by an EU body, office or agency, which avoids the unnecessary processing of personal data. In case of a hit, the Authority should share the information that generated a hit with the FIUs involved in the joint analysis. In case of a hit, the Authority should share the information that triggered the hit with Union bodies, offices and agencies subject to the prior consent by the FIU providing the information.*

- (32b) In order to ensure a fast and efficient set up process for the joint analyses, the Authority should be responsible for the establishment and composition of the joint analysis team and its coordination.*

***(32d) Effective operational cooperation in cross-border cases between the Authority and other relevant Union bodies is of crucial importance. In order to ensure that, where relevant, the results of joint analyses of cross-border cases are effectively followed up, the Authority should disseminate the results of joint analysis to the European Public Prosecutor's Office (EPPO) and to the European Anti-Fraud Office (OLAF) where the results of the joint analysis exercise indicate that a criminal offence, in respect of which the EPPO and OLAF could exercise their competences, may have been committed. Furthermore, subject to the agreement of all FIUs participating in joint analysis exercises, the Authority should also be able to disseminate the results of joint analyses to Europol and Eurojust where the results of the joint analysis exercises indicate that a criminal offence may have been committed in respect of which Europol and Eurojust could exercise their competences. The Authority should be able to exchange strategic information, such as typologies and risk indicators with the EPPO, OLAF, Europol and Eurojust.***

- (32e) *Pursuant to Article 24 of Council Regulation (EU) 2017/1939<sup>5</sup>, the Authority is to report without undue delay to the EPPO any criminal conduct in respect of which it could exercise its competence in accordance with Article 22 and Article 25(2) and (3) of that Regulation. Pursuant to Article 8 of Regulation 883/2013<sup>6</sup>, the Authority is to transmit to OLAF without delay any information relating to possible cases of fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with the applicable provisions in their founding legal instruments, the EPPO and OLAF should inform the Authority about the steps taken in relation to the information provided and any relevant outcomes.*
- (33) In order to improve the effectiveness of the joint analyses, the Authority should be able to *establish methods and procedures for the* conduct of the joint analyses. *Based on the feedback provided by the FIUs involved in the joint analyses, the Authority should be able to review their conduct, to identify the lessons learnt. Such reviews* should enable the Authority to issue *follow-up reports and conclusions to be shared with all FIUs, without disclosing confidential or restricted information, with the aim to further refine and improve* the methods and procedures for the conduct of joint analyses, *ultimately leading to improving and promoting the analyses themselves.*

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<sup>5</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1).

<sup>6</sup> Regulation (EU, EURATOM) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1073/1999 (OJ L 248, 18.9.2013, p. 1).

- (34) In order to facilitate and improve cooperation between FIUs and the Authority, including for the purposes *of* conducting joint analyses, the FIUs should ▯ delegate one staff member per FIU to the Authority ▯. The national FIU delegates should support the Authority's staff in carrying out all the tasks relating to FIUs, including the conduct of joint analyses and the preparation of threat assessments and strategic analyses of money laundering and terrorist financing threats, risks and methods. ***FIU delegates should be operationally independent and autonomous when carrying out their tasks and duties under this Regulation. They should not seek nor take instructions from Union institutions, bodies, offices or agencies, or from governments or other public or private bodies. Their tasks and duties should be without prejudice to the security and confidentiality rules of FIUs.***
- (34a) ***Apart from the joint analyses, the Authority should encourage and facilitate various forms of mutual assistance between FIUs, including training and staff exchanges in order to improve capacity building and enable the exchange of knowledge and good practices amongst FIUs. The Authority's role in supporting FIUs in their activities grants it a unique position to facilitate access by FIUs to databases and tools that are instrumental to improve the quality of financial intelligence.***

*The Authority should use its position to negotiate, on behalf of all FIUs, contracts with providers of those tools and databases, as well as relevant training for its staff and the staff of FIUs. The Authority should also have a mediation role in cases of disagreement between FIUs. To that end, FIUs should be able to refer disputes related to cooperation, including the exchange information between FIUs, to the Authority for mediation after failing to solve them by means of direct contact and dialogue.*

- (35) The Authority should manage, host, and maintain FIU.net, the dedicated IT system allowing FIUs to cooperate and exchange information amongst each other and, where appropriate, with their counterparts from third countries and third parties. The Authority should ***keep the system up-to-date, taking into account the needs expressed by the FIUs.*** To this end, the Authority should ensure that at all times the most advanced available state-of-the-art technology is used for the development of the FIU.net, subject to a cost-benefit analysis. ***The Authority should rely on third-party service providers only for non-essential tasks. In particular, the Authority should not outsource the hosting and management of FIU.net. The Authority should not have access to the content of the information exchanged within FIU.net, except where it is an intended recipient of such information. In order to be able to send, receive and cross-match information, the Authority should be provided with an operational node in the FIU.net system.***

- (36) In order to establish consistent, efficient and effective supervisory and FIU-related practices and ensure common, uniform and coherent application of Union law, the Authority should be able to issue guidelines and recommendations addressed to all or *a* category of obliged entities and all or a category of supervisory authorities and FIUs. The guidelines and recommendations could be issued pursuant to a specific empowerment in the applicable Union acts, or on the own initiative of the Authority, where there is a need to strengthen the AML/CFT framework at Union level.
- (36a) To provide an optimal assistance to FIUs and thereby increase the effectiveness of the FIU support and coordination mechanism, the Authority and the FIUs should be able to strengthen the effectiveness of FIU activities, identifying and promoting best practices. Peer reviews would be the best instrument to allow an objective assessment of such activities and practices, and therefore the Authority should be tasked with organising such peer reviews, based on methods for their conduct developed centrally by the Authority. To be informative, peer reviews should be comprehensive and cover all relevant aspects of the tasks of the FIUs laid out in Chapter III of Directive [insert reference to 6AMLD].***

*Therefore, they should include, inter alia, the adequacy of the FIUs' resources, the measures implemented to ensure the FIUs' operational independence and autonomy, the measures put in place to protect the security and confidentiality of the information processed by the FIUs, the functions related to receipt of STRs, the functions related to operational and strategic analyses of the FIUs and their dissemination, domestic and cross-border cooperation arrangements and practices of the FIUs. The peer reviews could result in issuance by the Authority of guidelines and recommendations aimed at promoting any identified best practices and addressing any shortcomings.*

- (37) The establishment of a solid governance structure within the Authority is essential for ensuring effective exercise of the tasks granted to the Authority, and for an efficient and objective decision-making process. Due to the complexity and variety of the tasks conferred on the Authority in both the supervision and FIU areas, the decisions cannot be taken by a single governing body, as is often the case in decentralised agencies. Whereas certain types of decisions, such as decisions on adoption of common instruments, need to be taken by representatives of appropriate authorities or FIUs, and respect voting rules of the TFEU, certain other decisions, such as the decisions towards individual selected obliged entities, or individual authorities, require a smaller decision-making body, whose members should be subject to appropriate accountability arrangements. Therefore, the Authority should comprise a General Board, and an Executive Board composed of five full-time independent members and of the Chair of the Authority.

- (38) In order to ensure the relevant expertise, the General Board should have two compositions. For all the decisions on the adoption of acts of general application such as the regulatory and implementing technical standards, guidelines, recommendations, and opinions relating to FIUs, it should be composed of the heads of FIUs of Member States ('General Board in FIU composition'). For the same types of acts related to direct or indirect supervision of financial and non-financial obliged entities, it should be composed of the heads of AML/CFT supervisors which are public authorities ('General Board in supervisory composition'). All parties represented in the General Board should make efforts to limit the turnover of their representatives, in order to ensure continuity of the Board's work. All parties should aim to achieve a **gender** balanced representation ■ on the General Board.
- (39) For a smooth decision making process, the tasks should be clearly divided: the General Board in FIU composition should decide on the relevant measures for FIUs, the General Board in supervisory composition should decide on delegated acts, guidelines and similar measures for obliged entities. The General Board in supervisory composition should also be able to provide, ***following procedures to be defined in agreement with the Executive Board, its opinion*** to the Executive Board on all draft decisions towards individual selected obliged entities proposed by the Joint Supervisory Teams. In absence of such opinion ■, the decisions should be taken by the Executive Board. Whenever the Executive Board deviates from the ***opinion*** provided by the General Board in supervisory composition in the final decision, it should explain the reasons thereof in writing.



- (40) For the purposes of voting and taking decisions, each Member State should have one voting representative. Therefore, the heads of public authorities should appoint a permanent representative as the voting member of the General Board in supervisory composition. Alternatively, depending on the subject-matter of the decision or agenda of a given General board meeting, public authorities of a Member State may decide on an ad-hoc representative. The practical arrangements related to decision-making and voting by the General Board members in supervisory composition should be laid down in the Rules of Procedure of the General Board, to be developed by the Authority.
- (40a) In order to assist the General Board in FIU composition with a preparation of all the relevant decisions under its mandate, it should be supported by a standing committee with a more limited composition. The standing committee should support the work of the General Board in FIU composition and perform its duties solely in the interest of the Union as a whole. It should work in close cooperation with FIU delegates and AMLA staff in charge of tasks related to FIUs, and in full transparency vis-a-vis the General Board in FIU composition.***

- (41) The Chair of the Authority should chair the General Board meetings and have a right to vote when decisions are taken by simple majority. The Commission should be a non-voting member on the General Board. To establish good cooperation with other relevant institutions, the General Board should also be able to admit other non-voting observers, ***in particular the representatives*** of the Single Supervisory Mechanism and of each of the three European Supervisory Authorities (EBA, EIOPA and ESMA) for the General Board in its supervisory composition and Europol, the EPPO and Eurojust for the General Board in its FIU composition, where matters that fall under their respective mandates are discussed or decided upon. ***To ensure that relevant Union authorities and bodies are invited to the meetings where their presence would be required or beneficial, the Rules of Procedure of the General Board should clearly define the circumstances under which the Union institutions, bodies and agencies listed above as well as other observers should be admitted to the meetings. When drafting the relevant parts of the Rules of Procedure, the Authority should agree with the Union institutions, bodies and agencies listed above on the terms and conditions of their participation. Such an agreement is presumed where the terms and conditions for participation are already included in the bilateral working arrangements or MoUs mandated by the present Regulation.*** To allow a smooth ***decision-making*** process, decisions of the General Board should be taken by a simple majority, except for decisions concerning draft regulatory and implementing technical standards, guidelines and recommendations which should be taken by a qualified majority of Member State representatives in accordance with voting rules of the TFEU.

- (42) The governing body of the Authority should be the Executive Board composed of the Chair of the Authority and of five full time members, ***including the Vice-Chair, and*** appointed by the ***European Parliament and the Council upon a proposal of the*** General Board based on the shortlist ***of qualified candidates drawn up*** by the Commission. With the aim of ensuring a speedy and efficient ***decision-making*** process, the Executive Board should be in charge of planning and execution of all the tasks of the Authority except where specific decisions are explicitly allocated to the General Board. In order to ensure objectivity and appropriate rapidity of the decision-making process in the area of direct supervision of the selected obliged entities, the Executive Board should take all binding decisions addressed to selected obliged entities. ***The representatives of the financial supervisors where the entity is established should be able to attend the deliberation of the Executive Board. In addition, together with a representative of the Commission, the Executive Board should be collectively responsible for the administrative and budgetary decisions of the Authority*** .
- (43) To allow for swift decisions, all decisions of the Executive Board, including the ***decisions*** where the Commission has a right to vote, should be taken by simple majority, with the Chair holding a casting vote in case of a tied vote. To ensure sound financial management of the Authority, ***with respect to the decisions where the Commission has a right to vote and the Commission's opinion is deviated from,*** the Executive Board █ should be ***able to provide a thorough justification of such deviation.***

- (44) To ensure the independent functioning of the Authority the five Members of the Executive Board and the Chair of the Authority should act independently and in the interest of the Union as a whole. They should behave, both during and after their term of office, with integrity and discretion as regards the acceptance of certain appointments or benefits. To avoid giving any impression that a Member of the Executive Board might use its position as a Member of the Executive Board of the Authority to get a high-ranking appointment in the private sector after his term of office and to prevent any post-public employment conflicts of interests, a cooling-off period for the five Members of the Executive Board, including the Chair of the Authority, should be introduced.
- (45) The Chair of the Authority should be appointed based on objective criteria by the Council after approval by the European Parliament. ***Both the European Parliament as well as the General Board could conduct hearings of the candidates for the position of the Chair shortlisted by the Commission. In order to ensure an informed choice of the best candidate by the European Parliament and the Council and a high degree of transparency in the process of appointment, the General Board could issue a public opinion following its hearings, or transmit its opinion to the European Parliament, the Council, or the Commission. The Chair*** should represent the Authority externally and should report on the execution of Authority's tasks.

- (46) The Executive Director of the Authority should be appointed by the Executive Board based on a shortlist from the Commission. *To enable an optimal choice, the shortlist of candidates to be prepared by the Commission should comprise at least two candidates selected by the Commission based on the grounds of merit and documented high-level administrative, budgetary and management skills, which should be demonstrated by the shortlisted candidates during an open selection procedure.* The Executive Director of the Authority should be a senior administrative official of the Authority, in charge of the day-to-day management of the Authority, and responsible for budget administration, procurement, and recruitment and staffing.
- (46a) *Equality between women and men and diversity are fundamental values of the Union, which it set out to promote across the whole range of Union actions. While progress has been made in these areas over time, more is needed to achieve balanced representation in decision-making, whether at Union or at national level. The Authority's main governing body, the Executive Board, would be collegial and composed of a Chair and five other independent members, while the day-to-day management would be entrusted to an Executive Director.*

*All those persons would be selected on the basis of an open selection procedure primarily guided by individual merit-based criteria. At the same time, collectively the appointments should result in the Authority collegially steered by a group with sufficiently diverse expertise, background and gender balanced representation. Considering that the Commission is tasked with preparation of the shortlists of the candidates for all the aforementioned positions, it should be guided by an imperative to consider the collective outcome of the appointments. Specifically, the shortlisted candidates should allow the appropriate appointing authorities to make the choices ultimately enabling sufficient diversity and gender balance among top management of the Authority.*

- (47) To protect effectively the rights of parties concerned, for reasons of procedural economy and to reduce the burden on the Court of Justice of the European Union, the Authority should provide natural and legal persons with the possibility to request a review of decisions taken under the powers related to direct supervision and conferred on the Authority by this Regulation and addressed to them, or which are of direct and individual concern to them. The independence and objectivity of the decisions taken by the Administrative Board of Review should be, among others, ensured by its composition of five independent and suitably qualified persons. Decisions of the Administrative Board of Review should be in turn appealable before the Court of Justice of the European Union.

- (48) *It is necessary to provide the Authority with the requisite human and financial resources so that it can fulfil the objectives, tasks and responsibilities assigned to it under this Regulation.* To guarantee the proper functioning of the Authority, funding should be provided, *depending on the tasks and functions* by a combination of fees levied on certain obliged entities and a contribution from the Union budget. *To ensure that the Authority can fulfil its tasks as direct and indirect supervisor of obliged entities, an adequate mechanism for the determination and the collection of the fees should be introduced.* As regards the fees levied on selected obliged entities and certain non-selected obliged entities, the methodology for their calculation and the process of collection of fees should be developed in a delegated act of the Commission. The fees levied on certain obliged entities should be calculated according to the principle of proportionality and taking into account, in particular, whether the obliged entities have qualified for direct supervision or not, their risk profile and their turn-over. The methodology should be calibrated in a way to ensure that a lower risk profile results in a smaller fee contribution relative to the size of the entity. The contribution from the Union budget is to be decided by the Budgetary Authority through the budgetary procedure. To that end, the Authority should submit to the Commission a statement of estimates. It should also adopt financial rules after consulting the Commission.

- (50) The rules on establishment and implementation of the budget of the Authority, as well as the presentation of annual accounts of the Authority, should follow the provisions of Commission Delegated Regulation (EU) 2019/715<sup>7</sup> as regards cooperation with the European Public Prosecutor's Office and the effectiveness of the European Anti-Fraud Office investigations.
- (51) In order to prevent and effectively combat internal fraud, corruption or any other illegal activity within the Authority, it should be subject to Regulation (EU, Euratom) No 883/2013 as regards cooperation with the European Public Prosecutor's Office and the effectiveness of the European Anti-Fraud Office investigations. The Authority should accede to Interinstitutional Agreement concerning internal investigations by OLAF, which should be able, to carry out on-the-spot checks within the area of its competence.
- (52) As stated in the Cybersecurity Strategy for the European Union<sup>8</sup>, it is essential to ensure a high level of cyber resilience in all EU institutions, bodies and agencies due to the increasingly hostile threat environment.

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<sup>7</sup> Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 122, 10.5.2019, p. 1).

<sup>8</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52013JC0001>.



The Executive Director must thus ensure appropriate IT risk management, a strong internal IT governance and sufficient IT security funding. ***As a rule, at least 10% of the Authority's IT expenditure should be transparently allocated to direct IT security. The contribution to the Computer Emergency Response Team of the European Institutions, Bodies and Agencies (CERT-EU) could be counted in this minimum expenditure requirement. The Authority should work closely with the CERT-EU*** and report major incidents with 24 hours to CERT EU as well as to the Commission.

- (53) The Authority should be accountable to both the European Parliament and the Council for the execution of its tasks and implementation of this Regulation. The Chair of the Authority should present a respective report to the European Parliament, the Council and the Commission on a yearly basis.
- (54) The staff of the Authority should be composed of temporary agents, contractual agents and seconded national experts, ***including the*** national delegates placed at the disposition of the Authority by Union FIUs ***but remaining under the authority of their national FIU***. The Authority, in agreement with the Commission, should adopt the relevant implementing measures in accordance with the arrangements provided for in Article 110 of the Staff Regulations<sup>9</sup>.

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<sup>9</sup> Regulation No 31 (EEC), 11 (EAEC) laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Economic Community and the European Atomic Energy Community (OJ P 045 14.6.1962, p. 1385).

- (55) To ensure that confidential information is treated accordingly, all members of the governing bodies of the Authority, all staff of the Authority, including seconded staff and staff placed at the disposition of the Authority, as well as any persons carrying out tasks for the Authority on a contractual basis, should be subject to obligation of professional secrecy, including any confidentiality restrictions and obligations stemming from the relevant provisions of Union legislation, and related to the specific tasks of the Authority. However, confidentiality and professional secrecy obligations should not prevent the Authority from cooperating with, exchanging or disclosing information to other relevant national or Union authorities or bodies, where it is necessary for the performance of their respective tasks and where such cooperation and exchange of information obligations are envisaged in Union law.

- (56) Without prejudice to the confidentiality obligations that apply to the Authority's staff and representatives in accordance with the relevant provisions in Union law, the Authority should be subject to Regulation (EC) No 1049/2001 of the European Parliament and of the Council <sup>10</sup>. In line with the confidentiality and professional secrecy restrictions related to supervisory and FIU support and coordination tasks of the Authority, such access should not be extended to confidential information handled by the staff of the Authority. In particular, any operational data or information related to such operational data of the Authority and of the EU FIUs that is *handled by staff* of the Authority due to carrying out the tasks and activities related to support and coordination of FIUs should be deemed as confidential. With regard to supervisory tasks, access to information or data of the Authority, the financial supervisors, or the obliged entities obtained in the process of carrying out the tasks and activities related to direct supervision should in principle also be treated as confidential and not subject to any disclosure. However, confidential information listed that relates to a supervisory procedure can be fully or partially disclosed to the obliged entities which are parties to such supervisory procedure, subject to the legitimate interest of legal and natural persons other than the relevant party, in the protection of their business secrets.

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<sup>10</sup> Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43).

- (57) Without prejudice to any specific language arrangements that could be adopted within AML supervisory system and with selected obliged entities, Council Regulation No 1<sup>11</sup> should apply to the Authority and any translation services which may be required for the functioning of the Authority should be provided by the Translation Centre for the Bodies of the European Union.
- (58) Without prejudice to the obligations of the Member States and their authorities, the processing of personal data on the basis of this Regulation for the purposes of the prevention of money laundering and terrorist financing should be considered necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the Authority under Article 5 of Regulation (EU) 2018/1725 of the European Parliament and of the Council<sup>12</sup> and Article 6 of Regulation 2016/679 of the European Parliament and of the Council<sup>13</sup>.

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<sup>11</sup> Council Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

<sup>12</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

<sup>13</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).

*Regulation (EU) No 2018/1725 requires the Commission to consult the European Data Protection Supervisor when preparing delegated or implementing acts that have an impact on the protection of individuals' rights and freedoms with regard to the processing of personal data. This may be the case for regulatory and implementing technical standards to be developed by the Authority. In order to ensure a smooth process for the preparation and adoption of those acts, when the Authority considers that there is an added value in consulting the European Data Protection Supervisor already at the stage of their development, it should inform the Commission thereof and obtain its authorisation to proceed with the consultation.*

- (58a) Reporting of irregularities by employees of obliged entities or groups can provide the Authority with critical information on the overall level of compliance by credit and financial institutions across the Union with AML/CFT requirements. Similarly, reporting by employees of supervisory authorities, self-regulatory bodies performing supervisory functions and FIUs can assist the Authority in its role of ensuring high-quality supervision and supporting the development of effective financial intelligence across the internal market.*

*However, those employees need to have sufficient assurance that their reports will be treated with a high level of confidentiality and that their personal data will not be disclosed under any circumstances. To that end, the Authority should have in place measures to maintain the confidentiality of reports. In establishing its internal rules for the handling of reports concerning possible breaches of AML/CFT rules, the Authority should ensure that reports by employees of selected obliged entities are prioritised and may set out procedures to deal with repetitive reports, high inflows of reports and situations where reports are submitted, which concern breaches that fall outside the Authority's mandate. In addition, persons reporting breaches relating to AML/CFT to the AMLA should qualify for the protection provided under Directive 2019/1937, provided the conditions established therein are fulfilled.*

- (59) The Authority should establish cooperative relations with the relevant Union agencies and bodies, including Europol, Eurojust, the EPPO, and the European Supervisory Authorities, namely the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority. To improve cross-sectoral supervision and a better cooperation between prudential and AML/CFT supervisors, the Authority should also establish cooperative relations with the authorities competent for prudential supervision of financial sector obliged entities, including the European Central Bank with regard to matters relating to the tasks conferred on it by Council Regulation (EU) No 1024/2013<sup>14</sup>, as well as with resolution authorities as defined in Article 3 of Directive (EU) 2014/59/EU of the European Parliament and the Council<sup>15</sup>, designated Deposit Guarantee Schemes authorities as defined in Article 2 (1), point 18 of Directive 2014/49/EU of the European Parliament and the Council<sup>16</sup> ***and competent authorities as defined in Article 3, point (35) of the Regulation (EU) 2023/1114 of the European Parliament and of the Council.***

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<sup>14</sup> Council Regulation (EU) No 1024/2013 of 15 October 2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions (OJ L 287, 29.10.2013, p. 63).

<sup>15</sup> Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012 of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).

<sup>16</sup> Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes (OJ L 173, 12.6.2014, p. 149).

To this end, the Authority should be able to conclude agreements or memoranda of understanding with such bodies, including with regard to any information exchange which is necessary for the fulfilment of the respective tasks of the Authority and these bodies. The Authority should make its best efforts to share information with such bodies on their request, within the limits posed by legal constraints, including data protection legislation. In addition, the Authority should enable effective information exchange between all financial supervisors in the AML/CFT supervisory system and the aforementioned authorities, such cooperation and information exchanges should take place in a structured and efficient way.

- (60) ***Partnership for information sharing*** have become increasingly important cooperation and information exchange fora between ***competent authorities and obliged entities in some Member States. Given the Authority's mandate in preventing and detecting money laundering, its predicate offences and terrorist financing, it should be possible for the Authority to set up Partnership for Information Sharing pursuing this goal. Information exchanged within the scope of those Partnerships for Information Sharing should be consistent with the scope of the Authority's mandate.*** Where the Authority would act as direct supervisor of selected obliged entities ***or in support to FIUs*** which are part of a ***Partnership for Information Sharing*** in any Member State, it could be beneficial for the Authority to also participate therein, on conditions determined by the relevant national public authority or authorities that set up such ***Partnership for Information Sharing*** and with their explicit agreement.



- (61) Considering that cooperation between supervisory, administrative and law enforcement authorities is crucial for successful combatting of money laundering and terrorism financing, and certain Union authorities and bodies have specific tasks or mandates in that area, the Authority should make sure that it is able to cooperate with such authorities and bodies, in particular OLAF, Europol, Eurojust, and the EPPO. If there is a need to establish specific working arrangements or conclude Memoranda of Understanding between the Authority and these bodies and authorities, the Authority should be able to do so. The arrangement should be of strategic and technical nature, should not imply sharing of any confidential or operational information in possession of the Authority and should account for tasks already carried out by the other Union institutions, bodies, offices or agencies as regards the prevention of and fight against money laundering and terrorist financing.
- (62) Since both predicate *offences* as well as the crime of money laundering itself often are of global nature, and given that the Union obliged entities also operate with and in third countries, effective cooperation with all the relevant third country authorities in the areas of both supervision and functioning of FIUs are crucial for strengthening the Union AML/CFT framework. Given the Authority's unique combination of direct and indirect supervision and FIU cooperation-related tasks and powers, it should be able to take an active role in such external cooperation arrangements.

Specifically, the Authority should be empowered to develop contacts and enter into administrative arrangements with authorities in third countries that have regulatory, supervisory and FIU-related competences. The Authority's role could be particularly beneficial in cases where the interaction of several Union public authorities and FIUs with third country authorities concerns matters within the scope of the Authority's tasks. In such cases, the Authority should have a leading role in facilitating this interaction.

- (62a) Given its tasks and powers in the field of AML/CFT, the Authority is well placed to support the action of the Commission in international fora, including the Financial Action Task Force, with a view to promoting a united, common, consistent and effective representation of the Union's interests there. Therefore, the Authority should assist the Commission in its activities as member of the FATF, and contribute to the representation of the Union and the defence of its interests in international fora. In view of the importance of the mutual evaluations carried out by the Financial Action Task Force and Moneyval, and where they concern Member States, the staff of the Authority should make themselves available and cooperate with the assessment teams responsible for carrying out evaluations, where needed.***

- (63) Since the Authority will have a full range of powers and tasks related to direct and indirect supervision and oversight of all obliged entities, it is necessary that these powers remain consolidated within one Union body, and do not give rise to conflicting competences with other Union bodies. Therefore, the European Banking Authority should not retain its tasks and powers related to anti-money laundering and countering the financing of terrorism ***after the present Regulation becomes fully applicable***, and the respective articles in Regulation (EU) No 1093/2010 of the European Parliament and of the Council<sup>17</sup> should be deleted. The resources allocated to the European Banking Authority for the fulfilment of those tasks should be transferred to the Authority. Considering that all three European Supervisory Authorities (EBA, ESMA and EIOPA) will be cooperating with the Authority, and may attend the meetings of the General Board in supervisory composition as observers, the same possibility should be afforded to the Authority in respect of meetings of the Board of Supervisors of the European Supervisory Authorities. In cases where the respective Boards of Supervisors discuss or decide on matters that are relevant for the execution of the Authority's tasks and powers, the Authority should be able to participate in their meetings as an observer.

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<sup>17</sup> Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12).

The articles on the compositions of the Board of Supervisors in Regulation (EU) No 1093/2010, Regulation (EU) 1094/2010 of the European Parliament and the Council<sup>18</sup>, and Regulation (EU) 1095/2010 of the European Parliament and the Council<sup>19</sup> should therefore be amended accordingly.

- (64) The Authority should *assume most of its tasks and powers in accordance with the present Regulation by mid-2025. Direct supervision of selected obliged entities should commence as of 2028*. This should give the Authority sufficient time to establish its headquarter in the Member State as determined by this Regulation.

**(64a) The European Central Bank delivered an opinion on 16 February 2022.**

- (65) The European Data Protection Supervisor has been consulted in accordance with Article 42 of Regulation (EU) 2018/1725 [and delivered an opinion on ...],

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<sup>18</sup> Regulation (EU) No 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/79/EC (OJ L 331, 15.12.2010, p. 48).

<sup>19</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

HAVE ADOPTED THIS REGULATION:

## **CHAPTER I**

### **ESTABLISHMENT, LEGAL STATUS AND DEFINITIONS**

#### Article 1

##### Establishment and scope of action

1. The Authority for Anti-Money Laundering and Countering the Financing of Terrorism ('the Authority') is *hereby established*.
2. The Authority shall act within the powers conferred by this Regulation, in particular those set out in Article 6, and within the scope of Regulation (EU) 2015/847 of the European Parliament and of the Council<sup>20</sup>, the Directive on the mechanisms to be put in place by the Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing and repealing Directive (EU) 2015/849 [OP: please insert the next number of COM(2021)0423] and the Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing [OP: please insert the next number of COM(2021)0422], including all directives, regulations and decisions based on those acts, of any further legally binding Union act which confers tasks on the Authority and of national legislation implementing the Anti-Money Laundering Directive [OP: please insert the next number of COM(2021)0423] or other Directives conferring tasks on supervisory authorities.

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<sup>20</sup> Regulation (EU) 2015/847 of the European Parliament and of the Council of 20 May 2015 on information accompanying transfers of funds and repealing Regulation (EC) No 1781/2006 (OJ L 141, 5.6.2015, p. 1).

3. The objective of the Authority shall be to protect the public interest, the stability *and the integrity* of the Union's financial system and the good functioning of the internal market by:
- (a) preventing the use of the Union's financial system for the purposes of money laundering and terrorist financing;
  - (b) contributing to identify and assess risks *and threats* of money laundering and terrorist financing across the internal market, as well as risks and threats originating from outside the Union that are impacting, or have the potential to impact the internal market;
  - (c) ensuring high-quality supervision in the area of anti-money laundering and countering the financing of terrorism ('AML/CFT') across the internal market;
  - (d) contributing to supervisory convergence in the area of anti-money laundering and countering the financing of terrorism across the internal market;

- (e) contributing to the harmonisation of practices in the detection of ■ suspicious flows of monies or activities by Financial Intelligence Units ('FIUs');
- (f) supporting and coordinating the exchange of information between FIUs and between FIUs and others competent authorities.

The provisions of this Regulation are without prejudice to the powers of the Commission, in particular pursuant to Article 258 TFEU, to ensure compliance with Union law.

## Article 2 Definitions

1. For the purposes of this Regulation, in addition to the definitions set out in Article 2 of [OP: please insert the reference to Anti-Money Laundering Regulation COM(2021)0420] and Article 2 [OP: please insert the reference to 6th Anti-Money Laundering Directive COM(2021)0423], the following definitions apply:
  - (1) 'selected obliged entity' means a credit institution, a financial institution, or a group of credit *and/or* financial institutions at the highest level of consolidation in the Union, ***in accordance with applicable accounting standards***, which is under direct supervision by the Authority pursuant to Article 13;

- (2) ‘non-selected obliged entity’ means a credit institution, a financial institution, or a group of credit institutions *and/or* financial institutions at the highest level of consolidation in the Union, *in accordance with applicable accounting standards*, other than a selected obliged entity;
- (3) ‘AML/CFT supervisory system’ means the Authority and the supervisory authorities in the Member States;

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- (5) ‘non-AML/CFT authority’ means:
  - (a) a competent authority as defined in Article 4(1), point (40) of Regulation (EU) No 575/2013 of the European Parliament and of the Council<sup>21</sup>;
  - (b) the European Central Bank when it carries out the tasks conferred on it by Council Regulation (EU) No 1024/2013;

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<sup>21</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1)



- (c) a resolution authority designated in accordance with Article 3 of Directive 2014/59/EU of the European Parliament and of the Council;
- (d) a deposit guarantee schemes ('DGS') designated authority as defined in Article 2(1), point (18) of Directive 2014/49/EU of the European Parliament and of the Council;
- (da) a competent authority as defined in Article 3, point (35) of the Regulation (EU) 2023/1114 of the European Parliament and of the Council.***

Article 3  
Legal Status

1. The Authority shall be a Union body with legal personality.
2. In each Member State, the Authority shall enjoy the most extensive legal capacity accorded to legal persons under national law. It may, in particular, acquire or dispose of movable and immovable property and be a party to legal proceedings.
3. The Authority shall be represented by its Chair.

Article 4  
Seat

The Authority shall have its seat in *Frankfurt am Main*.

**CHAPTER II**  
**TASKS AND POWERS OF THE AUTHORITY**

**SECTION 1**  
**TASKS AND POWERS**

Article 5  
Tasks

1. The Authority shall perform the following tasks with respect to money *laundering/terrorist* financing ('ML/TF') risks facing the internal market:
  - (a) monitor developments across the internal market and assess threats, vulnerabilities and risks in relation to ML/TF;
  - (b) monitor developments in third countries and assess threats, vulnerabilities and risks in relation to their AML/CFT systems *that have an actual or potential impact in the internal market*;

- (c) collect ***and analyse*** information from its own supervisory activities and those of the supervisors and supervisory authorities on weaknesses identified in the application of AML/CFT rules by obliged entities, their risk exposure, the sanctions administered and the remedial actions applied;
- (d) establish a central AML/CFT database of information collected from ■ supervisory authorities and keep ***it*** up to date;
- (e) analyse the information collected in the central database and share these analyses with supervisors, ***supervisory authorities and non-AML/CFT*** authorities on a need-to-know and confidential basis;
- (f) ***support the analysis of risks of money laundering and terrorist financing as well as risks of non-implementation and evasion of targeted financial sanctions affecting the internal market referred to in Article 7 of [reference to AMLD6];***
- (g) support, facilitate and strengthen cooperation and exchange of information between obliged entities and ***supervisors, supervisory authorities and non-AML/CFT*** authorities in order to develop a common understanding of ML/TF risks and threats facing the internal market, ***including by participating in partnerships for information sharing in the field of AML/CFT;***

- (ga) *issue publications and provide training, as well as other services on demand, in order to raise awareness of, and address ML/TF risks;*
- (gc) *report to the Commission any instances where, in the performance of its duties, the Authority discovers incorrect or incomplete transposition of [OP: please insert reference to: AMLD] by a Member State;*
- (h) undertake any other specific tasks set out in this Regulation and in other legislative acts *referred to in Article 1(2).*

2. The Authority shall perform the following tasks with respect to selected obliged entities:

- (a) ensure ■ compliance ■ *of the selected obliged entities with the requirements applicable to them pursuant to [AMLR] and [FTR], including obligations related to the implementation of targeted financial sanctions;*
- (b) carry out supervisory reviews and assessments on individual entity and group-wide level in order to determine whether the *internal policies, procedures and controls* put in place by the selected obliged entities are adequate to *comply with the requirements applicable to them*, and on the basis of those supervisory reviews impose specific requirements, *administrative* measures and ■ pecuniary sanctions pursuant to Articles 20, 21 and 22;

- (c) participate in group-wide supervision, in particular in colleges of supervisors, including where a selected obliged entity is part of a group that has headquarters, subsidiaries or branches outside the Union;
- (d) develop and maintain up to date a system to assess the risks and vulnerabilities of the selected obliged entities to inform the supervisory activities of the Authority and supervisory authorities, including through the collection of data from these entities ***by means of structured questionnaires and other online or offline tools.***

3. The Authority shall perform the following tasks with respect to financial supervisors:

- (a) maintain an up-to-date list of financial supervisors within the Union;
- (b) carry out periodic ***assessments*** to ensure that all financial supervisors have adequate resources, ***powers and strategies*** necessary for the performance of their tasks in the area of AML/CFT, ***and make the results of such assessments available;***

- (ba) *take appropriate measures in exceptional circumstances requiring Authority's intervention and related to non-selected obliged entities' compliance or risk exposure, in response to a request by financial supervisors to assume direct supervision or on Authority's own initiative;*

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- (d) facilitate the functioning of the colleges of financial supervisors in the area of AML/CFT;
- (e) contribute, *in collaboration with financial supervisors, to the* convergence of supervisory practices and promotion of high supervisory standards in the area of AML/CFT, *including in relation to verification of compliance with AML/CFT requirements related to targeted financial sanctions;*
- (f) coordinate staff and information exchanges among financial supervisors in the Union;
- (g) provide assistance to financial supervisors, following their specific requests, including the requests to *mediate between financial supervisors;*

***(ga) settle, with binding effect, disagreements between financial supervisors concerning the measures to be taken in relation to an obliged entity, including in the context of AML/CFT supervisory colleges, following a request as referred to in point (g).***

4. The Authority shall perform the following tasks with respect to non-financial supervisors:
- (a) maintain an up-to-date list of non-financial supervisors within the Union;
  - (b) coordinate peer reviews of supervisory standards and practices in the area of AML/CFT;
  - (c) ***investigate potential breaches or non-application of Union law by non-financial supervisors and public authorities overseeing self-regulatory bodies, issue recommendations setting the action necessary to remedy the identified breaches, and, in case of non-compliance with the recommendations, issue warnings identifying measures to be implemented to mitigate the effects of the breach;***
  - (d) carry out periodic reviews to ensure that all non-financial supervisors have adequate resources and powers necessary for the performance of their tasks in the area of AML/CFT;

- (e) contribute to convergence of supervisory practices and promotion of high supervisory standards in the area of AML/CFT;
- (ea) facilitate the functioning of colleges of non-financial supervisors in the area of AML/CFT;*
- (f) provide assistance to non-financial supervisors, following their specific requests, including the requests to ***mediate between non-financial supervisors in case of*** any disagreements on the measures to be taken in relation to an obliged entity, ***including in the context of AML/CFT supervisory colleges.***

Where supervision of specific sectors is delegated at national level to self-regulatory bodies ('SRBs'), the Authority shall exercise the tasks set out in the first subparagraph in relation to supervisory authorities overseeing the activity of SRBs.

5. The Authority shall perform the following tasks with respect to FIUs and their activities in the Member States:
  - (-a) maintain an up-to-date list of FIUs within the Union;*
  - (-aa) monitor changes in the legal framework of FIUs, as well as in their organisation, focusing on resources for the performance of their tasks;*



- (a) support ■ the work of FIUs and contribute to improved cooperation *and coordination* between FIUs;
- (b) contribute to the identification and the selection of relevant cases for the conduct of joint analyses by FIUs;
- (c) develop appropriate methods and procedures for the conduct of such joint analyses of cross-border cases;
- (d) set up, coordinate, organise and facilitate the conduct of joint analyses carried out by FIUs;
- (da) provide assistance to FIUs, upon their specific requests, including any requests for mediation in case of disagreement between FIUs;*
- (db) conduct peer reviews of the activities of FIUs aimed at strengthening their consistency, effectiveness and identification of best practices;*

- (e) develop and make available to FIUs ***tools and services to enhance the analyses capabilities of FIUs, as well as*** IT and artificial intelligence services and tools for secure information sharing, including by hosting FIU.net;
- (f) develop, share and promote expert knowledge on detection, analysis, and dissemination methods of suspicious transactions;
- (g) ***at the request of FIUs***, provide ***them with*** specialised training and assistance **■**, including through the provision of financial support, within the scope of its objectives and in accordance with the staffing and budgetary resources at its disposal;
- (h) support, ***at the request of FIUs, their interaction*** with obliged entities by providing ***expert knowledge*** to obliged entities, including improving their awareness and procedures to detect suspicious activities and financial operations and their reporting to the FIUs;
- (i) prepare and coordinate threat assessments, strategic analyses of money laundering and terrorism financing threats, risks and methods identified by FIUs.

6. For the purpose of carrying out the tasks conferred on it by this Regulation, the Authority shall apply all relevant Union law, and where this Union law is composed of Directives, the national legislation transposing those Directives. Where the relevant Union law is composed of Regulations and where currently those Regulations explicitly grant options for Member States, the Authority shall apply also the national legislation exercising those options.

#### Article 6 Powers of the Authority

1. With respect to the selected obliged entities, the Authority shall have the supervisory and investigative powers as specified in Articles 16 to 20 and the power to impose ■ pecuniary sanctions and periodic penalty payments as specified in Articles 21 and 22.

*The Authority shall also have the powers and obligations which financial supervisors have under the relevant Union law, unless otherwise provided for by this Regulation. To the extent necessary to carry out the tasks conferred on it by this Regulation, the Authority may require, by way of instructions, those financial supervisors to make use of their powers, under and in accordance with the conditions set out in national law, where this Regulation does not confer such powers on the Authority.*

For the purposes of exercising those powers, the Authority may issue binding decisions addressed to individual selected entities. The Authority shall have the power to impose administrative *measures as well as* pecuniary sanctions for non-compliance with the decisions taken in the exercise of powers laid down in Article 20 in accordance with Article 21.

2. With respect to supervisors and supervisory authorities, the Authority shall have the following powers:
  - (a) to require the submission of **■** information or document, including written or oral explanations, necessary for the performance of its functions, including statistical information and information concerning internal processes or arrangements of national *supervisors and supervisory* authorities, *including by means of accessing and extracting this information from the common structured questionnaires and other online and offline tools developed by the Authority*;
  - (b) to issue guidelines and recommendations;
  - (c) to issue requests to act and instructions on measures that should be taken towards non-selected obliged entities pursuant to Section 4 of Chapter II;

*(ca) to carry out mediation upon the request of a financial supervisor or of a non-financial supervisor*

*(cb) to settle disagreements between financial supervisors with binding effect upon a request, including in the context of the AML/CFT supervisory colleges.*

3. With respect to FIUs in the Member States, the Authority shall have the following powers:

(a) to request ***non-operational*** data and analyses from FIUs, ***where they are necessary for*** the assessment of threats, vulnerabilities and risks facing the internal market in relation to money laundering and terrorist financing;

(b) to collect information and statistics in relation to the tasks and activities of the FIUs;

(c) to obtain and process information and data required for ***initiating, conducting and coordinating*** joint analyses as specified in Article 33;

(d) to issue guidelines and recommendations.

4. For the purposes of carrying out the tasks set out in Article 5(1), the Authority shall have the following powers:
- (a) to develop draft regulatory technical standards in the specific cases referred to in Article 38;
  - (b) to develop draft implementing technical standards in the specific cases referred to in Article 42;
  - (c) to issue guidelines and recommendations, as provided in Article 43;
  - (d) to issue opinions to the European Parliament, to the Council, or to the Commission as provided for in Article 44.

## **SECTION 2**

### **AML/CFT SUPERVISORY SYSTEM**

#### Article 7

#### Cooperation within the AML/CFT supervisory system

1. The Authority shall be responsible for the effective and consistent functioning of the AML/CFT supervisory system.

2. The Authority and supervisory authorities shall be subject to a duty of cooperation in good faith, and to an obligation to exchange information *for the purposes of prevention of money laundering and the financing of terrorism in accordance with this Regulation and [insert reference to AMLR, AMLD6, FTR]*.

*At the request of the Authority, supervisory authorities shall provide the Authority with all information concerning obliged entities that remain directly supervised at national level which is necessary for the fulfilment of Authority's tasks pursuant to Article 5, paragraphs 1, 3 and 4, where the supervisory authorities have legal access to such information.*

*Supervisory authorities shall assist the Authority in taking into account the specificities of their respective national legal frameworks, including where the Authority is applying national law provisions transposing Union law as referred to in Article 1(2).*

Article 8  
AML/CFT supervisory methodology

1. ***In cooperation with supervisory authorities***, the Authority shall develop and maintain an up-to-date and harmonised ***AML/CFT*** supervisory methodology detailing the risk-based approach to supervision of obliged entities in the Union. The methodology shall comprise guidelines, recommendations, ***opinions*** and other measures and instruments as appropriate, including in particular draft regulatory and implementing technical standards, on the basis of the empowerments laid down in the acts referred to in Article 1(2).
2. When developing the supervisory methodology the Authority shall make a distinction between obliged entities, ***including*** on the ***basis of their activities and the type and the nature of money laundering and terrorist financing risks to*** which they ***are exposed***. The supervisory methodology shall ***be risk-based and*** contain at least the following elements:
  - (a) benchmarks and methodology for classification of obliged entities into risk categories on the basis of their residual risk profile, separately for each category of obliged entities;
  - (b) approaches to supervisory review of money laundering ***and terrorist financing*** risk self-assessments of obliged entities;



- (c) approaches to supervisory review of obliged entities' internal policies and procedures of obliged entities, including customer due diligence policies ***and procedures, in line with a risk-based approach to the prevention of money laundering and terrorist financing***;
- (d) approaches to supervisory evaluation of risk factors inherent in, or related to, customers, business relationships, transactions and delivery channels of obliged entities, as well as geographical risk factors.

***2a. The Authority shall develop structured questionnaires and other online or offline tools that shall be used by the Authority and supervisors for the purposes of requesting, collecting, compiling and analysing the data and information from the obliged entities, including the data to be relied upon in application of the elements of common supervisory methodology listed in paragraph 2.***

***The tools developed by the Authority shall ensure collection of objective and comparable AML/CFT-related data and information from obliged entities and enable efficient and speedy exchange of information between supervisors and the Authority.***

***The Authority shall endeavour to develop these tools as soon as the common supervisory methodology referred to in the first paragraph is in place and applicable across the entire AML/CFT supervisory system.***

3. The methodology shall reflect high supervisory standards at Union level and shall build on relevant international standards and guidance. The Authority shall periodically review and update its supervisory methodology, taking into account the evolution of risks affecting the internal market, ***including risks and trends identified by national law enforcement authorities and FIUs. The methodology shall, to the extent possible, take into account best practices and guidance developed by international standard setters.***

Article 9  
Thematic reviews

1. ***No later than the 1<sup>st</sup> December*** each year, supervisory authorities shall ***provide information*** to the Authority ***on supervisory reviews they intend to carry out on a thematic basis. The information shall be provided for the reviews that are planned for the following year or supervisory term*** with the aim of assessing ML/TF risks or a specific aspect of such risks which multiple obliged entities are exposed to at the same time. ***The following information shall be provided:***
- (a) the scope of each planned thematic review in terms of category and number of obliged entities included and the subject matter(s) of the review;
  - (b) the ***timeframe*** of each planned thematic review;
  - (c) the planned types, nature and frequency of supervisory activities to be performed in relation to each thematic review, including any on-site inspections or other types of direct interaction with obliged entities, where applicable.

2. By the end of each year, the Chair of the Authority shall present to the General Board in supervisory composition as referred to in Article 46(2) a consolidated planning of the thematic reviews that supervisory authorities intend to undertake during the following year.
3. Where the scope and Union-wide relevance of thematic reviews justify coordination at Union level, they shall be carried out jointly by the relevant supervisory authorities and shall be coordinated by the Authority. The ***Executive Board may propose joint thematic reviews based on the available analyses of risks, trends and vulnerabilities in the internal market.*** The General Board in supervisory composition shall draw up a list of joint thematic reviews. The General Board in supervisory composition shall draw up a report relating to the conduct, subject-matter and outcome of each joint thematic review. The Authority shall publish that report on its website.
4. The Authority shall coordinate the activities of the supervisory authorities and facilitate the planning and execution of the selected joint thematic reviews referred to in paragraph 3. Any direct interaction with ***obliged entities other than the selected*** obliged entities in the context of any thematic review shall remain under the exclusive responsibility of the supervisory authority responsible for supervision of ***these*** obliged entities and shall not be construed as a transfer of tasks and powers related to those entities within the AML/CFT supervisory system.

5. Where planned thematic reviews at national level are not subject to a coordinated approach at the level of the Union, the Authority shall, jointly with the supervisory authorities, explore the need for and the possibility of aligning or synchronising the timeframe of those thematic reviews, and shall facilitate information exchange and mutual assistance between supervisory authorities carrying out those thematic reviews. The Authority shall also facilitate any activities that the relevant supervisory authorities may wish to carry out jointly or in similar manner in the context of their respective thematic reviews.
6. The Authority shall ensure the sharing with all supervisory authorities of the outcomes and conclusions of thematic reviews conducted at national level by several supervisory authorities, with the exception of confidential information pertaining to individual obliged entities. The sharing of information shall include any common conclusions resulting from exchanges of information or any joint or coordinated activities among several supervisory authorities.

Article 10  
Mutual assistance in AML/CFT supervisory system

1. The Authority may, as appropriate, develop:
  - (a) new practical instruments and convergence tools to promote common supervisory approaches and best practices;
  - (b) practical tools and methods for mutual assistance following:
    - (i) specific requests from supervisory authorities;
    - (ii) referral of disagreements between supervisory authorities on the measures to be taken jointly by several supervisory authorities in relation to an obliged entity.
2. The Authority shall facilitate and encourage at least the following activities:
  - (a) sectoral and cross-sectoral training programmes, including with respect to technological innovation;
  - (b) exchanges of staff and the use of secondment schemes, twinning and short-term visits;

- (c) exchanges of supervisory *best* practices between supervisory authorities, when one authority has developed expertise in a specific area of AML/CFT supervisory practices.
3. Each supervisory authority may submit a request for mutual assistance related to its supervisory tasks to the Authority, specifying the type of assistance that can be provided by the staff of the Authority, the staff of one or more supervisory authorities, or a combination thereof. If the request concerns activities that relate to the supervision of specific obliged entities, the requesting supervisory authority shall *transmit to the Authority* information and data necessary for the provision of assistance **■**. The Authority shall keep and regularly update the information on specific areas of expertise and on the capacities of supervisory authorities to provide mutual assistance.
  4. Where the Authority is requested to provide assistance for the performance of specific supervisory tasks at national level towards *obliged entities other than selected* obliged entities, the requesting supervisory authority shall detail the tasks for which support is sought in its request. The assistance shall not be construed as the transfer of supervisory tasks, powers, or accountability for supervision of the *obliged entities other than selected* obliged entities from the requesting supervisory authority to the Authority.

5. *After having assessed whether the request is appropriate and feasible*, the Authority shall make every effort to provide the requested assistance, including by mobilising own human resources as well as by ensuring mobilisation of resources at supervisory authorities on a voluntary basis.
6. By the end of each year, the Chair of the Authority shall inform the General Board in supervisory composition of the **human** resources that the Authority will allocate to providing such assistance. *When changes occur to the availability of human resources due to performance of tasks referred to in Article 5(2) to 5(4), the Chair of the Authority shall inform the General Board in supervisory composition thereof.*
7. Any interaction between the staff of the Authority and the obliged entity shall remain under the exclusive responsibility of the supervisory authority responsible for the supervision of that entity, and shall not be construed as a transfer of tasks and powers related to individual obliged entities within the AML/CFT supervisory system.

Article 11  
Central AML/CFT database

1. The Authority shall establish and keep up to date a central database of information collected pursuant to *this Article*. *The database shall include the information stemming from the activities of Authority in the area of direct supervision which corresponds to the categories of information collected from supervisory authorities listed in this Article.*

*The Authority shall make the collected information available to supervisory authorities, non-AML/CFT authorities, national authorities and bodies competent for ensuring compliance with Directive 2014/17/EU [Mortgage Credit Directive, reference to be replaced when the recast is published in OJ], Directive 2008/48/EC [Consumer Credit Directive], Directive (EU) 2015/2366 [PSD], Directive 2009/110/EC [e-money Directive], Directive 2009/138/EC [Solvency II], Directive 2014/65/EU [Mifid II], Directive 2014/56/EU [Audit Directive], Regulation (EU) No 537/2014 [Audit Regulation], and to the European Supervisory Authorities, on a need-to-know and confidential basis, and where it is necessary for the fulfilment of their tasks.*

*The Authority shall also analyse the collected information and may share the results of its analysis ■ on its own initiative with supervisory authorities where necessary to facilitate their supervisory activities, and where relevant, with obliged entities.*



2. The supervisory authorities shall transmit to the Authority at least the following information, including the data related to individual obliged entities:
- (a) a list of all supervisory authorities and self-regulatory bodies entrusted with supervision of obliged entities, including information about their mandate, tasks and powers *and where applicable the identification of the leading supervisor or coordination mechanism*;
  - (b) statistical information about the *categories* and number of supervised obliged entities *per category* in each Member State and basic information about the risk profile;
  - (c) *administrative* measures *taken and pecuniary* sanctions *imposed* in the course of supervision of individual obliged entities *in response to breaches of AML/CFT requirements, accompanied by*:
    - (i) *reasoning relating to the grounds for imposition of the administrative measure or pecuniary sanction, such as the nature of the breach*;
    - (ii) *related information on supervisory activities and outcomes leading to imposition of the administrative measure or pecuniary sanction*;

- (d) any advice *or opinion related to ML/TF risks* provided to other ■ authorities in relation to authorisation procedures, withdrawal of authorisation procedures, and fit and proper assessments of shareholders or members of the management body of individual obliged entities;
- (e) *outcomes of assessment of the inherent and residual risk profile by supervisory authorities of all credit and financial institutions that meet the criteria of Article 12(1), as well as the outcomes of the risk assessment process carried out by AMLA pursuant to Article 12;*
- (f) *outcomes and reports of thematic reviews and other horizontal supervisory actions with regard to high-risk areas or activities;*
- (g) ■ information regarding performed supervisory activities over the past calendar year, *collected pursuant to article 31(6a) of Directive [please insert AMLD];*
- (h) statistical information about staffing and other resources of *supervisors and supervisory* authorities.

*The information provided pursuant to this paragraph shall not include reference to specific suspicious transaction reported pursuant to article 50 AMLR.*

3. The Authority may request supervisory authorities to provide other information in addition to that referred to in paragraph 2. The supervisory authorities shall update any provided information *as soon as the update is necessary or on request of the Authority*.
4. *The Authority shall incorporate in the database any data or information relevant for the purposes of AML/CFT supervisory activities which is provided by the non-AML/CFT authorities, other national authorities and bodies competent for ensuring compliance with the requirements of Directive 2014/17/EU [Mortgage Credit Directive, reference to be replaced when the recast is published in OJ], Directive 2008/48/EC [Consumer Credit Directive], Directive (EU) 2015/2366 [PSD], Directive 2009/110/EC [e-money Directive], Directive 2009/138/EC [Solvency II], Directive 2014/65/EU [Mifid II], Directive 2014/56/EU [Audit Directive], Regulation (EU) No 537/2014 [Audit Regulation], as well as the European Supervisory Authorities.*

*The information referred to in the first subparagraph shall include instances where the aforementioned authorities have reasonable grounds to suspect that money laundering is being attempted or committed or existence of an increased risk thereof in connection with an obliged entity, and where such reasonable grounds arise in the context of the exercise of their respective tasks. With respect to the authorities or bodies that supervise credit institutions in accordance with Directive (EU) 2013/36, including the ECB acting in accordance with Council Regulation (EU) 1024/2013], the database shall include relevant information obtained by such authorities in the context of on-going supervision including business model assessments, assessments of governance arrangements, authorisation procedures, assessment of acquisitions of qualifying holdings, fit and proper assessments and procedures related to the withdrawal of licenses.*

5. Any supervisory authority ■, any non-AML authority, *national authorities and bodies competent for ensuring compliance with the requirements of Directive 2014/17/EU [Mortgage Credit Directive, reference to be replaced when the recast is published in OJ], Directive 2008/48/EC [Consumer Credit Directive], Directive (EU) 2015/2366 [PSD], Directive 2009/110/EC [e-money Directive], Directive 2009/138/EC [Solvency II], Directive 2014/65/EU [Mifid II], Directive 2014/56/EU [Audit Directive], Regulation (EU) No 537/2014 [Audit Regulation], or the European Supervisory Authorities* may address to the Authority a reasoned request for information collected pursuant to *this Article* that is *necessary* for its supervisory activities. The Authority shall assess those requests and provide the information requested ■ on a need-to-know basis and confidential basis and in a timely manner.. The Authority shall inform the authority that has initially provided the requested information, of the identity of the requesting supervisory or other authority, the identity of an obliged entity concerned, the reason for the information request as well as whether the information has been provided to the requesting authority. *Where the Authority decides not to provide the requested information, it shall provide a reasoned justification for that decision.*

*The information referred to in the first subparagraph shall include instances where the aforementioned authorities have reasonable grounds to suspect that money laundering is being attempted or committed or existence of an increased risk thereof in connection with an obliged entity, and where such reasonable grounds arise in the context of the exercise of their respective tasks. With respect to the authorities or bodies that supervise credit institutions in accordance with Directive (EU) 2013/36, including the ECB acting in accordance with Council Regulation (EU) 1024/2013], the database shall include relevant information obtained by such authorities in the context of on-going supervision including business model assessments, assessments of governance arrangements, authorisation procedures, assessment of acquisitions of qualifying holdings, fit and proper assessments and procedures related to the withdrawal of licenses.*

6. *The Authority shall develop a draft regulatory technical standard specifying:*
- (i) the transmission procedure, formats and timelines for collection of information;*
  - (ii) the scope and level of detail of information to be transmitted taking into account any relevant distinction between obliged entities, such as their risk profile;*

- (iii) *the scope and level of detail of information to be transmitted in relation to obliged entities in the non-financial sector;*
- (iv) *the type of information whose dissemination by the Authority, pursuant to a reasoned request or at its own initiative, requires a prior approval of the supervisory authority that originated it;*
- (v) *the level of materiality of breaches with respect to which the information mentioned in indent (c) of paragraph 2 shall be submitted;*
- (vi) *the conditions under which the Authority can direct additional requests pursuant to paragraph 3;*
- (vii) *the types of additional information to be transmitted to the Authority pursuant to paragraph 2.*

*The Authority shall submit the draft regulatory technical standards to the Commission by ... [18 months after the date of entry into force of this Regulation].*

*The Commission is empowered to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Article 38 of this Regulation.*

7. *Personal data collected in accordance with this Article may be kept in an identifiable form for a period of up to 10 years after the date of collection of the data by the Authority, at the end of which the personal data shall be deleted. Based on a regular assessment of their necessity, personal data may be deleted before the expiry of that period on a case-by-case basis.*

## I

### SECTION 3

#### DIRECT SUPERVISION OF SELECTED OBLIGED ENTITIES

##### Article 12

Assessment of **credit and financial institutions** for the purposes of selection for direct supervision

- 1. For the purposes of carrying out the tasks listed in Article 5(2), the Authority, *in collaboration with financial supervisors*, shall carry out a periodic assessment of *credit and financial institutions and groups of credit and financial institutions referred to in paragraph 3 where they operate in at least six Member States, including the home Member State, either through establishments or under the freedom to provide services in the Member States other than the Member State where the obliged entity's head office is established, regardless of whether the activities are carried out through an infrastructure in their territory or remotely.*

- 1a. The supervisory authorities and the obliged entities subject to periodic assessment shall supply the Authority with any information necessary to carry out the periodic assessment.*



2. The inherent ***and residual*** risk profile of the assessed obliged entities referred to in paragraph 1 ■ shall be classified ***by the Authority*** as low, medium, substantial or high ■, based on the benchmarks and following the methodology set out in the regulatory technical standard referred to in paragraph 5. ***Where the assessed obliged entity is a group of credit institution and/or financial institutions, the risk profile should be classified at group-wide level.***
3. The methodology for classifying the inherent ***and residual*** risk profile shall be established separately for at least the following categories of obliged entities:
  - (a) credit institutions;
  - (b) bureaux de change;
  - (c) ■ collective investment ***undertakings***;
  - (d) credit providers other than credit institutions;
  - (e) e-money institutions;
  - (f) investment firms;

- (g) *payment institutions*;
- (h) life insurance undertakings;
- (i) life insurance intermediaries;
- (j) *crypto-asset service providers*;
- (k) *other financial institutions*.

4. For each category of obliged entities referred to in paragraph 3, the benchmarks *for the assessment of inherent risk* in the assessment methodology shall be based on the risk factor categories related to customer, products, services, transactions, delivery channels and geographical areas. The benchmarks shall be established for at least the following indicators of inherent risk in any Member State they operate in:

- (a) with respect to customer-related risk: the share of non-resident customers *from third countries identified pursuant to in Chapter III Section 2 of [please insert reference – proposal for Anti-Money Laundering Regulation]*; the presence and share of customers identified as Politically Exposed persons ('PEPs');

- (b) with respect to products and services offered:
- (i) the significance and the trading volume of products and services identified as the most potentially vulnerable to money laundering and terrorist financing risks at the level of the internal market in the supra-national risk assessment or at the level of the country in the national risk assessment;

■

- (iii) for money remittance service providers, the significance of aggregate annual emission and reception activity of each remitter in ***countries identified pursuant to in Chapter III Section 2 of Regulation [please insert reference to Anti-Money Laundering Regulation]***;
- (iiib) ***the relative volume of products, services or transactions that offer a considerable level of protection of client's privacy and identity or other form of anonymity;***

- (c) with respect to geographical areas:
- (i) the annual volume of correspondent banking services, *or correspondent crypto-asset services*, provided by Union financial sector entities in third countries *identified pursuant to Chapter III Section 2 of Regulation [please insert reference to Anti-Money Laundering Regulation]*;
  - (ii) the number and share of correspondent banking clients *or crypto-asset clients in* third countries *identified pursuant to Chapter III Section 2 of Regulation [OP please insert reference to for Anti-Money Laundering Regulation]*.

■

- 4a. *For each category of obliged entities referred to in paragraph 3, the assessment of residual risk in the assessment methodology shall include benchmarks for the assessment of the quality of internal policies, controls and procedures put in place by obliged entities to mitigate their inherent risk.*

5. The Authority shall develop draft regulatory technical *standard specifying:*
- (a) *the minimum activities to be carried out by a credit or financial institutions under the freedom to provide services, whether through an infrastructure or remotely, for it to be considered as operating in a Member State other than that where it is established;*
  - (b) *the methodology based on the benchmarks referred to in paragraph 4 and 4a for classifying the inherent and the residual risk profile of credit or financial institution or groups thereof as low, medium, substantial or high.*

The Authority shall submit the draft regulatory technical standards to the Commission by **1** January **2026**.

The Commission is empowered to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Article 38 of this Regulation.

6. The Authority shall review the benchmarks and methodology at least every three years. Where amendments are required, the Authority shall submit amended draft regulatory technical standards to the Commission.

Article 13  
The process of listing selected obliged entities

- 1. The *credit institutions, financial institutions and groups thereof whose residual risk profile has been classified as high pursuant to Article 12* shall qualify as ■ selected obliged entities.
- 1a. *Where more than 40 selected obliged entities are identified pursuant to paragraph 1, the Authority may, in consultation with the supervisory authorities, agree on limiting the selection to a specific different number of entities or groups that is greater than 40.*

*In deciding on the number of selected obliged entities, the Authority shall take into account its own resources capacity to allocate or additionally hire the necessary number of supervisory and support staff and shall ensure that the increase in the financial and human resources is feasible.*

*Pursuant to the decision of the maximum number, the selected obliged entities shall be the obliged entities and groups among those qualifying under paragraph 1, which are operating in the highest number of Member States either through establishments or under the freedom to provide services, and, where necessary, those which have the highest ratio of the volume of transactions with third countries to the total volume of transactions measured in the last financial year.*

- 1b.** *Where in a Member State no credit, financial institution or a group of credit and/or financial institutions which is established, authorised or registered, or has a subsidiary therein whose risk profile is classified as high, qualifies as a selected obliged entity pursuant to paragraphs 1 and 1a, an additional selection process shall be carried out by the Authority in that Member State, based on methodology referred to in Article 12(5).*

*Following the additional selection process, the credit or financial institution or a group of credit and/or financial institutions established or registered in this Member State whose risk profile qualifies as high shall qualify as a selected obliged entity.*

*Where several credit or financial institutions or groups thereof in the Member State in question have a high risk profile, then the selected obliged entity shall be the one operating in the highest number of Member States through either free establishment or active free provision of services. If several credit or financial institutions or groups thereof operate in the same number of Member States, the entity with the highest ratio of transaction volume with third countries to total transaction volume as measured over the last financial reporting year shall qualify as a selected obliged entity.*

2. The Authority shall commence the first selection process *by* 1 July **2027** and shall conclude the selection within *six months*. The selection shall be made every three years after the date of commencement of the first selection, and shall be concluded within *six months* in each selection *process*. The list of the selected obliged entities shall be published by the Authority without undue delay upon completion of selection process. The Authority shall commence the direct supervision of the selected obliged entities *six* months after publication of the list.
  - 2a. *Prior to the publication of the list of the selection obliged entities, the Authority shall inform the relevant non-AML authorities of the outcomes of the process of assessment and classification of inherent and residual risk of the obliged entities subject to assessment.*
3. A selected obliged entity shall remain subject to direct supervision by the Authority until the Authority commences the direct supervision of selected obliged entities based on a list established for the subsequent selection round which no longer includes that obliged entity.



## Article 13a

### Additional transfer of direct supervision tasks and powers in exceptional circumstances upon the request of a financial supervisor

1. *A financial supervisor may submit a reasoned request to the Authority to exercise direct supervision and carry out the tasks listed in Article 5(2) with respect to a particular non-selected obliged entity.*

*The request shall only be addressed to the Authority in exceptional circumstances with the aim to address at Union level a heightened risk or compliance failures at a non-selected obliged entity and to ensure a consistent application of high supervisory standards.*

2. *The request referred to in paragraph 1 shall:*
  - (a) *identify the non-selected obliged entity in respect of which the financial supervisor is of the view that the Authority should assume direct supervision;*

- (b) state the reasons for which AML/CFT direct supervision of the non-selected obliged entity is necessary;*
  - (c) identify and duly justify the date of proposed commencement and the proposed duration of the requested transfer of the tasks and powers;*
  - (d) provide all the necessary supporting information, data and evidence that could be helpful for the assessment of the request.*
- 3.     *The financial supervisor's request shall be accompanied by a report indicating the supervisory history and risk profile of the non-selected obliged entity concerned. The non-selected obliged entity shall be informed of the fact of the request and the indicated timeliness therein***
- 4.     *The Authority shall assess the request referred to in paragraph 1 within 2 months, or within the timeframe that allows the commencement of the transfer of tasks and powers by the date suggested in the request, whichever is longer. The Authority may agree to the transfer of supervision to Union level only provided that at least one of the following conditions are met:***

- (a) the requesting supervisor can demonstrate the lack of desired effect of supervisory measures imposed on the non-selected obliged entity in relation to serious, repeated or systematic breaches of applicable requirements;*
- (b) the heightened risk of money laundering or terrorism financing or the serious, repeated and systemic breaches of applicable requirements affect several entities within a non-selected obliged entity group, and the relevant financial supervisors agree that coordinated supervisory action at Union level would be more effective to address them;*
- (c) the request concerns a temporary, objective and demonstrable lack of capacity at the financial supervisor's level to adequately and timely address the risk of money laundering or terrorism financing at a non-selected obliged entity.*

5. *Where the Executive Board of the Authority finds that the conditions set out in paragraphs 1 and 4 have been fulfilled, it shall adopt a decision addressed to the requesting financial supervisor and to the non-selected obliged entity concerned informing them of acceptance of the request. The decision shall specify the date on which the Authority is to assume direct supervision and its duration. As of the date on which the Authority is to assume direct supervision, the non-selected obliged entity concerned shall be deemed a selected obliged entity for the purposes of this Regulation. Upon the end of the duration of the direct supervision set out in the decision referred to in the previous sub-paragraph, the tasks and powers related to the direct supervision of the selected obliged entity concerned shall be automatically transferred to the financial supervisor, unless the Authority extends the application following a corresponding request made by the financial supervisor in accordance with paragraphs 1 to 4.*
6. *Where the Executive Board of the Authority does not agree with the financial supervisor's request, it shall provide the reasons thereof in writing, clearly indicating the conditions of paragraphs 1 and 4 of this Article which have not been met. The Authority shall consult the financial supervisor prior to its final assessment and shall ensure that the non-selected obliged entity is informed of the outcome of the process.*

## Article 14

### Cooperation within the AML/CFT supervisory system for the purposes of direct supervision

1. Without prejudice to the Authority's power pursuant to Article 20(2), point (g), to receive directly, or have direct access to, information reported, on an ongoing basis, by selected obliged entities, financial supervisors shall provide the Authority with all information necessary for carrying out the tasks conferred on the Authority ***in accordance with this Regulation and other applicable Union law***.
2. Where appropriate, financial supervisors shall be responsible for assisting the Authority with the preparation and implementation of any acts relating to the tasks referred to in Article 5(2), point (b), as regards all selected obliged entities, including assistance in verification activities. They shall follow the instructions given by the Authority when performing those tasks.

3. The Authority shall develop implementing technical standards specifying:
- (a) the conditions under which financial supervisors are to assist the Authority pursuant to paragraph 2;*
  - (b) the process of periodic assessment referred to in Article 12(1) including the respective roles of the supervisory authorities and the Authority in assessing the risk profile of credit institutions and other financial institutions referred to in this same paragraph.*
  - (c) the working arrangements for the transfer of supervisory tasks and powers to the Authority or from the Authority to national level following a selection process, including arrangements on continuity of pending supervisory procedures or investigations;*
  - (cc) the procedures for the preparation and adoption of decisions on the selection of obliged entities;*
  - (d) the detailed rules and arrangements for the composition and functioning of the joint supervisory teams referred to in paragraphs 1 and 2 of Article 15.*

4. The Authority shall submit the draft implementing technical standards to the Commission by 1 January **2026**.

The Commission is empowered to adopt the implementing technical standards referred to in the first subparagraph in accordance with Article 42.

#### Article 15

##### Joint supervisory teams

1. A joint supervisory team shall be established for the supervision of each selected obliged entity. Each joint supervisory team shall be composed of staff from the Authority and from the financial supervisors responsible for supervision of the selected obliged entity at national level. The members of the joint supervisory team shall be appointed in accordance with paragraph 4 and shall work under the coordination of a designated staff member from the Authority ('JST coordinator').

*Each financial supervisor that appoints more than one staff member to the joint supervisory team may designate one of them as sub-coordinator ('national sub-coordinator'). The national sub-coordinators shall assist the JST coordinator as regards the organization and coordination of the tasks in the joint supervisory team, in particular as regards the staff members that were appointed by the same financial supervisor as the relevant national sub-coordinator. The national sub-coordinator may give instructions to the members of the joint supervisory team appointed by the same financial supervisor, provided that these do not conflict with the instructions given by the JST coordinator.*

2. The JST coordinator shall ensure the coordination of the work within the joint supervisory team. Joint supervisory team members shall follow the JST coordinator's instructions as regards their tasks in the joint supervisory team. This shall ***be without prejudice to*** their tasks and duties within their respective financial supervisors. ■
3. The tasks of a joint supervisory team shall include the following:
  - (a) performing the supervisory reviews and assessments for the selected obliged entities;
  - (b) ■ coordinating on-site inspections at selected obliged entities and preparing supervisory measures ■ where necessary;



- (c) taking into account the reviews, assessments and on-site inspections referred to in points (a) and (b), participating in the preparation of draft decisions applicable to the respective selected obliged entity to be proposed to the General Board and Executive Board;
  - (d) liaising with financial supervisors where necessary for exercises of supervisory tasks in any Member State where a selected obliged entity is established.
4. The Authority shall be responsible for the establishment and the composition of joint supervisory teams. The *Authority and the* respective financial supervisors shall appoint one or more persons from their staff as a member or members of a joint supervisory team. A ■ member may be appointed as a member of more than one joint supervisory team.
5. The Authority and financial supervisors shall consult each other and agree on the use of staff with regard to the joint supervisory teams.

- 5a. *The Authority shall develop internal operational rules and procedures on the composition of joint supervisory teams, notably with regard to staff from each financial supervisor in a home/host context, the status of staff from national supervisors, the allocation of human resources by the Authority to participate in joint supervisory teams, which shall ensure that the joint supervisory team is composed of staff having a sufficient level and diversity of knowledge, background, expertise and experience.*

Article 16

Request for information

1. The Authority may require selected obliged entities and natural or legal persons belonging to them, and third parties to whom the selected obliged entities have outsourced operational functions or activities and natural or legal persons affiliated to them, to provide all information that is necessary in order to carry out the tasks conferred on it by this Regulation *and other applicable Union law*.

2. The persons referred to in paragraph 1 or their representatives and, in the case of legal persons or associations having no legal personality, the persons authorised to represent them by law or by their constitution, shall supply the *requested* information ***without undue delay, ensuring that it is clear, accurate and complete.*** Lawyers duly authorised to act may supply the information on behalf of their clients. The latter shall remain fully responsible if the information supplied is incomplete, incorrect or misleading.
3. Where the Authority obtains ***the requested information pursuant to*** paragraph 1, it shall make that information available to the financial supervisor concerned.

Article 17  
General investigations

1. In order to carry out the tasks conferred on it by this Regulation, the Authority may conduct all necessary investigations of any selected obliged entity or any natural or legal person employed by or belonging to a selected obliged entity and established or located in a Member State.

To that end, the Authority may:

- (a) require the submission of documents;

- (b) examine the books and records of the persons and take copies or extracts from the books and records;
  - (c) obtain access to internal audit reports, certification of accounts and any software, databases, IT tools or other electronic means of recording information;
  - (ca) ***obtain access to documents and information relating to decision-making processes, including those developed by algorithms or other digital processes;***
  - (d) obtain written or oral explanations from any person referred to in Article 16 or their representatives or staff;
  - (e) interview any other person who consents to be interviewed for the purpose of collecting information relating to the subject-matter of an investigation.
2. The persons referred to in Article 16 shall be subject to investigations launched on the basis of a decision of the Authority. When a person obstructs the conduct of the investigation, the financial supervisor of the Member State where the relevant premises are located shall provide, in compliance with national law, the necessary assistance, including facilitating the access by the Authority to the business premises of the legal persons referred to in Article 16, so that the rights listed in paragraph 1 of this Article can be exercised.

Article 18  
On-site inspections

1. In order to carry out the tasks conferred on it by this Regulation, the Authority may, subject to prior notification to the financial supervisor concerned, conduct all necessary on-site inspections at the business premises of the ***natural and*** legal persons referred to in Article 16. ***With respect to natural persons, where the business premises are the same as person's private residence, the Authority shall seek and obtain judicial authorisation for an on-site inspection.*** Where the proper conduct and efficiency of the inspection so require, the Authority may carry out the on-site inspection without prior announcement to those legal persons.
- 1a. ***The Authority may decide to entrust the performance of the on-site inspections to a joint supervisory team in accordance with Article 15 or a dedicated team, which could include joint supervisory team members as the case may be. The Authority shall be in charge of the establishment and the composition of on-site inspection teams in cooperation with the financial supervisors.***

2. The staff of the Authority and other persons authorised by the Authority to conduct an on-site inspection may enter any business premises and land of the *natural or* legal persons subject to a decision on investigation adopted by the Authority and, *where relevant, upon obtaining a judicial authorisation for an on-site inspection at the business premises of a natural person pursuant to paragraph 1. The Staff of the Authority and other persons authorised by the Authority* shall have all the powers provided in Article 20.
3. The *natural and* legal persons referred to in Article 16 shall be subject to on-site inspections on the basis of a decision of the Authority.
4. Staff and other accompanying persons authorised or appointed by the financial supervisor of the Member State where the inspection is to be conducted shall, under the supervision and coordination of the Authority, actively assist the officials of and other persons authorised by the Authority. To that end, they shall enjoy the powers set out in paragraph 2. Staff of financial supervisors of the Member State concerned shall also have the right to participate in the on-site inspections.

5. Where *a person opposes the conduct of* an on-site inspection ordered pursuant to this Article, the financial supervisor of the Member State concerned shall provide the necessary assistance in accordance with national law. To the extent necessary for the inspection, this assistance shall include the sealing of any business premises and books or records. Where that power is not available to the financial supervisor concerned, it shall use its powers to request the necessary assistance of other national authorities.

#### Article 19

##### Authorisation by a judicial authority

1. If an on-site inspection provided for in Article 18 requires authorisation by a judicial authority in accordance with national law, the Authority shall apply for such an authorisation.

2. Where an authorisation as referred to in paragraph 1 is applied for, the national judicial authority shall control that the decision of the Authority is authentic and that the coercive measures envisaged are neither arbitrary nor excessive having regard to the subject matter of the inspection. In its control of the proportionality of the coercive measures, the national judicial authority may ask the Authority for detailed explanations, in particular relating to the grounds the Authority has for suspecting that an infringement of the acts referred to in Article 1(2), ■ has taken place, the seriousness of the suspected infringement and the nature of the involvement of the person subject to the coercive measures. However, the national judicial authority shall not review the necessity for the inspection or demand to be provided with the information on the Authority's file. The lawfulness of the Authority's decision shall be subject to review only by the Court of Justice of the European Union.

## Article 20

### **Administrative measures**

1. For the purpose of carrying out its tasks referred to in Article 5(2), the Authority shall have the ***power to impose administrative measures*** set out in ***paragraphs 2 and 3*** of this Article to require any selected obliged entity to take the necessary measures where:
  - (a) the selected obliged entity ***is found to be in breach of*** the requirements of Union acts and national legislation referred to in Article 1(2);



- (b) the Authority has ***sufficient and demonstrable indication*** that the selected obliged entity is likely to breach the requirements of Union acts and national legislation referred to Article 1(2) ***and the imposition of an administrative measure can prevent the occurrence of the breach or reduce the risk thereof***;
- (c) ***based on a duly justified determination by the Authority, the internal policies, procedures and controls in place in the selected obliged entity are not commensurate to the risks of money laundering, its predicate offences or terrorist financing to which the selected obliged entity is exposed.***

2. For the purposes of Article 6(1) the Authority shall have, in particular, the ***power to impose the following administrative measures***:

- (a) ***issue recommendations***;
- (b) ***order obliged entities to comply, including to implement specific corrective measures***;
- (ba) ***issue a public statement which identifies the natural or legal person and the nature of the breach***;

- (d) *order the natural or legal person to cease the conduct and to refrain from repeating that conduct;*
- (e) restrict or limit the business, operations or network of institutions comprising the selected obliged entity, or ■ require the divestment of activities ■ ;
- (f) ■ require changes in the governance structure;
- (g) *where the selected entity is subject to authorisation, propose the withdrawal or suspension of the authorisation of the selected obliged entity to the authority that has granted it. In case the authority which has granted such authorisation does not follow the suspension or withdrawal proposal of the Authority, the Authority shall request it to provide the reasons thereof in writing.*

2a. *When taking the administrative measures referred to in paragraph 2, the Authority shall be able to:*

- (a) require the provision of any data or information necessary for the fulfilment of tasks listed in Article 5(2) *without undue delay*, to require submission of any document, or impose additional or more frequent reporting requirements;
- (b) require the reinforcement of the *internal policies, procedures and controls*;

- (c) **■** require to apply a specific policy or *requirements relating to categories of or individual* clients, transactions, *activities* or delivery channels *that pose high risks*;

**■**

- (e) require the implementation of measures to bring about the reduction of the money laundering and *terrorist* financing risks in the activities *and products* of selected obliged entities;

- (ha) *impose a temporary ban against any person discharging managerial responsibilities in the selected obliged entity, or any other natural person, held responsible for the breach, from exercising managerial functions in obliged entities.*

**■**

4. *The administrative measures referred to in paragraph 2 and 3 shall be accompanied, where relevant, by binding deadlines for their implementation. The Authority shall follow up and assess the implementation by the selected obliged entity of the actions requested.*
5. *Financial supervisors shall notify the Authority without undue delay in case they become aware of one or more indication(s) of a breach by a selected obliged entity of requirements of Regulation [OP please insert the next number to the AMLR, COM(2021)0420] or Regulation [OP please insert the next number to the TFR, COM(2021)0422].*
- 2e. *The administrative measures applied shall be effective, proportionate and dissuasive.*

## Article 21

### ■ Pecuniary sanctions

1. For the purpose of carrying out the tasks conferred on it by this Regulation, where a selected obliged entity *breaches, whether* intentionally or negligently ■, a requirement of *Regulation [OP please insert the next number to the AMLR, COM(2021)0420] or Regulation [OP please insert the next number to the TFR, COM(2021)0422]*, or does not comply with a binding decision referred to in Article 6(1), the Authority may impose ■ pecuniary sanctions.

*For breaches that are serious, repeated or systematic*, the conditions specified in paragraphs 2 to 7 of this Article *apply*.

2. Where the Executive Board of the Authority finds that a selected obliged entity has, intentionally or negligently, committed a *serious, repeated or systematic* breach of directly applicable requirements contained in [OP please insert the next number to the AMLR, COM(2021)0420] or [OP please insert the next number to the TFR, COM(2021)0422], it shall adopt a decision imposing ■ pecuniary sanctions, in accordance with paragraph 3. ■ Pecuniary sanctions shall, depending on the circumstances of each individual case, be imposed in addition to, or instead of, the *administrative measures* referred to in Article 20(2).

3. The basic amount of the ■ pecuniary sanctions referred to in paragraph 1 shall be included within the following limits:
- (a) for *serious, repeated or systematic* breaches of one or more requirements related to customer due diligence, group *wide* policies, *procedures and controls* and/or reporting obligations that have been identified in two or more Member States where a selected obliged entity operates, the *amount* shall *be* at least EUR **500 000** and shall not exceed EUR 2 000 000 or 1 % of the annual turnover, whichever is higher;
  - (b) for *serious, repeated or systematic* breaches of one or more requirements related to customer due diligence, internal policies, *procedures and controls* and/or reporting obligations that have been identified *in* one Member State where a selected obliged entity operates, the *amount* shall *be* at least EUR **100 000** and shall not exceed EUR 1 000 000 or 0,5 % of the annual turnover, whichever is higher;
  - (c) for *serious, repeated or systematic* breaches of all other requirements that have been identified in two or more Member States where a selected obliged entity operates, the *amount* shall *be* at least EUR **100 000** and shall not exceed EUR 2 000 000;

- (d) for *serious, repeated or systematic* breaches of all other requirements that have been identified in one Member State the **amount** shall *be* at least EUR **100 000** and shall not exceed EUR 1 000 000;
  - (e) for *serious, repeated or systematic* breaches of the decisions of the Authority referred to in Article 6(1), the **amount** shall *be* at least EUR 100 000 and shall not exceed EUR 1 000 000.
4. The basic amounts defined within the limits set out in paragraph 3 shall be adjusted, where needed, by taking into account aggravating or mitigating factors in accordance with the relevant coefficients set out in Annex I. The relevant aggravating coefficients shall be applied one by one to the basic amount. If more than one aggravating coefficient is applicable, the difference between the basic amount and the amount resulting from the application of each individual aggravating coefficient shall be added to the basic amount. Where the benefit derived from the breach **■** or the losses to third parties caused by the breach can be determined, they shall be added to the total amount of the sanction, after application of the coefficients.
5. The relevant mitigating coefficients shall be applied one by one to the basic amount. If more than one mitigating *coefficient* is applicable, the difference between the basic amount and the amount resulting from the application of each individual mitigating coefficient shall be subtracted from the basic amount.

6. The maximum amount of a sanction for *serious, repeated or systematic* breaches referred to in paragraph 3, points (a) and (b) shall not exceed 10 % of the total annual turnover of the obliged entity in the preceding business year, after application of the coefficients referred to in paragraphs 4 and 5.
7. The maximum amount of a sanction for *serious, repeated or systematic* breaches referred to in paragraph 3, points (c) and point (d) shall not exceed EUR 10 000 000 ■ , after application of the coefficients referred to in paragraphs 4 and 5.
8. Where the selected obliged entity is a parent undertaking or a subsidiary of a parent undertaking which is required to prepare consolidated financial accounts in accordance with Article 22 of Directive 2013/34/EU of the European Parliament and the Council<sup>22</sup>, the relevant total annual turnover shall be the total annual turnover or the corresponding type of income in accordance with applicable accounting standards according to the last available consolidated accounts approved by the management body of the ultimate parent undertaking.

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<sup>22</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).



9. In the cases not covered by paragraph 1 of this Article, where necessary for the purpose of carrying out the tasks conferred on it by this Regulation, the Authority may require financial supervisors to open proceedings with a view to taking action in order to ensure that appropriate ■ pecuniary sanctions are imposed in accordance with the ***national law transposing Directive [OP: please insert the next number to the AMLD, COM(2021)0423]*** and any relevant national legislation which confers specific powers which are currently not required by Union law. The sanctions ***imposed*** shall be effective, proportionate and dissuasive.

The first subparagraph shall be applicable to ■ pecuniary sanctions to be imposed on selected obliged entities for breaches of national law transposing [OP please insert the next number to the AMLD, COM(2021)0423] and to any ■ pecuniary sanctions to be imposed on members of the management board of selected obliged entities who under national law are responsible for a breach by ***the selected*** obliged entity.

10. The ■ pecuniary sanctions *imposed by the Authority* shall be effective, proportionate and dissuasive.

*When calculating the amount of the pecuniary sanction, the Authority shall take due consideration of the ability of the obliged entity to pay the sanction and, where the pecuniary sanction may affect compliance with prudential regulation, consult the authorities competent to supervise compliance by the obliged entities with relevant Union acts.*

## Article 22

### Periodic penalty payments

1. The Executive Board *may* by decision impose a periodic penalty payment in order to compel:
- (a) a selected obliged entity to put an end to a breach, *where it fails to comply with an administrative measure imposed pursuant to points (b), (d), (e) and (f) of Article 20(1)*;
  - (b) a person referred to in Article 16(1) to supply complete information which has been required by a decision pursuant to Article 6(1);
  - (c) a person referred to in Article 16(1) to submit to an investigation and in particular to produce complete records, data, procedures or any other material required and to complete and correct other information provided in an investigation launched pursuant to Article 17.

2. The periodic penalty payment shall be effective and proportionate. The periodic penalty payment shall be imposed **■** until the selected obliged entity or person concerned complies with the relevant *administrative measure* referred to in paragraph 1.
3. Notwithstanding paragraph 2, the amount of a periodic penalty payment shall **not exceed** 3 % of the average daily turnover in the preceding business year or, in the case of natural persons, 2 % of the average daily income in the preceding calendar year. It shall be calculated from the date set in the decision imposing the periodic penalty payment.
4. A periodic penalty payment may be imposed for a period of no more than six months following the notification of Authority's decision. *Where, upon expiry of that period, the selected obliged entity has not yet complied with the administrative measure, the Authority can apply periodic penalty payments for an additional period of no more than six months.*
- 4a. *The decision imposing a periodic penalty payment may be taken at a later stage with retroactive effect up to the date of the application of the administrative measure.*

Article 23  
Hearing of persons subject to proceedings

1. Before taking any decision imposing *a* pecuniary sanction or periodic penalty payment under Articles 21 and 22, the Executive Board shall give the persons subject to the proceedings the opportunity to be heard on Authority's findings. The Executive Board shall base its decisions only on findings on which the persons subject to the proceedings have had the opportunity to comment.
2. The rights of defence of the persons subject to the proceedings shall be fully respected during the proceedings. They shall be entitled to have access to the Authority's file, subject to the legitimate interest of other persons in the protection of their business secrets. The right of access to the file shall not extend to confidential information or internal preparatory documents of the Authority.

Disclosure **■** of administrative **measures**, pecuniary sanctions and periodic penalty payments

1. The Authority shall *publish every decision imposing a* pecuniary sanction and, periodic penalty payment *and administrative measures referred to in Article 20(2), points (c) to (g) adopted on cases referred to in article 20(1)(a), immediately after the person sanctioned is informed of that decision.*

*By way of derogation from the first subparagraph, where the publication concerns administrative measures against which there is an appeal and that do not aim to remedy serious, repeated and systematic breaches, the Authority may defer the publication of those administrative measures until expiry of the deadline for an appeal to the Court of Justice of the European Union.*

2. *Upon the expiry of the deadline for a review of the decision by the Administrative Board of Review or, in case such a review was not requested by the obliged entity, the expiry of the deadline for an appeal to the Court of Justice of the European Union, the Authority shall publish the information on a request for review or an appeal. Any subsequent information on the outcome of such review or appeal shall be published by the Authority immediately after obtaining such information.*  
*Any decision annulling a previous decision to impose a pecuniary sanction, a periodic penalty payment, or an administrative measure pursuant to Article 20(1)(a), shall also be published.*

3. *The publication of decisions referred to in paragraph 1 shall include at least the information on the type and nature of the breach, the identity of the persons responsible, and the size of the pecuniary sanction or periodic penalty payment, where applicable.*
4. *Notwithstanding the requirement referred to in paragraph 1, where the publication of the identity of the persons responsible as referred to in paragraph 3 or the personal data of such persons is considered by the Authority to be disproportionate following a case-by-case assessment, or where publication jeopardises the stability of financial markets or an on-going investigation, the Authority shall:*
  - (a) *delay the publication of the decision until the moment at which the reasons for not publishing it cease to exist;*
  - (b) *publish the decision on an anonymous basis, if such anonymous publication ensures an effective protection of the personal data concerned; in that case, the Authority shall postpone the publication of the relevant data for a reasonable period of time if it is provided that within that period the reasons for anonymous publication shall cease to exist;*

*(c) not publish the decision at all in the event that the options set out in points (a) and (b) are considered insufficient to ensure one of the following:*

*(i) that the stability of financial markets would not be put in jeopardy;*

*(ii) the proportionality of the publication of the decision with regard to administrative measures adopted in accordance with 20(1)(a) which are deemed to be of a minor nature.*

**5. *The Authority shall keep any publication in accordance with this Article on its official website for a period of five years after its publication.***

## Article 24a

### Enforcement and allocation of pecuniary sanctions and periodic penalty payments

1. *Pecuniary sanctions and periodic penalty payments imposed pursuant to Articles 21 and 22 shall be enforceable.*

*Enforcement shall be governed by the rules of civil procedure in force in the Member State in the territory of which it is carried out. The order for its enforcement shall be appended to the decision without other formality than verification of the authenticity of the decision by the authority which the government of each Member State shall designate for that purpose and shall make known to the Authority and to the Court of Justice of the European Union.*

*When those formalities have been completed on application by the party concerned, the latter may proceed to enforcement in accordance with national law, by bringing the matter directly before the competent body.*

*Enforcement may be suspended only by a decision of the Court of Justice of the European Union. However, the courts of the Member State concerned shall have jurisdiction over complaints that enforcement is being carried out in an irregular manner.*



2. ***The amounts of the fines and periodic penalty payments shall be allocated to the general budget of the European Union.***

#### Article 25

Procedural rules for taking supervisory measures and imposing pecuniary sanctions

1. Where, in carrying out its duties under this Regulation, the Authority finds that there are serious indications of the possible existence of facts liable to constitute one or more of the breaches listed in Annex II, the Authority shall appoint an independent investigatory team within the Authority to investigate the matter. The investigatory team shall not be involved or have been involved in the direct supervision of the selected obliged entity concerned and shall perform their functions independently from the Authority's Executive Board. ***The Authority shall develop internal procedures to determine the rules governing the selection of the members of the independent investigatory teams, in particular with regard to the knowledge, background, expertise and experience.***

2. The investigatory team shall investigate the alleged breaches, taking into account any comments submitted by the persons subject to investigation, and shall submit a complete file with their findings to the Authority's Executive Board.

In order to carry out their tasks, the investigatory team may exercise the power to require information in accordance with Article 16 and to conduct investigations and on-site inspections in accordance with Articles 17 and 18.

Where carrying out their tasks, the investigatory team shall have access to all documents and information gathered by the joint supervisory team in its supervisory activities.

3. Upon completion of their investigation and before submitting the file with their findings to Authority's Executive Board, the investigatory team shall give the persons subject to investigation the opportunity to be heard on the matters being investigated. The investigatory team shall base their findings only on facts on which the persons subject to investigation have had the opportunity to comment.

The rights of defence of the persons concerned shall be fully respected during investigations under this Article.

4. When submitting the file with their findings to the Authority's Executive Board, the investigatory team shall notify that fact to the persons subject to investigation. The persons subject to investigation shall be entitled to have access to the file, subject to the legitimate interest of other persons in the protection of their business secrets. The right of access to the file shall not extend to confidential information affecting third parties.
5. On the basis of the file containing the investigatory team's findings and, when requested by the persons concerned, after having heard the persons subject to investigation in accordance with Article **23(1)**, the Executive Board shall decide if one or more of the breaches listed in Annex II have been committed by the persons who have been subject to investigation, and in such case, shall ***impose a pecuniary sanction*** in accordance with Article **21 and take** an administrative ***measure*** in accordance with Article **20 in addition to, or instead of pecuniary sanctions**.
6. The investigatory team shall not participate in the deliberations of the Executive Board or in any other way intervene in the decision-making process of the Executive Board.

7. The Commission shall adopt further rules of procedure for the exercise of the power to impose █ pecuniary sanctions or periodic penalty payments, including provisions on rights of defence, temporal provisions, and the collection of █ pecuniary sanctions or periodic penalty payments, and shall adopt detailed rules on the limitation periods for the imposition and enforcement of penalties.

The rules referred to in the first subparagraph shall be adopted by means of delegated acts in accordance with Article 86.

8. The Authority shall refer matters for criminal prosecution to the relevant national authorities where, in carrying out its duties under this Regulation, it finds that there are serious indications of the possible existence of facts liable to constitute criminal offences. In addition, the Authority shall refrain from imposing █ pecuniary sanctions or periodic penalty payments where a prior acquittal or conviction arising from identical facts, or from facts which are substantially the same, has acquired the force of res judicata as the result of criminal proceedings under national law.

Article 26  
Review by the Court of Justice of the European Union

The Court of Justice of the European Union shall have unlimited jurisdiction to review decisions of the Authority imposing an ■ pecuniary sanction or a periodic penalty payment. It may annul, reduce or increase the fine or periodic penalty payment imposed.

Article 27  
Language arrangements in direct supervision

1. The Authority and the financial supervisors shall adopt arrangements for their communication within the AML/CFT supervisory system, including the language(s) to be used.
2. Any document which a selected obliged entity or any other natural or legal person individually subject to the Authority's supervisory procedures submits to the Authority may be drafted in any of the official languages of the Union, chosen by the selected obliged entity or natural or legal person concerned.

3. The Authority, selected obliged entities and any other legal or natural person individually subject to the Authority's supervisory procedures may agree to exclusively use one of the official languages of the Union in their written communication, including with regard to the Authority's supervisory decisions.
4. The revocation of such agreement on the use of one language shall only affect the aspects of the Authority's supervisory procedure which have not yet been carried out.
5. Where participants in an oral hearing request to be heard in an official language of the Union other than the language of the Authority's supervisory procedure, sufficient advance notice of this requirement shall be given to the Authority so that it can make the necessary arrangements.

**SECTION 4**  
**INDIRECT SUPERVISION OF NON-SELECTED OBLIGED ENTITIES**

Article 28

Assessments of the state of supervisory convergence

1. The Authority shall perform periodic assessments of some or all of the activities of one, several, or all financial supervisors, including *their tools and resources*. *As part of each assessment, the Authority shall assess the extent to which a financial supervisor performs its tasks in accordance with Directive [OP: please insert reference to AMLD] and takes the necessary steps* to ensure *consistent* high level supervisory standards and practices. The assessments *shall take into account the level of harmonisation of supervisory approaches, and to that end* shall include a review of the application of *all or part of* the AML/CFT supervisory methodology developed pursuant to Article 8, and shall cover all financial supervisors in a single assessment cycle. The *Executive Board shall adopt, after consulting the General Board in supervisory composition, an assessment cycle plan. The General Board, acting by a majority of two thirds of the members, may require the Executive Board to adopt a new plan.* The length of each assessment cycle shall be determined by the Authority and shall not exceed seven years.

*The Authority shall develop methods to allow for a consistent assessment and comparison between the financial supervisors reviewed in the same cycle. At the end of each assessment cycle, the Authority shall submit its findings to the European Parliament and the Council.*

2. The assessments shall be carried out by the staff of the Authority *and, following an open call for participation, by the staff of financial supervisors that are not subject to review, on a voluntary basis. Where relevant,* the assessments shall take due account of *the* evaluations, assessments or reports drawn up by international organisations and intergovernmental bodies with competence in the field of preventing money laundering and terrorist financing. *The assessments may also take due account of the information set out in the central AML/CFT database established pursuant to Article 11.*
3. The Authority shall produce a report setting out the results of each assessment. *A draft version of the report shall be submitted to the financial supervisor or financial supervisors subject to the assessment for comments, prior to its consideration by the General Board in supervisory composition. Within a deadline determined by the Authority, the financial supervisor subject to review shall submit comments to the draft report. The final* report shall be adopted by the Executive Board, taking into account the observations of the General Board in supervisory composition.



The *Executive Board shall ensure consistency in the application of the assessment methodology. The* report shall explain and indicate any specific follow-up measures required to be taken by the financial supervisor or financial supervisors subject to the assessment that are deemed appropriate, proportionate and necessary as a result of the assessment. The follow-up measures may be adopted in the form of guidelines and recommendations *of the General Board. The follow up measures may also be adopted in the form of individual* recommendations *taken by the Executive Board. Those individual follow-up measures shall only be published upon consent of the* financial supervisor *concerned and in summary or aggregate form, such that individual financial institutions cannot be identified. The published version of the report shall not include confidential information nor references to specific financial supervisors.*

4. Financial supervisors shall make every effort to comply with the specific follow-up measures addressed to them as a result of the assessment. *Where applicable, financial supervisors shall provide regular updates to the Authority on the type of measures they have implemented in response to the report referred to in paragraph 3.*

## Article 29

### Coordination and facilitation of work of the **AML/CFT supervisory colleges in the financial sector**

1. The Authority shall ensure, within the scope of its powers and without prejudice to the powers of the relevant financial supervisors, ***that AML/CFT supervisory colleges in the financial sector*** are established and functioning consistently for non-selected obliged entities operating ***establishments*** in several Member States in accordance with Article 36 ***of Directive*** [OP please insert the next number to the AMLD, COM(2021)0423]. To that end, the Authority may:
  - (a) establish colleges, convene and organize the meetings of colleges, where such college has not been established although the relevant conditions for its establishment set out in Article 36 [***OP please insert the next number to the AMLD, COM(2021)0423***] are met;
  - (b) assist in the organisation of college meetings, where requested by the relevant financial supervisors;
  - (c) assist in the organisation of joint supervisory plans and joint ***on-site or off-site inspections***;

- (d) collect and share all relevant information in cooperation with the financial supervisors in order to facilitate the work of the college and make such information accessible to the authorities in the college;
  - (e) promote effective and efficient supervisory activities *and practices*, including evaluating the risks to which *non-selected* obliged entities are or might be exposed;
  - (f) oversee, in accordance with the tasks and powers specified in this Regulation, the tasks carried out by the financial supervisors.
2. For the purposes of paragraph 1, the staff of the Authority shall have full participation rights in the *AML/CFT* supervisory colleges and shall be able to participate in their activities, including on-site inspections, carried out jointly by two or more financial supervisors.

## Article 30

### Requests to act in exceptional circumstances **following indications of serious, repeated or systematic breaches**

1. Financial supervisors shall notify the Authority where the situation of any non-selected obliged entity with regard to its compliance with ***Regulation [AMLR], Regulation [please insert reference – proposal for a recast of Regulation (EU) 2015/847 - COM(2021)0422 final], any other legal provisions adopted for the implementation of these Regulations and any administrative act issued by any supervisor, and where*** its exposure to money laundering and terrorism financing risks deteriorates rapidly and significantly, ***in particular*** where such deterioration ***may negatively impact several Member States or the Union as a whole or undermine the integrity*** of the Union's financial system.
2. The Authority may, where it has indications of ***serious, repeated or systematic*** breaches by a non-selected obliged entity, request its financial supervisor to:
  - (a) investigate ***such*** breaches of Union law, and where such Union law is composed of Directives or explicitly grants options for Member States, breaches of national law to the extent that it transposes Directives or exercises options granted to Member States by Union law, by a non-selected obliged entity; and

- (b) consider imposing sanctions in accordance with directly applicable Union law or national law transposing Directives on that entity in respect of such breaches.

Where necessary, the Authority may also request a financial supervisor to adopt an individual decision addressed to that entity requiring it to undertake all necessary actions to comply with its obligations under directly applicable Union law or under national law, to the extent that it transposes Directives or exercises options granted to Member States by Union law, including the cessation of any practice. ***The requests referred to in this paragraph shall not impede ongoing supervisory measures by the financial supervisor to which the request is addressed.***

***2a. The request referred to in the first subparagraph may be initiated when the Authority has indications of a serious, repeated or systematic breaches:***

- (a) following notifications by financial supervisors pursuant to paragraph 1;***
- (b) as a result of the Authority's own collection of well-substantiated information;***
- (c) upon reception of information by Union institutions and bodies, or by any other reliable and credible information source.***

3. The financial supervisor concerned shall comply with any request addressed to it in accordance with paragraph 2 and shall inform the Authority, as soon as possible and within ten working days from the day of the notification of such request at the latest, of the steps it has taken or intends to take to comply with that request.
4. Where the ■ request referred to in paragraph 2 ***is not complied with or information is not provided to*** the Authority of the steps ■ taken or ***intended to be taken*** to comply with ***it*** within ten days from the day of the notification of the request, the Authority may request the Commission to grant permission to transfer ***temporarily*** the relevant tasks and powers referred to in Article 5(2) and Article 6(1) related to direct supervision of the non-selected obliged entity from the financial supervisor concerned to the Authority.
5. The request from the Authority ***to the Commission pursuant to paragraph 4*** shall contain:
  - (a) a description of the ***serious, repeated or systematic*** breaches of the directly applicable requirements by an identified non-selected obliged entity and a justification that such breaches fall within the scope of competence of the Authority, pursuant to ***paragraphs 2 and 2a***;
  - (b) a justification why the request to the financial supervisor referred to in paragraph 2 did not result in any action taken within the ***time limit*** set in paragraph 3, ***including, where relevant, the information that no reply was submitted by the financial supervisor***;

- (c) a time limit, which shall not exceed three years, for the requested transfer of the relevant tasks and powers;
- (d) a description of the measures that the Authority intends to take in relation to the non-selected obliged entity upon the transfer of the relevant tasks and powers to address the *serious, systematic or repeated* breaches referred to in paragraph 2;
- (e) *any relevant communication between the Authority and the financial supervisor concerned.*

6. *Based on the information referred to in paragraph 5*, the Commission shall have one month from the date of receipt of the request from the Authority to adopt a *duly justified* decision whether to authorise the transfer of the relevant tasks and powers or to oppose it. The decision shall be notified to the Authority, which shall immediately inform the financial supervisor and the non-selected obliged entity thereof. *The European Parliament and the Council shall be informed about the decision.*

7. On the tenth working day after the notification of the decision authorising the transfer of tasks and powers in relation to the non-selected obliged entity, the non-selected obliged entity referred to in paragraph 2 shall be deemed a selected obliged entity for the purposes of the exercise of the tasks referred to in Article 5(2) and the powers referred to in Article 6(1) and Articles 16 to 22. The Commission decision shall set a time-limit for the exercise of these tasks and powers, upon the expiry of which they shall be automatically transferred back to the financial supervisor concerned.

7a. *After having consulted the financial supervisor concerned, the Authority may submit to the Commission a request to extend the application of the decision referred to in paragraph 6. That request shall be submitted at least two months before the expiry of the initial period of time.*

*The request referred to in the first subparagraph shall be accompanied by:*

(a) *a description of the measures that the Authority has taken in relation to the obliged entity and of the further measures that it intends to take;*



- (b) a justification as to why those remaining measures address breaches that still fall within the scope of competence of the Authority, pursuant to paragraph 2;*
- (c) a time limit, which shall not exceed three years, for the continued exercise of the tasks referred to in Article 5(2) and the powers referred to in Article 6(1) and Articles 16 to 22 in relation to the obliged entity;*
- (d) any relevant communication between the Authority and the financial supervisor concerned.*

*The Commission shall adopt a decision on whether to grant the extension within the time limits indicated in paragraph 6. Any extension pursuant to this paragraph may only be granted once.*

## Article 30b

### Settlement of disagreements between financial supervisors in cross-border situations

1. *The Authority may assist financial supervisors in reaching an agreement in accordance with the procedure set out in paragraphs 3 to 5 of this Article at the request of one or more financial supervisors pursuant to Articles 34, 34a, 36 and 39a of Directive [AMLD] or in other instances where a financial supervisor disagrees with the procedure or content of an action, proposed action, or inactivity of another financial supervisor insofar as it affects its own supervisory tasks and responsibilities towards a specific non-selected obliged entity or multiple non-selected obliged entities.*
2. *In cases other than those covered by Article 34, 36, 34a and 39a of Directive [OP: please insert reference to AMLD], a financial supervisor shall notify the Authority without undue delay that its assistance is required where a provision in Union law requires the financial supervisor to reach an agreement, an arrangement, or other form of established or formalized cooperation relating to supervision of specific non-selected obliged entities with another financial supervisor or supervisors, and either of the following occurs:*

- (a) *the agreement has been reached but has not been effectively applied or adhered to by one of the parties;*
  - (b) *a financial supervisor concludes that a disagreement exists, on the basis of objective reasons;*
  - (c) *two months have elapsed from the date of receipt by a financial supervisor of a request by the financial supervisor addressing the Authority to take certain action in order to comply with those legislative acts and the requested supervisor has not adopted a decision that satisfies the request.*
- 3. *The Executive Board shall assess the request and notify the relevant parties whether it considers it justified and intends to act upon it in line with this Article.*
- 4. *The Authority shall set a time limit for conciliation between the financial supervisors taking into account any relevant time periods specified in Union law and the complexity and urgency of the matter. For the purposes of the conciliation phase, the Authority shall act as a mediator. Where necessary or provided for in the Union law, it shall issue an opinion on how to settle the matter of disagreement.*

5. *Where the financial supervisors fail to reach an agreement during the conciliation phase referred to in paragraph 4, or where they fail to follow the opinion issued by Authority, the Authority may take a decision requiring those supervisors to take specific action, or to refrain from certain action, in order to settle the matter, and to ensure compliance with Union law. The decision of the Authority shall be binding on the financial supervisors. The Authority's decision may require financial supervisors to revoke or amend a decision that they have adopted or to make use of the powers which they have under the relevant Union law.*

*The Authority shall notify the financial supervisors of the conclusion of the procedures under paragraphs 4 and 5 together with, where applicable, its decision taken under paragraph 5.*

7. *Any action by the financial supervisors in relation to facts which are subject to a decision pursuant to paragraph 5 shall be compatible with those decisions.*
8. *In the report referred to in Article 72, the Chair of the Authority shall set out the nature and type of disagreements between financial supervisors, the agreements reached and the decisions taken to settle such disagreements.*

## Article 30c

### Action in case of systematic failures of supervision

1. *Where a financial supervisor has not applied measures laid down in Directive [please insert reference – proposal for 6th Anti-Money Laundering Directive - COM(2021)0423 final] or the provisions of national law transposing that Directive, or has applied measures in a way that appears to be a breach of Union law leading to systematic failures in its supervision which affect multiple obliged entities and undermine the effectiveness of the AML/CFT supervisory system, the Authority shall act in accordance with the powers set out in paragraphs 2, 3 and 4 of this Article.*
2. *The Authority may initiate an investigation of a potential breach of Union law referred to in paragraph 1 on its own initiative where it has an indication of such a breach derived from well-substantiated information collected by the Authority when carrying out its tasks pursuant to this Regulation.*

*The Authority may also investigate an alleged breach or non-application of Union law upon a well-substantiated request of one or more financial supervisors, the European Parliament, or the Commission.*

*Where an investigation has been requested, the Authority shall duly inform the requestor on how it intends to proceed with the case and whether an investigation into an alleged breach is warranted. Prior to deciding to investigate a potential breach of Union law, the Authority shall inform the financial supervisor concerned.*

3. *The financial supervisor shall, without delay, provide the Authority with all information which the Authority considers necessary for its investigation, including with regard to how the acts referred to in paragraph 1 are applied in accordance with Union law.*
4. *Where deemed appropriate and necessary, the Authority may also, after having informed the financial supervisor concerned, provide an opportunity to all other financial supervisors to transmit information to it that they deem relevant or address a duly justified and reasoned request for information to any other financial supervisor directly. The addressees of such a request shall, without undue delay, provide the Authority with clear, accurate and complete information.*

5. *The Authority may, no later than six months from the date of initiating its investigation, address a recommendation to the financial supervisor subject to investigation, setting out the action necessary to comply with Union law.*

*Before issuing such a recommendation, the Authority shall engage with the financial supervisor, where it considers such engagement appropriate in order to resolve the systematic failures of supervision resulting in the breach of Union law, in an attempt to reach agreement on the actions necessary for compliance with Union law.*

*The financial supervisor shall, within 10 working days of receipt of the recommendation, inform the Authority of the steps it has taken or intends to take to ensure compliance with Union law.*

6. *Where the financial supervisor has not complied with Union law within one month of the date of receipt of the Authority's recommendation, the Commission may, after having been informed of that fact by the Authority, or on its own initiative, issue a formal opinion requiring the financial supervisor to take the action necessary to comply with Union law. The Commission's formal opinion shall take into account the Authority's recommendation.*

*The Commission shall issue such a formal opinion within three months of the date of adoption of the recommendation. The Commission may extend that period by one month.*

*The Authority and the financial supervisor shall provide the Commission with all necessary information.*

7. *The financial supervisor shall, within 10 working days of receipt of the formal opinion referred to in paragraph 4, inform the Commission and the Authority of the steps it has taken or intends to take to comply with that formal opinion. When taking action in relation to issues which are subject to a formal opinion, financial supervisor shall comply with the formal opinion.*



## SECTION 5 OVERSIGHT OF NON-FINANCIAL SECTOR

### *Article 31* **Peer reviews**

1. The Authority shall periodically conduct peer reviews of some or all of the activities of non-financial supervisors *and public authorities referred to under Article 38 of Directive [OP please insert the next number to the AMLD, COM(2021)0423]* to strengthen consistency and effectiveness in supervisory outcomes. ■ The Authority shall develop methods to allow for an objective assessment and comparison between non-financial supervisors reviewed. *Where relevant, the planning and conducting of assessments shall take due account of the evaluations, assessments or reports drawn up by international organisations and intergovernmental bodies with competence in the field of preventing money laundering and terrorist financing. The assessments may also take due account of the information contained in the central AML/CFT database established pursuant to Article 11.*

*The methods referred to in the first sub-paragraph shall take into account the specific features of the supervisory framework in cases where supervision is entrusted to self-regulatory bodies, including the role of the public authority in charge of overseeing those* ■ *bodies pursuant to Article 38 of Directive [OP please insert the next number to the AMLD, COM(2021)0423], and the specific characteristics of supervisors in those cases.*

2. *The peer reviews shall be carried out by the staff* ■ *of the Authority jointly with the relevant staff of the non-financial supervisors.*
3. The peer review shall include an assessment of, but shall not be limited to:
  - (a) the adequacy of powers and financial, human and technical resources, the degree of independence, the governance arrangements and professional standards of non-financial supervisor to ensure the effective application of Chapter IV [OP please insert the next number to the AMLD, COM(2021)0423];
  - (b) the effectiveness and the degree of convergence reached in the application of Union law and in supervisory practice, and the extent to which the supervisory practice achieves the objectives set out in Union law;

- (c) the application of best practices developed by non-financial supervisors whose adoption might be of benefit for other non-financial supervisors;
  - (d) the effectiveness and the degree of convergence reached with regard to the enforcement of the provisions adopted in the implementation of Union law, including the *pecuniary* sanctions and ■ administrative measures imposed against persons responsible where those provisions have not been complied with.
4. The Authority shall produce a report setting out the results of the peer review. That peer review report shall be *jointly* prepared by the ***staff of the Authority and the relevant staff of the non-financial supervisors involved in the*** peer review ■ and adopted by the Executive Board, having received the observations of the General Board in supervisory composition as to the consistency of application of the methodology with other peer review reports. The report shall explain and indicate the follow-up measures that are deemed appropriate, proportionate and necessary as a result of the peer review. Those follow-up measures may be adopted in the form of guidelines and recommendations pursuant to Article 43 and opinions pursuant to Article 44. The non-financial supervisors shall make every effort to comply with any guidelines and recommendations issued, in accordance with Article 43.

5. The Authority shall publish the findings of the peer review on its website and ***inform at least the European Parliament thereof. It shall*** submit an opinion to the Commission where, having regard to the outcome of the peer review or to any other information acquired by the Authority in carrying out its tasks, it considers that further harmonisation of Union rules applicable to obliged entities in the non-financial sector or to non-financial supervisors would be necessary from the Union's perspective.
6. The Authority shall provide a follow-up report two years after the publication of the peer review report. The follow-up report shall be ***jointly*** prepared by the ***staff of the Authority and the relevant staff of the non-financial supervisors involved in the*** peer review **■** and adopted by the Executive Board, having received the observations of the General Board in supervisory composition on the consistency with other peer review reports. The follow-up report shall include an assessment of the adequacy and effectiveness of the actions undertaken by the non-financial supervisors that were subject to the peer review in response to the follow-up measures of the peer review report. The Authority shall publish the findings of the follow-up report on its website.

7. For the purposes of this Article, the Executive Board shall adopt, *after consulting of the General Board in supervisory composition*, a peer review work plan every two years, which shall reflect the lessons learnt from the past peer review processes and discussions held in the General Board in supervisory composition. *The General Board, acting by a majority of two thirds of the members, may require the Executive Board to adopt a new plan.* The peer review work plan shall constitute a separate part of the annual and multiannual working programme and shall be included in the Single Programming Document. In case of urgency or unforeseen events, the Authority may decide to carry out additional peer reviews.
8. *Where peer reviews concern supervisory activities which in one or more Member States are carried out by self-regulatory bodies*, the peer review exercise shall include the assessment **■** of measures pursuant to Article 38 of *Directive* [OP please insert the next number to the AMLD, COM(2021)0423] that are taken by the public authority in charge of overseeing these bodies to ensure that they perform their function *adequately and effectively*.

9. *Where peer reviews concern supervisory activities which in one or more Member States are carried out by self-regulatory bodies, those self-regulatory bodies shall not be required to participate. However, where they indicate an interest to participate in a peer review exercise, staff entrusted with supervisory tasks from such bodies shall be allowed to participate in that peer review.*

#### **Article 31a**

#### **Coordination and facilitation of work of the AML/CFT supervisory colleges in the non-financial sector**

1. *The Authority shall, within the scope of its powers and without prejudice to the powers of the relevant non-financial supervisors pursuant to Article 36a of Directive [OP please insert the next number to the AMLD, COM(2021)0423], assist the set up and functioning of AML/CFT supervisory colleges in the non-financial sector for obliged entities in the non-financial sector operating establishments in several Member States in accordance with Article 36a of Directive [OP please insert the next number to the AMLD, COM(2021)0423].*

2. *To that end, the Authority may:*

- (a) suggest the establishment of colleges and the convocation and organisation of college meetings, where such college has not been established although the Authority considers that the money laundering and terrorist financing risks exposure of the obliged entity or group and the scale of its cross-border activities justify the establishment of a college;*
- (b) assist in the organisation of college meetings and in the assessment of whether the conditions for participation of third country supervisors in the college are met, where requested by the relevant non-financial supervisors;*
- (c) assist in the organisation of joint supervisory plans and joint on-site or off-site inspections;*
- (d) assist the non-financial supervisors in the collection and sharing of all relevant information in order to facilitate the work of the college and make such information accessible to the supervisors in the college;*

- (e) promote effective and efficient supervisory activities and practices, including evaluating the risks to which obliged entities other than credit and financial institutions are or might be exposed;*
- (f) provide assistance to non-financial supervisors, upon their specific requests, including the requests to mediate between non-financial supervisors in the situations covered by Article 36(a)(2) and (3) of Directive [OP please insert the next number to the AMLD, COM(2021)0423].*

**3. *For the purposes of paragraph 1, the staff of the Authority shall have full participation rights in the AML/CFT supervisory colleges. Upon agreement of the non-financial supervisors concerned, the staff of the Authority shall be able to participate in the activities of the college carried out jointly by two or more non-financial supervisors, including on-site inspections of obliged entities referred to under Article 3(3) of Regulation [please insert reference – proposal for Anti-Money Laundering Regulation - COM(2021)0420], except those covered under points (a) and (b) of that paragraph.***



**Warning on breaches of Union rules by non-financial supervisors and public authorities overseeing self-regulatory bodies**

1. Where *the Authority has ground to suspect that a supervisor in the non-financial sector or a public authority overseeing self-regulatory bodies referred to in Article 38 of Directive [reference to AMLD]* has not applied the Union acts or the national legislation referred to in Article 1(2), or has applied them in a way which appears to be a breach of Union law, *it shall inform the supervisor or public authority concerned of those suspected breaches and investigate them.*

*For the purposes of the first subparagraph, the Authority may act upon request from one or more supervisors in the non-financial sector or public authorities, the European Parliament, the Council, the Commission, or on its own initiative, including when this is based on well-substantiated information from natural or legal persons pursuant to Article 76a.*

2. *The Authority shall be able to request from the supervisor or public authority concerned all information which the Authority considers necessary for its investigation including information on how the Union acts or in that legislation referred to in Article 1(2) are applied in accordance with Union law, with the exception of information covered by the legal privilege, unless the exemptions set out in Articles 17(1), third subparagraph, and 51(2), second subparagraph of Regulation [please insert reference – proposal for Anti-Money Laundering Regulation - COM(2021)0420] and in Article 38(x) of Directive [reference to AMLD] apply.*

The *supervisor or public* authority shall, without delay, provide the Authority with *the requested* information ■ .

Whenever *the requested* information from the *supervisor or public* authority concerned has proven, or is deemed to be, insufficient to obtain the information that is deemed necessary for the purposes of investigating *a suspected* breach ■ , the Authority may, after having informed the *supervisor or oversight* authority, address a duly justified and reasoned request for information directly to other *supervisors or oversight* authorities.

The addressee of such a request shall provide the Authority with clear, accurate and complete information without undue delay.

3. The Authority may, not later than six months from initiating its investigation, address a recommendation to the ***supervisor or public authority*** concerned setting out the action necessary to ***remedy the identified breach***.

Before issuing such a recommendation, the Authority shall engage with the ***supervisor or the public*** authority concerned, where it considers such engagement appropriate in order to resolve ***the breach*** , in an attempt to reach agreement on the actions necessary ***to that end***.

The ***supervisor or public authority concerned*** shall, within ten working days of receipt of the recommendation, inform the Authority of the steps it has taken or intends to take to ***resolve the breach***.

4. Where the ***supervisor or public*** authority ***has not resolved the identified breach referred to in paragraph 3, first subparagraph***, within one month from receipt of the Authority's recommendation, the ***Authority shall address a warning detailing the breach(es) and identifying measures to be implemented by the addressees of the warning to mitigate their effects***.

The ***warning referred to in the first subparagraph*** shall ***be addressed: (a) in the case of a supervisor in the non-financial sector, to the counterpart supervisors in other Member States and, where the supervisor is a self-regulatory body, its public authority; (b) in the case of a public authority, to the self-regulatory bodies under its oversight***.

5. *As soon as the supervisor or public authority has resolved the breach, the Authority shall inform the addressees of its warning that the breach has been resolved and that the mitigating measures shall be ceased.*

**I**

#### **Article 32a**

##### **Settlement of disagreements between non-financial supervisors in cross-border situations**

1. *The Authority may assist non-financial supervisors in reaching an agreement in accordance with the procedure set out in paragraphs 3 to 5 of this Article at the request of one or more non-financial supervisors pursuant to Articles 34, 34a, 36a and 39a of Directive [AMLD] or in other instances where a non-financial supervisor disagrees with the procedure or content of an action, proposed action, or inactivity of another non-financial supervisor insofar as it affects its own supervisory tasks and responsibilities towards a specific obliged entity or multiple obliged entities.*

2. *In cases other than those covered by Article 34, 34a, 36a and 39a of Directive [OP: please insert reference to AMLD], a non-financial supervisor shall notify the Authority without undue delay that its assistance is required where a provision in Union law requires the non-financial supervisor to reach an agreement, an arrangement, or other form of established or formalized cooperation relating to supervision of specific obliged entities with another non-financial supervisor or supervisors, and either of the following occurs:*
- (a) the agreement has been reached but has not been effectively applied or adhered to by one of the parties,*
  - (b) a non-financial supervisor concludes that a disagreement exists, on the basis of objective reasons;*
  - (c) two months have elapsed from the date of receipt by a non-financial supervisor of a request by the non-financial supervisor addressing the Authority to take certain action in order to comply with those legislative acts and the requested supervisor has not adopted a decision that satisfies the request.*

3. *The Executive Board shall assess the request and notify the relevant parties whether it considers it justified and intends to act up*
4. *The Authority shall set a time limit for conciliation between the non-financial supervisors taking into account any relevant time periods specified in Union law and the complexity and urgency of the matter. For the purposes of the conciliation phase, the Authority shall act as a mediator. Where necessary or provided for in the Union law, it shall issue an opinion on how to settle the matter of disagreement.*

## **SECTION 6**

### **FIUs SUPPORT AND COORDINATION MECHANISM**

#### **Article 32b**

#### **Cooperation between the Authority and Financial Intelligence Units**

1. *The Authority shall be responsible for the effective and consistent cooperation between Financial Intelligence Units ('FIUs') within the framework of the FIUs' support and coordination mechanism. To that end, the Authority shall support and coordinate the activities of FIUs.*

2. *The Authority and FIUs shall be subject to a duty of cooperation in good faith, including in joint analyses supported or initiated by the Authority, and to an obligation to exchange information that is necessary to fulfil their respective tasks.*
3. *The Authority shall have dedicated human, financial and IT resources to support the tasks referred to under Article 5(5), and shall ensure, where necessary, organisational separation of the staff dedicated to those tasks from the staff carrying out the tasks relating to the Authority's supervisory activities.*

*An FIU may inform the Authority in the case of a failure to cooperate with another FIU. In that case, the Authority shall act as a mediator.*

Article 33  
Conduct of joint analyses

- 1a. *The Authority shall define methods and criteria for the selection and prioritisation of cases relevant for the conduct of joint analyses in accordance with Article 25 of [OP please insert the next number to the AMLD, COM(2021)0423] to be supported by the Authority.*

**-1b. To that end, the Authority shall draw up, on an annual basis, a list of priority areas for the conduct of joint analysis. That list may be reviewed where new priority areas are identified.**

1. Where, pursuant to Article 25 of [OP please insert the next number to the AMLD, COM(2021)0423] **and with respect to the criteria referred to in paragraph -1a**, a FIU of a Member State identifies a potential need to conduct a joint analysis with one or several FIUs in other Member States, it shall notify the Authority thereof.

**The Authority shall register all notifications received pursuant to the first subparagraph and assess the relevance of the case in accordance with the methods and criteria referred to in paragraph -1a. Where the Authority assesses that the case is relevant, it shall inform within five days of the initial notification the FIUs in all the relevant Member States and invite them to take part in the joint analysis ■. To this end, the Authority shall use secured channels of communication. The FIUs in all the relevant Member States shall consider taking part in the joint analysis. ■**



- 1d. If at least one other FIU agrees to join the joint analysis, the Authority shall ensure that the joint analysis is instituted within 20 days of the initial assessment, unless the urgency of the case justifies the imposition of a shorter deadline.***
2. Any FIU that declines to participate in the conduct of the joint analysis shall provide the reasons thereof in writing to the Authority, within five days of the receipt of the invitation. The Authority shall provide such explanation without delay to the FIU having identified the need for a joint analysis.
3. Upon explicit consent of the FIUs participating in the joint analysis, the staff of the Authority supporting the joint analysis shall be granted access to all the data pertaining to the subject-matter of the *case* and shall be able to process those data ***for the purposes of supporting the joint analysis.***

***Where an FIU refuses to grant access to the staff of the Authority to the information it holds that is relevant to the case, it shall ensure that the information is otherwise provided in a way that does not impede the staff of the Authority to provide operational support to the joint analysis, nor effectively hamper their ability to provide such support.***

***Where several FIU refuse to grant access to the information relevant for the case, the Authority shall re-assess whether the tasks that its staff would perform justify its support to the joint analysis, and consider recommending that the joint analysis proceeds without its support instead.***

4. The Authority shall provide all necessary tools and operational support required for the conduct of the particular joint analysis, in accordance with the developed methods and procedures. In particular, the Authority shall set up a dedicated, secured channel of communication for the performance of the joint analysis, and shall provide the appropriate technical coordination, including IT support, budgetary and logistical support.

4a. ***Upon explicit consent of all FIUs participating in the joint analysis, the staff of the Authority supporting the joint analysis shall be authorised to cross-match, on the basis of a hit/no-hit system, the data of those FIUs with data made available by other FIUs and Union bodies, offices and agencies within their respective mandates.***

***In case of a hit, the Authority shall share with all FIUs participating in the joint analysis the information that triggered the hit to the extent that the provider of the information authorised its sharing and that the information is necessary for the conduct of the joint analysis.***

*For the purposes of this paragraph, the Authority shall use a system designed for the cross-matching of information relevant for the purposes of preventing money laundering, its predicate offences and terrorist financing in a proportionate manner. That system shall ensure a level of security and confidentiality proportionate to the nature and extent of the information cross-matched. The methods and procedures to be established for the conduct of the joint analyses pursuant to Article 34(1) of this Regulation and the working arrangements to be concluded pursuant to Article 80(2) of this Regulation shall specify the methods for carrying out the cross-matching on the basis of a hit/no-hit system as referred to in the first subparagraph.*

**Article 33a**  
**Dissemination of the results of joint analyses**

- 1. Where the results of the joint analyses indicate that there are reasonable grounds to suspect that money laundering and other criminal activity are being or have been committed in respect of which the EPPO could exercise its competence in accordance with Article 22 and Article 22(2) and (3) of Council Regulation (EU) 2017/1939, the Authority shall report without undue delay the results of the joint analyses and any additional relevant information to the EPPO. By ... [2 years after the date of entry into force of this Regulation], AMLA shall, in consultation with the EPPO, develop draft implementing technical standards and submit them to the Commission for adoption. Those draft implementing technical standards shall specify the format to be used by the Authority for the reporting of information to the EPPO.*

2. *Where the results of the joint analyses indicate that there are reasonable grounds to suspect that fraud, corruption or any other illegal activity affecting the financial interests of the Union are being or have been committed in respect of which OLAF could exercise its competence in accordance with Article 8 of Regulation (EU, Euratom) No 883/2013, the Authority shall disseminate the results of the joint analyses and any additional relevant information to the OLAF.*
3. *The Authority, the EPPO and OLAF may exchange strategic and other non-operational information, such as typologies and risk indicators, in the areas within their competence. The modalities of this type of information-sharing shall be laid down in the working arrangements pursuant to Article 80 of this Regulation.*
3. *Upon explicit consent of all FIUs participating in the joint analysis and where the results of the joint analysis indicate that there are reasonable grounds to suspect that a criminal offence has been committed in respect of which Europol could exercise its competence in accordance with Regulation (EU) 2016/794, the Authority shall disseminate the results of the joint analyses and any additional relevant information to Europol.*

4. *Upon explicit consent of all FIUs participating in the joint analysis and where the results of the joint analysis indicate that there are reasonable grounds to suspect that a criminal offence has been committed in respect of which Eurojust could exercise its competence in accordance with Regulation (EU) 2018/1727, the Authority shall disseminate the results of the joint analyses and any additional relevant information to Eurojust.*
5. *The Authority may exchange strategic and other non-operational information, such as typologies and risk indicators with the EPPO, Europol, Eurojust and OLAF, in the areas within their competence. The conditions for the exchange of the information referred to in the first subparagraph shall be laid down in the working arrangements pursuant to Article 80 of this Regulation.*

#### **Article 33b**

##### **Request by the Authority for the initiation of joint analysis**

1. *In specific cases where the Authority identifies a potential need to conduct a joint analysis pursuant to Article 33 of this Regulation and Article 25 of Directive [Insert reference to 6AMLD], it shall inform the concerned FIUs and invite them to take part in the joint analysis.*

2. *The concerned FIUs shall inform the Authority without undue delay, preferably within five days of receipt of the request, of their decision concerning a request pursuant to paragraph 1.*
3. *Where one of the FIUs invited to take part in the joint analysis refuses to accede to a request made by the Authority pursuant to paragraph 1, it shall inform the Authority of the reasons for its decision without undue delay, preferably within five days of receipt of the request.*

#### Article 34

##### Review of the methods, procedures and conduct of the joint analyses

1. The Authority shall **establish** methods and procedures ■ for the conduct of the joint analyses **and** periodically **review and update them** where necessary. **Such review and update shall also apply to the procedures referred to in Article 33(-1a).**

2. The FIUs that participated or were otherwise involved in one or more joint analyses may provide their feedback *to the Authority* on the conduct of the analysis, including feedback on the operational support provided by the Authority in the process of the joint analysis, as well as feedback on the outcome of the analysis working methods and arrangements in place, the tools available and the coordination between the participating FIUs. The feedback may be labelled as confidential, in which case it will not be shared with other FIUs.
3. On the basis of the feedback referred to in paragraph 2, or on its own initiative, the Authority may issue follow-up reports relating to the conduct of joint analyses, including specific suggestions on adjustments regarding the methods and procedures for the conduct of the joint analyses, and conclusions on the outcome of the joint analyses. The follow-up report shall be shared with all FIUs, without disclosing confidential or restricted information on the case. The conclusions and recommendations relating to the conduct of the joint analyses shall be shared with the FIUs that participated in the relevant joint analyses, and with all the other FIUs insofar as these conclusions do not contain confidential or restricted information.

Article 35  
National FIU delegates

1. The FIU of each Member State *shall* delegate one *or more* staff *members* to the Authority. The *regular place of work of the national FIU delegate shall be* at the seat of the Authority.
2. FIU delegates shall have the status of staff personnel of the delegating FIU at the time of their appointment and for the entire duration of their delegation. Member States shall appoint their FIU delegate on the basis of a proven high level of relevant, practical experience in the field of FIU tasks. The *delegate shall remain under the authority* of the *delegating FIU* and shall *comply with the security and confidentiality rules of* the delegating FIU, *including relevant national law*.
3. *The General Board in FIU composition may reject a person who has been appointed as FIU delegate if that person does not fulfil the criteria referred to in paragraph 2.* The term of office of the FIU delegates shall be three years, renewable once with consent of the delegating FIU.



4. FIU delegates shall support the Authority in carrying out the tasks set out in Article 5(5). To that end, the national FIU delegates shall be granted access to the Authority's data and information necessary for the performance of their tasks for the duration of the delegation.
5. FIU delegates *shall* be granted access to any data accessible by their delegating FIU for the purposes of carrying out the tasks referred to in paragraph 4 ■ .
6. The Executive Board shall determine the rights and obligations of the FIU delegates in relation to the Authority *taking into account the opinion of the General Board in FIU composition. FIUs shall ensure that their FIU delegate complies with those rights and obligations.*

## Article 36

### Mutual assistance in the area of cooperation between FIUs

1. In the context of promoting cooperation and support of the work of the FIUs, the Authority, *taking into account the needs of FIUs*, shall *promote common approaches, methods and best practices*. *The Authority shall also* organise and facilitate at least the following activities:
  - (a) training programmes, including with respect to technological innovation;
  - (b) personnel exchanges and secondment schemes, including secondment of FIU staff from a Member State to the Authority;
  - (c) exchanges of practices between FIUs, including sharing expertise in a specific area;
  - (d) *development or procurement of IT tools and services to enhance the analysis capabilities of FIUs.*

2. Any FIU may submit to the Authority a request for assistance related to the tasks of the FIU, specifying the type of assistance that can be provided by the staff of the Authority, the staff of one or more than one FIU, or a combination thereof. The FIU requesting assistance shall ensure the access to any information and data necessary for the provision of such assistance. The Authority shall keep and regularly update information on specific areas of expertise and capacity of FIUs to provide mutual assistance *related to the tasks of FIUs*.
3. The Authority shall make every effort to provide the requested assistance, including by considering the support to be provided with its own human resources as well as coordinating and facilitating the provision of any form of assistance by other FIUs on a voluntary basis.
4. At the beginning of each year, the Chair of the Authority shall inform the General Board in FIU composition of the human resources that the Authority can allocate to providing the assistance referred to in the previous paragraph. When changes occur to the availability of human resources due to performance of tasks referred to in Article 5(5), the Chair of the Authority shall inform the General Board in FIU composition thereof.

**Article 36a**  
**Mediation between FIUs**

- 1. The Authority may facilitate a solution in the case of a disagreement between two or more FIUs regarding individual cases related to cooperation, including the exchange of information, under Directive [insert reference to 6AMLD] between FIUs. The purpose of such mediation shall be to reconcile divergent points of view between the FIUs and to adopt a non-binding opinion.*
- 2. Where a disagreement cannot be solved by direct contact and dialogue between the FIUs concerned, the Authority shall launch a mediation procedure upon request by one or more of those FIUs. The Authority may also suggest launching a mediation procedure on its own initiative. Mediation shall be conducted only with the agreement of all FIUs concerned.*

3. *The mediation procedure shall be launched before the Authority's General Board in FIU composition. All members of the General Board in FIU composition, except the Heads of the FIUs that concerned by the disagreement, shall seek to reconcile the points of view of the FIUs that concerned by the disagreement and shall agree on a non-binding opinion. Where relevant, experts from the Commission may be invited to participate in the mediation in an advisory capacity.*
4. *The General Board in FIU composition shall adopt the rules of procedure for mediation, including the applicable deadlines.*
5. *Where an FIU that is concerned by a disagreement refuses to participate in mediation, it shall inform the Authority and the other FIUs that are concerned by the disagreement of the reasons for its decision within the period set in the rules of procedure referred to in paragraph 4.*
6. *Within three months of the adoption of the non-binding opinion, the FIUs that are concerned by the disagreement shall report to the General Board in FIU composition with regard to the measures that they have taken for the purpose of following up on the opinion or, where they have not taken measures, with regard to the reasons why they have not done so.*

Article 37  
FIU.net

1. The Authority shall ensure adequate **■**, uninterrupted *and secure* hosting, management, maintenance, and development of the FIU.net. *Taking into account the needs of FIUs, the Authority shall* ensure that the most advanced *and secure* available technology is used for the FIU.net, subject to a cost-benefit analysis.
2. The Authority shall ensure uninterrupted functioning of the FIU.net and keep it *up-to-date*. Where necessary to support or strengthen the exchange of information and cooperation between the FIUs and based on the needs of FIUs, the Authority shall design and implement, or otherwise make available, upgraded or additional functionalities of FIU.net.
3. The Authority shall *also* be responsible for the following tasks relating to the FIU.net:
  - (a) *implement* appropriate technical and organizational measures to *ensure a level of security to ensure* protection *of personal data*;
  - (b) *plan*, coordinate, manage and support any testing activities;
  - (c) ensure adequate financial resources;
  - (d) provide training on the technical use of FIU.net by end-users.

4. For the purposes of carrying out the tasks referred to in paragraphs 1, 2 and 3, the Authority shall be empowered to conclude or enter into legally binding contracts or agreements with third party service providers, ***after appropriate audits of their security standards.***
5. The Authority shall adopt and implement the measures necessary for fulfilment of the tasks referred to in this Article, including a security plan, a business continuity plan and a disaster recovery plan for the FIU.net.
- 5a. ***The General Board in FIU composition, acting unanimously, may decide to suspend the access of an FIU or counterpart in a third country or Union body, office or agency to the FIU.net where it has grounds to believe that such an access would jeopardise the implementation of Chapter III of Directive [please insert reference to AMLD6] and the security and confidentiality of the information held by FIUs and exchanged through the FIU.net system, including where there are concerns in relation to an FIU's lack of independence and autonomy.***

*When adopting a decision as referred to in the first subparagraph suspending the access of an FIU, the General Board shall act unanimously by vote of all members of the General Board in FIU composition, except the Head of the FIU in question.*

*The General Board in FIU composition shall define the criteria for the suspension of access to the FIU.net and adopt the rules of procedure for such suspension.*

**Article 37a**  
**Peer review**

- 1. The Authority shall set up a peer review process of the activities of FIUs pursuant to Chapter III of Directive [insert reference to 6AMLD] to strengthen consistency and effectiveness of FIU activities and to facilitate the exchange of best practices between FIUs. The Authority shall develop methods to allow for an objective assessment of the FIUs reviewed and rules of procedure for the conduct of peer reviews.*

*Where relevant, the planning and conducting of peer reviews shall take due account of the evaluations, assessments and reports drawn up by international organisations and intergovernmental bodies with competence in the field of preventing money laundering, its predicate offences and terrorist financing.*



2. *For the purposes of the first paragraph, the Authority shall set up a peer review team, which shall be composed of staff of the Authority and representatives of FIUs participating in the peer review.*
3. *The peer review shall include an assessment of, but shall not be limited to:*
  - (a) *the adequacy of the FIU's resources, including human and technical and IT resources, to perform its functions;*
  - (b) *the measures implemented to ensure it has operational independence and autonomy and it is not subject to undue influence;*
  - (c) *the measures the FIU has put in place to protect the security and confidentiality of information;*
  - (d) *the FIU's function to receive STRs and other disclosures, including the number and nature of disclosures received and their quality;*
  - (e) *the measures the FIU has put in place to enhance the reporting of STRs by obliged entities, in particular in relation to their quality;*

- (f) the FIU's access to and use of additional information to enrich its analysis;*
- (g) the tools used by the FIU to carry out analysis;*
- (h) the extent to which FIU's analysis and dissemination support the operational needs of authorities competent for the investigation and prosecution of money laundering, its predicate offences and terrorist financing;*
- (i) domestic cooperation between the FIU and other competent authorities;*
- (j) cross-border cooperation between the FIU and counterpart FIUs from other Member States.*

**4.** *The Authority shall produce a report setting out the results of the peer review. That peer review report shall be jointly prepared by the staff of the Authority and the relevant staff of the FIUs involved in the peer review team and adopted by the Executive Board, having received the observations of the General Board in FIU composition as to the consistency of application of the methodology with other peer review reports. The report shall include good practices identified and, where relevant, follow-up measures that are deemed appropriate, proportionate and necessary as a result of the peer view. Those follow-up measures may be adopted in the form of guidelines and recommendations pursuant to Article 43 and opinion pursuant to Article 44. FIUs shall make every effort to comply with any guidelines and recommendations issued in accordance with Article 43.*

5. *The Authority shall publish the findings of the peer review on its website and submit an opinion to the Commission where, having regard to the outcome of the peer review or to any other information acquired by the Authority in carrying out its tasks, it considers that further harmonisation of Union rules applicable to FIUs would be necessary from the Union's perspective.*
6. *The Authority shall provide a follow-up report two years after the publication of the peer review report. The follow-up report shall be jointly prepared by the staff of the Authority and the relevant staff of the FIUs involved in the peer review team and adopted by the Executive Board, having received the observations of the General Board in FIU composition on the consistency with other peer review reports. The follow-up report shall include an assessment of the adequacy and effectiveness of the actions undertaken by the FIUs that were subject to the peer review in response to the follow-up measures of the peer review report. The Authority shall publish the findings of the follow-up report on its website.*

7. *For the purposes of this Article, the Executive Board shall adopt a peer review work plan every two years, which shall reflect the lessons learnt from the past peer review processes and discussions held in the General Board in FIU composition. The peer review work plan shall constitute a separate part of the annual and multiannual working programme and shall be included in the Single Programming Document. Every FIU shall participate in peer reviews which concern it.*

## **SECTION 7**

### **COMMON INSTRUMENTS**

#### Article 38

#### Regulatory technical standards

1. Where the European Parliament and the Council delegate power to the Commission to adopt regulatory technical standards by means of delegated acts pursuant to Article 290 TFEU in order to ensure consistent harmonisation in the areas specifically set out in the legislative acts referred to in Article 1(2) of this Regulation, the Authority may develop draft regulatory technical standards. The Authority shall submit its draft regulatory technical standards to the Commission for adoption. At the same time, the Authority shall forward those draft regulatory technical standards for information to the European Parliament and to the Council.

Regulatory technical standards shall be technical, shall not imply strategic decisions or policy choices and their content shall be delimited by the legislative acts on which they are based.

Before submitting them to the Commission, the Authority shall conduct open public consultations on draft regulatory technical standards and shall analyse the potential related costs and benefits, unless those consultations and analyses are highly disproportionate in relation to the scope and impact of the draft regulatory technical standards concerned or in relation to the particular urgency of the matter.

Within three months of receipt of a draft regulatory technical standard, the Commission shall decide whether to adopt it. The Commission shall inform the European Parliament and the Council in due time where the adoption cannot take place within the three-month period. The Commission may adopt the draft regulatory technical standard in part only, or with amendments, where the Union's interests so require.

Where the Commission intends not to adopt a draft regulatory technical standard or to adopt it in part or with amendments, it shall send the draft regulatory technical standard back to the Authority, explaining why it does not adopt it or explaining the reasons for its amendments.

The Commission shall send a copy of its letter to the European Parliament and to the Council. Within a period of six weeks, the Authority may amend the draft regulatory technical standard on the basis of the Commission's proposed amendments and resubmit it in the form of a formal opinion to the Commission. The Authority shall send a copy of its formal opinion to the European Parliament and to the Council.

If, on the expiry of that six-week period, the Authority has not submitted an amended draft regulatory technical standard, or has submitted a draft regulatory technical standard that is not amended in a way consistent with the Commission's proposed amendments, the Commission may adopt the regulatory technical standard with the amendments it considers relevant, or reject it.

The Commission may not change the content of a draft regulatory technical standard prepared by the Authority without prior coordination with the Authority, as set out in this Article.

2. Where the Authority has not submitted a draft regulatory technical standard within the time limit set out in the legislative acts referred to in Article 1(2), the Commission may request such a draft within a new time limit. The Authority shall inform the European Parliament, the Council and the Commission, in due time, that it will not comply with the new time limit.
3. Only where the Authority does not submit a draft regulatory technical standard to the Commission within the time limits in accordance with paragraph 2, may the Commission adopt a regulatory technical standard by means of a delegated act without a draft from the Authority.

The Commission shall conduct open public consultations on draft regulatory technical standards and analyse the potential related costs and benefits, unless such consultations and analyses are disproportionate in relation to the scope and impact of the draft regulatory technical standards concerned or in relation to the particular urgency of the matter.

The Commission shall immediately forward the draft regulatory technical standard to the European Parliament and the Council.

The Commission shall send its draft regulatory technical standard to the Authority. Within a period of six weeks, the Authority may amend the draft regulatory technical standard and submit it in the form of a formal opinion to the Commission. The Authority shall send a copy of its formal opinion to the European Parliament and to the Council.

If on the expiry of the six-week period referred to in the fourth subparagraph, the Authority has not submitted an amended draft regulatory technical standard, the Commission may adopt the regulatory technical standard.

If the Authority has submitted an amended draft regulatory technical standard within the six-week period, the Commission may amend the draft regulatory technical standard on the basis of the Authority's proposed amendments or adopt the regulatory technical standard with the amendments it considers relevant. The Commission shall not change the content of the draft regulatory technical standard prepared by the Authority without prior coordination with the Authority, as set out in this Article.



4. The regulatory technical standards shall be adopted by means of regulations or decisions. The words ‘regulatory technical standard’ shall appear in the title of such regulations or decisions. Those standards shall be published in the Official Journal of the European Union and shall enter into force on the date stated therein.

#### Article 39 Exercise of the delegation

1. The power to adopt regulatory technical standards referred to in Article 38 shall be conferred on the Commission for a period of four years from ■ the date of entry into force of this Regulation ■ . The Commission shall draw up a report in respect of the delegated power not later than 6 months before the end of the 4-year period. The delegation of power shall be automatically extended for periods of an identical duration. ■
2. As soon as it adopts a regulatory technical standard, the Commission shall notify it simultaneously to the European Parliament and to the Council.
3. The power to adopt regulatory technical standards is conferred on the Commission subject to the conditions laid down in Articles 38, 40 and 41.

Article 40  
Objections to regulatory technical standards

1. The European Parliament or the Council may object to a regulatory technical standard within a period of three months from the date of notification of the regulatory technical standard adopted by the Commission. At the initiative of the European Parliament or the Council that period shall be extended by three months.
2. If, on the expiry of the period referred to in paragraph 1, neither the European Parliament nor the Council has objected to the regulatory technical standard, it shall be published in the Official Journal of the European Union and shall enter into force on the date stated therein.

The regulatory technical standard may be published in the *Official Journal of the European Union* and enter into force before the expiry of *the* period *referred to in paragraph 1* if the European Parliament and the Council have both informed the Commission of their intention not to raise objections.

3. If either the European Parliament or the Council objects to a regulatory technical standard within the period referred to in paragraph 1, it shall not enter into force. In accordance with Article 296 TFEU, the institution which objects shall state the reasons for objecting to the regulatory technical standard.

#### Article 41

##### Non-endorsement or amendment of draft regulatory technical standards

1. In the event that the Commission does not endorse a draft regulatory technical standard or amends it as provided for in Article 38, the Commission shall inform the Authority, the European Parliament and the Council, stating its reasons.
2. Where appropriate, the European Parliament or the Council may invite the responsible Commissioner, together with the Chairperson of the Authority, within one month of the notice referred to in paragraph 1, for an ad hoc meeting of the competent committee of the European Parliament or the Council to present and explain their differences.

Article 42  
Implementing technical standards

1. Where the European Parliament and the Council confer implementing powers on the Commission to adopt implementing technical standards by means of implementing acts pursuant to Article 291 TFEU, in the areas specifically set out in the legislative acts referred to in Article 1(2) of this Regulation, the Authority may develop draft implementing technical standards. Implementing technical standards shall be technical, shall not imply strategic decisions or policy choices and their content shall be to determine the conditions of application of those acts. The Authority shall submit its draft implementing technical standards to the Commission for adoption. At the same time, the Authority shall forward those technical standards for information to the European Parliament and to the Council.

Before submitting draft implementing technical standards to the Commission, the Authority shall conduct open public consultations and shall analyse the potential related costs and benefits, unless such consultations and analyses are highly disproportionate in relation to the scope and impact of the draft implementing technical standards concerned or in relation to the particular urgency of the matter.

Within three months of receipt of a draft implementing technical standard, the Commission shall decide whether to adopt it. The Commission may extend that period by one month. The Commission shall inform the European Parliament and the Council in due time where the adoption cannot take place within the three-month period. The Commission may adopt the draft implementing technical standard in part only, or with amendments, where the Union's interests so require.

Where the Commission intends not to adopt a draft implementing technical standard or intends to adopt it in part or with amendments, it shall send it back to the Authority explaining why it does not intend to adopt it or explaining the reasons for its amendments. The Commission shall send a copy of its letter to the European Parliament and to the Council. Within a period of six weeks, the Authority may amend the draft implementing technical standard on the basis of the Commission's proposed amendments and resubmit it in the form of a formal opinion to the Commission. The Authority shall send a copy of its formal opinion to the European Parliament and to the Council.

If, on the expiry of the six-week period referred to in the fourth subparagraph, the Authority has not submitted an amended draft implementing technical standard, or has submitted a draft implementing technical standard that is not amended in a way consistent with the Commission's proposed amendments, the Commission may adopt the implementing technical standard with the amendments it considers relevant or reject it.

The Commission shall not change the content of a draft implementing technical standard prepared by the Authority without prior coordination with the Authority, as set out in this Article.

2. Where the Authority has not submitted a draft implementing technical standard within the time limit set out in the legislative acts referred to in Article 1(2), the Commission may request such a draft within a new time limit. The Authority shall inform the European Parliament, the Council and the Commission, in due time, that it will not comply with the new time limit.

3. Only where the Authority does not submit a draft implementing technical standard to the Commission within the time limits in accordance with paragraph 2, may the Commission adopt an implementing technical standard by means of an implementing act without a draft from the Authority.

The Commission shall conduct open public consultations on draft implementing technical standards and analyse the potential related costs and benefits, unless such consultations and analyses are disproportionate in relation to the scope and impact of the draft implementing technical standards concerned or in relation to the particular urgency of the matter.

The Commission shall immediately forward the draft implementing technical standard to the European Parliament and the Council.

The Commission shall send the draft implementing technical standard to the Authority.

Within a period of six weeks, the Authority may amend the draft implementing technical standard and submit it in the form of a formal opinion to the Commission. The Authority shall send a copy of its formal opinion to the European Parliament and to the Council.

If, on the expiry of the six-week period referred to in the fourth subparagraph, the Authority has not submitted an amended draft implementing technical standard, the Commission may adopt the implementing technical standard.

If the Authority has submitted an amended draft implementing technical standard within that six-week period, the Commission may amend the draft implementing technical standard on the basis of the Authority's proposed amendments or adopt the implementing technical standard with the amendments it considers relevant.

The Commission shall not change the content of the draft implementing technical standards prepared by the Authority without prior coordination with the Authority, as set out in this Article.

4. The implementing technical standards shall be adopted by means of regulations or decisions. The words 'implementing technical standard' shall appear in the title of such regulations or decisions. Those standards shall be published in the Official Journal of the European Union and shall enter into force on the date stated therein.



Article 43  
Guidelines and recommendations

1. The Authority shall, with a view to establishing consistent, efficient and effective supervisory and FIU-related practices, and to ensuring the common, uniform and consistent application of Union law, issue guidelines *and recommendations* addressed to ■ supervisory authorities, *supervisors*, FIUs, or ■ obliged entities. ■
2. The Authority shall, where appropriate, conduct open public consultations, regarding *those* guidelines and recommendations ■ and analyse the related potential costs and benefits ■ . Those consultations and analyses shall be proportionate in relation to the scope, nature and impact of the guidelines or recommendations. Where the Authority does not conduct open public consultations, the Authority shall provide its reasons *and make them public*.
3. *Supervisors*, supervisory authorities, obliged entities *and FIUs* shall make every effort to comply with those guidelines and recommendations.

Within two months of the issuance of a guideline or recommendation, each supervisory authority, ***supervisor or FIU*** shall confirm whether it complies or intends to comply with that guideline or recommendation. In the event that a supervisory authority, ***supervisor or a FIU*** does not comply or does not intend to comply, it shall inform the Authority, stating its reasons.

The Authority shall publish the fact that a supervisory authority, ***supervisor or FIU*** does not comply or does not intend to comply with that guideline or recommendation. The Authority may also decide, on a case-by-case basis, to publish the reasons provided by the supervisory authority, ***supervisor or an FIU*** for not complying with that guideline or recommendation. The supervisory authority, ***supervisor or an FIU*** shall receive advanced notice of such publication.

If required by that guideline or recommendation, obliged entities shall report, in a clear and detailed way, whether they comply with that guideline or recommendation.

- 3a. *In the report referred to in Article 53(4)(c), the Authority shall list guidelines and recommendations that have been issued.*
- 3c. *The guidelines and recommendations issued by the Authority shall replace the guidelines and recommendations previously issued by the EBA or the competent authorities on the same subject. Provided that they are still relevant, the guidelines and recommendations issued by the EBA or the competent authorities pursuant to Directive (EU) 2015/849 and [insert reference to new Funds Transfer Regulation recast] shall remain applicable until such time as the new guidelines and recommendations issued by the Authority on the same subject apply. The Authority shall provide for a suitable transition period for the application of the new guidelines and recommendations.*

Article 44  
Opinions

1. The Authority may, upon a request from the European Parliament, from the Council or from the Commission, or on its own initiative, provide opinions to the European Parliament, to the Council and to the Commission on all issues related to its area of competence.
2. The request referred to in paragraph 1 may include a ***consultation with other relevant Union bodies where their competence is concerned***, public consultation or a technical analysis.
3. The Authority may, upon a request from the European Parliament, from the Council or from the Commission provide technical advice to the European Parliament, the Council and the Commission in the areas set out in the legislative acts referred to in Article 1(2).

### **CHAPTER III**

## **ORGANISATION OF THE AUTHORITY**

#### **Article 45**

#### **Administrative and management structure**

The Authority's structure shall comprise:

- (1) a General Board, which shall exercise the tasks set out in Article 49;
- (2) an Executive Board, which shall exercise the tasks set out in Article 53;
- (3) a Chair of the Authority, who shall exercise the tasks set out in Article 57;
- (4) an Executive Director, who shall exercise the tasks set out in Article 59;
- (5) an Administrative Board of Review which shall exercise the functions listed in Article 62.

## SECTION 1 GENERAL BOARD

### Article 46 Composition of the General Board

1. The General Board shall have, alternatively, the supervisory composition as laid down in paragraph 2 or the FIU composition as laid down in paragraph 3.
2. The General Board in supervisory composition shall be composed of:
  - (a) the Chair of the Authority with a right to vote;
  - (b) the heads of supervisory authorities of obliged entities in each Member State with a right to vote;
  - (c) one representative of the Commission, without the right to vote.

The heads of the supervisory authorities referred to in the first subparagraph, point (b) in each Member State shall share a single vote and shall agree on a single common representative, ***which shall be either a permanent representative or an ad-hoc voting representative***, for the purposes of ***each specific*** meeting or voting procedure. ■ Where items to be discussed by the General Board in supervisory composition concern the competence of several public authorities, the ***single common representative*** may be accompanied by a representative from up to two other public authorities, who shall be non-voting.

Each public authority that has a voting member under ad-hoc or permanent agreement shall be responsible for nominating a high-level alternate from its authority, who may replace the voting member of the General Board referred to in the second *subparagraph* where that person *cannot attend*.

3. The General Board in FIU composition shall be composed of:

- (a) the Chair of the Authority with a right to vote;
- (b) the heads of FIUs with the right to vote;
- (c) one representative of the Commission, without the right to vote.

*3a Each FIU shall nominate a high-level alternate from its authority, who may replace the head of the FIU referred to in the first subparagraph where that person cannot attend.*

4. The General Board may decide to admit observers. ■ In particular, the General Board in FIU composition **may** admit as **observers the representatives** of OLAF, Europol, Eurojust and the EPPO to meetings when matters fall under their respective mandates. The General Board in supervisory composition shall admit a representative nominated by the Supervisory Board of the European Central Bank and a representative of each of the European Supervisory Authorities, where matters within the scope of their respective mandates are discussed.

*The circumstances under which the Union institutions, bodies, offices and agencies listed in the first subparagraph shall be invited to the meetings of the General Board, shall be specified in the Rules of Procedure of the General Board and reflect an agreement reached between the Authority and each of those observers.*

*Other observers may be admitted on an ad hoc basis if approved by a two-thirds majority of the voting members of the General Board in the relevant composition.*

5. The members of the Executive Board may participate in the meetings of the General Board in both compositions, without the right to vote, where the items covered by their areas of responsibility as determined by the Chair of the Authority and referred to in Article 55(2), are discussed.



Article 47  
Internal committees of the General Board

The General Board, on its own initiative or at the request of the Chair of the Authority, may establish internal committees for specific tasks attributed to it. The General Board may provide for the delegation of certain clearly defined tasks and decisions to internal committees, to the Executive Board or to the Chair. The General Board may revoke such delegation at any time. ***All conclusions reached by internal committees shall be reported for decision to the General Board. The members of the Executive Board may participate in the meetings of internal committees in accordance with Article 46(5).***

***The General Board in FIU composition shall establish a standing committee from among its members or representatives with adequate expertise from their respective national FIU, to support it in performing its tasks pursuant to article 49(3), including by submitting proposals and preparing draft decisions. The committee shall have no decision-making powers. The standing committee shall execute its tasks in the interest of the Union as a whole and shall work in full transparency with the General Board in FIU composition. The General Board in FIU composition shall adopt the Rules of Procedure of the standing committee. The composition of the committee shall ensure a fair balance and rotation between national FIUs. It shall consist of 9 members, appointed by the General Board in FIU composition.***

Article 48  
Independence of the General Board

1. When carrying out the tasks conferred upon them by this Regulation, The ***Chair of the Authority and the*** members of the General Board in both compositions referred to in Article 46(2) ***and (3)*** shall act independently and **■** in the ***general*** interest of the Union as a whole and shall neither seek nor take instructions from Union institutions, bodies, offices nor agencies from any government or any other public or private body.
2. Member States, Union institutions, agencies, offices or bodies, and any other public or private body, shall not seek to influence the members of the General Board in the performance of its tasks.
3. The General Board shall lay down, in its Rules of Procedure, the practical arrangements for the prevention and the management of conflict of interest.

Article 49  
Tasks of the General Board

1. The General Board in supervisory composition shall take the decisions relating to tasks referred to in Articles 7 to 10 as well as any decisions explicitly provided by this Regulation for the General Board in supervisory composition.
2. The General Board in supervisory composition may provide its **■** opinion on any draft decisions prepared by the Executive Board towards selected obliged entities in accordance with Section 3 of Chapter II *and article 53(2)*.

***The General Board in supervisory composition and the Executive board shall jointly agree on and adopt the procedures and timelines to be followed for the purpose of providing the opinion referred to in the first subparagraph.***

3. The General Board in FIU composition shall perform the tasks and adopt the decisions pursuant to *Article 5(5) and* section 6 of Chapter II.

4. The General Board shall adopt ■ opinions, recommendations, guidelines and decisions of the Authority referred to in Section 7 of Chapter II, in an appropriate composition, depending on the subject-matter of the instrument. Where a given instrument concerns both FIU and supervision-related matters, adoption shall be required by both compositions of the General Board independently. The ■ opinions, recommendations, and guidelines shall be adopted based on a proposal of the relevant internal committee. ***The General Board shall vote on and submit the draft regulatory technical standards referred to in Article 38 as well as the implementing technical standards referred to in Article 42 for adoption by the European Commission.***
5. The General Board in either composition shall be consulted on the draft decisions to be taken by the Executive Board pursuant to Article 53(4), points (a), (c), (e) and (m). Where the subsequent decision taken by the Executive Board deviates from the opinion of the General Board, the Executive Board shall provide the reasons thereof in writing.
6. The General Board shall adopt and make public its Rules of Procedure.
7. Without prejudice to Articles 52 (3) and (4) and Article 56 (1) and (2), the appointing authority powers over the Chair and the five permanent members of the Executive Board throughout their mandate shall be exercised by the General Board.

Article 50  
Voting rules of the General Board

1. Decisions of the General Board shall be taken by a simple majority of its members. Each voting member as determined by Article **46(2) and (3)** shall have one vote. In case of a tied vote, the Chair of the Authority shall have a casting vote.
2. With regard to the acts referred to in Articles 38, 42, 43 and 44 of this Regulation, and by way of derogation from paragraph 1, the General Board shall take decisions on the basis of a qualified majority of its members, as defined in Article 16(4) TEU.

The Chair of the Authority shall not vote on the decisions referred to in the first subparagraph, ***the opinion referred to in Article 49(2)*** and the decisions related to the evaluation of the performance of the Executive Board referred to in Article 52 (4).

3. The non-voting members and the observers shall not attend any discussions within the General Board in supervisory composition relating to individual obliged entities, unless otherwise provided for in the legislative acts referred to in Article 1(2), ***or decided upon by the voting members.***

4. Paragraph 3 shall not apply to the Executive Board members and the European Central Bank representative nominated by its Supervisory Board.
5. The Chair of the Authority shall have the prerogative to call a vote at any time. Without prejudice to that power and to the effectiveness of the Authority's decision-making procedures, the General Board shall strive for consensus when taking its decisions.

Article 51  
Meetings of the General Board

1. The Chair of the Authority shall convene the meetings of the General Board.
2. The General Board shall hold at least two ordinary meetings a year. In addition, it shall meet on the initiative of its Chair, ■ or at the request of at least one-third of its members.
3. The General Board may invite any person whose opinion may be of interest to attend its meetings as an observer.

4. The members of the General Board and their alternates may, subject to its Rules of Procedure, be assisted at the meetings by advisers or experts.
5. The **General Board** shall *be assisted by a* secretariat *provided by the Authority*.
6. The Chair of the Authority and the permanent five members of the Executive Board shall not attend those meetings of the General Board where matters concerning the performance of their mandate are discussed or decided upon.

## SECTION 2 EXECUTIVE BOARD

### Article 52

#### Composition and appointment of the Executive Board

1. The Executive Board shall be composed of:
  - (a) the Chair of the Authority;
  - (b) five full-time members, *including the Vice-Chair*;

- (c) a representative of the Commission where the Executive Board carries out the tasks referred to in Article 53(4) point (a) to (l). The representative of the Commission shall be entitled to participate in the debates and shall have access to the documents pertaining to these tasks only.
- 2. The Executive Director shall participate in meetings of the Executive Board without the right to vote.
- 2a. *Where the decisions referred to in Article 53(2) towards a selected obliged entity are deliberated upon, the member of the General Board in supervisory composition from the Member State where the concerned selected obliged entity is established may participate in the deliberations during the relevant meetings of the Executive Board. The member of the General Board referred to in the previous subparagraph shall not be present in the vote following such deliberations.*
- 3. The five members of the Executive Board referred to in paragraph 1, point (b), shall be selected *on the basis of merit, skills, knowledge, integrity, recognised standing and experience in the area of anti-money laundering and countering the financing of terrorism, and other relevant qualification*, following an open selection procedure which shall be published in the Official Journal of the European Union.



*The Commission shall prepare a shortlist of candidates for the position of the five full-time members of the Executive Board. The European Parliament may conduct hearings of the candidates on that shortlist.*

*The General Board shall submit a proposal for the appointment of the five full-time members of the Executive Board to the European Parliament based on the shortlist prepared by the Commission. Following the European Parliament's approval of that proposal, the Council shall adopt an implementing decision to appoint the five full-time members of the Executive Board. The Council shall act by qualified majority.*

*Throughout the appointment process the principles of gender and geographical balance shall be taken into account to the extent possible.*

4. The term of office of the five members of the Executive Board *referred to in paragraph 1, point (b)*, shall be four years. In the course of the 12 months preceding the end of *their* four-year term of office **■**, the General Board in both compositions or a smaller committee selected among General Board members including a Commission representative shall carry out an assessment of performance of *those* Executive Board *members*. The assessment shall take into account an evaluation of *those* Executive Board members' performance and the Authority's future tasks and challenges. Based on the assessment, the General Board in both compositions may *propose to the European Parliament to* extend their term of office once. *Following the European Parliament's approval, the Council shall adopt an implementing decision to extend the term of office of those Executive Board members. The Council shall act by qualified majority.*

5. The Executive Board members referred to in paragraph 1, point (b) shall act independently and objectively in the interest of the Union as a whole and shall neither seek nor take instructions from the Union institutions, Union decentralised agencies and other Union bodies from any government or from any other public or private body. The institutions, bodies, offices and agencies of the Union and the governments of the Member States and any other bodies shall respect that independence.
6. If one or more of the members of the Executive Board *referred to in paragraph 1, point (b)*, no longer fulfil the conditions required for the performance of his or her duties or has been guilty of serious misconduct, the ***Council may, acting on its own initiative or following a proposal by the European Parliament or the General Board in either composition, adopt an implementing decision to*** remove any of the members of the Executive Board from office. ***The Council shall act by qualified majority.***
7. During a period of ***eighteen months*** after ceasing to hold office, the former members of the Executive Board, including the Chair ***and the Vice-Chair*** of the Authority, are prohibited from engaging in a gainful occupational activity with
  - (a) a selected obliged entity;
  - (b) any other entity ***in case the employment therein would lead to the existence or possibility of a conflict with the legitimate interests of the Authority.***

In its rules for the prevention and management of conflicts of interest in respect of its members referred to in Article 53 (4) point (e), the Executive Board shall specify the circumstances under which such a conflict of interest exists or could be perceived to exist.

Article 53  
Tasks of the Executive Board

1. The Executive Board shall be responsible for the overall planning and the execution of the tasks conferred on the Authority pursuant to Article 5. The Executive Board shall adopt all the decisions of the Authority with the exception of the decisions that shall be taken by the General Board in accordance with Article 49.
2. The Executive Board shall adopt all the decisions addressed to selected obliged entities *for the purposes of the exercise of the powers referred to in Article 6(1) taking into account* the proposal of the selected obliged entity's Joint Supervisory Team referred to in Article 15, *the proposal of the independent investigatory team referred to in article 25, and* the opinion provided by the General Board on that proposed decision *pursuant to Article 49(2)*. Where the Executive Board *decides to deviate* from such an opinion, it shall provide the *detailed* reasons thereof in writing.

3. The Executive Board shall adopt all the decisions addressed to individual public authorities pursuant to Articles 28, **30, 13a, 30b, 30c**, 31, and 32.
4. In addition, the Executive Board shall have the following tasks:
  - (a) adopt, by 30 November of each year, on the basis of a proposal by the Executive Director, the draft Single Programming Document *in accordance with Article 54*, and ■ transmit it for information to the European Parliament, the Council and the Commission by 31 January the following year, as well as any other updated version of the document;■
  - (b) adopt the draft annual budget of the Authority and exercise other functions in respect of the Authority's budget;
  - (c) assess and adopt a consolidated annual activity report on the Authority's activities, including an overview of the fulfilment of its tasks and send it, by 1 July each year, to the European Parliament, the Council, the Commission and the Court of Auditors and make the consolidated annual activity report public;

- (d) adopt an anti-fraud strategy, proportionate to fraud risks taking into account the costs and benefits of the measures to be implemented;
- (e) adopt rules for the prevention and management of conflicts of interest in respect of its members, as well as the members of the Administrative Board of Review;
- (f) adopt its rules of procedure;
- (g) exercise, with respect to the staff of the Authority, the powers conferred by the Staff Regulations on the Appointing Authority and by the Conditions of Employment of Other Servants on the Authority Empowered to Conclude a Contract of Employment ("the appointing authority powers");
- (h) adopt appropriate implementing rules for giving effect to the Staff Regulations and the Conditions of Employment of Other Servants in accordance with Article 110(2) of the Staff Regulations;
- (i) appoint the Executive Director and remove him/her from office, in accordance with Article 58;

- (j) appoint an Accounting Officer, who may be the Commission's Accounting Officer, subject to the Staff Regulations and the Conditions of Employment of other servants, who shall be totally independent in the performance of his/her duties;
  - (k) ensure adequate follow-up to findings and recommendations stemming from the internal or external audit reports and evaluations, as well as from investigations of OLAF;
  - (l) adopt the financial rules applicable to the Authority;
  - (m) take all decisions on the establishment of the Authority's internal structures and, where necessary, their modification.
5. The Executive Board shall select a Vice-Chair of the Authority among its voting members. The Vice-Chair shall automatically replace the Chair, if the latter is prevented from attending to his/her duties.

6. With respect to the powers mentioned in paragraph 4 point (h), the Executive Board shall adopt, in accordance with Article 110(2) of the Staff Regulations, a decision based on Article 2(1) of the Staff Regulations and Article 6 of the Conditions of Employment, delegating relevant appointing authority powers to the Executive Director. The Executive Director shall be authorised to sub-delegate those powers.
7. In exceptional circumstances, the Executive Board may by way of a decision temporarily suspend the delegation of the appointing authority powers to the Executive Director and any sub-delegation by the latter and exercise them itself or delegate them to one of its members or to a staff member other than the Executive Director.

Article 54  
Annual and multiannual programming

1. By 30 November each year the Executive Board shall adopt a Single Programming Document containing multiannual and annual programming, based on a draft put forward by the Executive Director, taking into account the opinion of the Commission and in relation to multiannual programming after consulting the European Parliament. ***If the Executive Board decides not to take into account any elements of the opinion of the Commission, it shall provide a thorough justification for that decision. The obligation to provide a thorough justification shall also apply to any elements raised by the European Parliament when it is consulted. The Executive Board shall forward the Single Programming Document*** to the European Parliament, the Council and the Commission.

The programming document shall become final after final adoption of the general budget and if necessary shall be adjusted accordingly.



2. The annual work programme shall comprise detailed objectives and expected results including performance indicators. It shall also contain a description of the actions to be financed and an indication of the financial and human resources allocated to each action, in accordance with the principles of activity-based budgeting and management. The annual work programme shall be coherent with the *multiannual* work programme referred to in paragraph 4. It shall clearly indicate tasks that have been added, changed or deleted in comparison with the previous financial year.
3. The Executive Board shall amend the adopted annual work programme when a new task is given to the Authority.

Any substantial amendment to the annual work programme shall be adopted by the same procedure as the initial annual work programme. The Executive Board may delegate the power to make non-substantial amendments to the annual work programme to the Executive Director.

4. The multiannual work programme shall set out overall strategic programming including objectives, expected results and performance indicators. It shall also set out resource programming including multiannual budget and staff.

The resource programming shall be updated annually. The strategic programming shall be updated where appropriate.

#### Article 55 Voting rules of the Executive Board

1. The Executive Board shall take decisions by simple majority of its members. Each member of the Executive Board shall have one vote. The Chair of the Authority, *or the Vice-Chair when replacing the Chair*, shall have a casting vote in case of a tie.
2. A representative of the Commission shall have a right to vote whenever matters pertaining to Article 53(4) points (a) to (l) are discussed and decided upon. ■
3. The Executive Board's rules of procedure shall establish more detailed voting arrangements, in particular the circumstances in which a member may act on behalf of another member.

**Article 55a**  
**Fundamental Rights Officer**

1. *The Executive Board shall, upon a proposal of the Executive Director, designate a Fundamental Rights Officer. The Fundamental Rights Officer may be a member of the existing staff of the Authority.*
2. *The Fundamental Rights Officer shall perform the following tasks:*
  - (a) *advise the staff of the Authority on any activity carried out by the Authority where he or she deems it necessary, or where requested by the staff without impeding or delaying those activities;*
  - (b) *promote and monitor the Authority's compliance with fundamental rights;*
  - (c) *provide non-binding opinions on the compliance of Authority's activities with fundamental rights;*
  - (d) *inform the Executive Director and the Executive Board about possible violations of fundamental rights in the course of the Authority's activities.*

3. *The Executive Board shall ensure that the Fundamental Rights Officer does not seek nor take any instructions regarding the exercise of the Officer's tasks.*
4. *The Fundamental Rights Officer shall report directly to the Executive Director and prepare regular reports on the performance of the tasks referred to in paragraph 2. Those reports shall be made available to the Executive Board.*

### SECTION 3 THE CHAIR OF THE AUTHORITY

#### Article 56

#### Appointment of the Chair of the Authority

1. The Chair of the Authority shall be selected on the basis of merit, skills, knowledge, ***integrity***, recognised standing and experience in the area of anti-money laundering and countering the financing of terrorism and other relevant qualification, following an open selection procedure which shall be published in the Official Journal of the European Union. The ***European Parliament, the Council and the General Board*** shall ***be kept duly informed at every stage of that procedure in a timely manner.***

*The Commission shall prepare a shortlist of **at least** two qualified candidates for the position of the Chair of the Authority. The **European Parliament and the General Board** may conduct hearings of the candidates on that shortlist. The General Board may issue a public opinion on the results of its hearings, or address its opinion to the European Parliament, the Council and the Commission.*

*The Commission shall submit a proposal for the appointment of the Chair of the Authority to the European Parliament. By way of derogation from the second subparagraph, for the appointment of the first Chair of the Authority following the entry into force of this Regulation, the Commission shall provide the proposal for the appointment of the Chair without the involvement of the General Board.*

*Following the European Parliament's approval of that proposal, the Council shall adopt an implementing decision to appoint the Chair of the Authority. **The Council shall act by qualified majority.***

- 1a. *The Chair of the Authority shall act independently and objectively in the interest of the Union as a whole and shall neither seek nor take instructions from the Union institutions, Union decentralised agencies and other Union bodies from any government or from any other public or private body. The institutions, bodies, offices and agencies of the Union and the governments of the Member States and any other bodies shall respect that independence.***
- 1b. *The term of office of the Chair shall be four years. In the course of the 12 months preceding the end of the four-year term of office of the Chair of the Authority, the General Board in both compositions or a smaller committee selected among General Board members including a Commission representative shall carry out an assessment of performance of the Chair. The assessment shall take into account an evaluation of the Chair's performance and the Authority's future tasks and challenges. Based on the assessment, the Commission may propose to the European Parliament to extend the Chair's term of office once. Following the European Parliament's approval, the Council shall adopt an implementing decision to extend the term of office of the Chair of the Authority. The Council shall act by qualified majority.***

2. If the Chair of the Authority no longer fulfils the conditions required for the performance of his or her duties or has been guilty of serious misconduct, the Council may, ***acting on its own initiative or*** following a proposal by ***the European Parliament or*** the General Board in either composition, adopt an implementing decision to remove the Chair of the Authority from office. The Council shall act by qualified majority.
3. Should the Chair resign or be unable to attend to his or her duties for any other reason, the functions of the Chair shall be performed by the Vice-Chair.

#### Article 57

##### Responsibilities of the Chair of the Authority

1. The Chair of the Authority shall represent the Authority and shall be responsible for preparing the work of the General Board and the Executive Board, including setting the agenda, convening and chairing all the meetings and tabling items for decision.
2. The Chair shall assign to the five members of the Executive Board specific areas of responsibility within the scope of tasks of the Authority for the duration of their mandate.

## SECTION 4 THE EXECUTIVE DIRECTOR

### Article 58 Appointment of the Executive Director

1. The Executive Director shall be engaged as a temporary agent of the Authority under Article 2(a) of the Conditions of Employment of Other Servants.
2. The Executive Director shall perform his *or her* duties in the interests of the Union, and independently of any specific interests.
3. The Executive Director shall manage the Authority. The Executive Director shall be accountable to the Executive Board. Without prejudice to the powers of the Commission and of the Executive Board, the Executive Director shall be independent in the performance of his or her duties and shall neither seek nor take instructions from any *Union institutions or bodies, from any* government or from any other body.



4. The Executive Director shall be selected on the grounds of merit and documented high-level administrative, budgetary and management skills, following an open selection procedure which shall be published in the Official Journal of the European Union, and, as appropriate, other press or internet sites. The Commission shall draw up a shortlist of ***at least*** two qualified candidates for the position of the Executive Director. The Executive Board shall appoint the Executive Director.
5. The term of office of the Executive Director shall be five years. In the course of the nine months preceding the end of the Executive Director's term of office, the Executive Board shall undertake an assessment that takes into account an evaluation of the Executive Director's performance and the Agency's future tasks and challenges. The Executive Board, taking into account the evaluation referred to in the first subparagraph, may extend the term of office of the Executive Director once.

The Executive Director may be removed from office by the Executive Board on proposal by the Commission.

6. An Executive Director whose term of office has been extended may not participate in another selection procedure for the same post at the end of the extended term of office.

Article 59  
Tasks of the Executive Director

1. The Executive Director shall be in charge of the day-to-day management of the Authority and shall aim to ensure gender ***and, to the extent possible, geographical*** balance within the Authority. In particular, the Executive Director shall be responsible for:
  - (a) implementing decisions adopted by the Executive Board;
  - (b) preparing the draft Single Programming Document and submitting it to the Executive Board after consulting the Commission;
  - (c) implementing the Single Programming Document and reporting to the Executive Board on its implementation;
  - (d) preparing the draft consolidated annual report on the Authority's activities and presenting it to the Executive Board for assessment and adoption;
  - (e) preparing an action plan following up conclusions of internal or external audit reports and evaluations, as well as investigations by the European Anti-fraud Office (OLAF) and reporting on progress ***regularly*** to the Commission, ***the General Board*** and the Executive Board;

- (f) protecting the financial interests of the Union by applying preventive measures against fraud, corruption and any other illegal activities, without prejudicing the investigative competence of OLAF by effective checks and, if irregularities are detected, by recovering amounts wrongly paid and, where appropriate, by imposing effective, proportionate and dissuasive administrative, including financial penalties;
  - (g) preparing an anti-fraud strategy for the Authority and presenting it to the Executive Board for approval;
  - (h) preparing draft financial rules applicable to the Authority;
  - (i) preparing, *as part of the draft Single Programming Document* the Authority's draft statement of estimates of revenue and expenditure *pursuant to Article 66* and implementing its budget *pursuant to Article 67*;
  - (j) preparing and implementing an IT security strategy, ensuring appropriate risk management for all IT infrastructure, systems and services, which are developed or procured by the Authority as well as sufficient IT security funding.
  - (k) implementing the annual work programme of the Authority under the control of the Executive Board;
- I**
- (m) preparing a draft report describing all activities of the Authority with a section on financial and administrative matters.

2. The Executive Director shall take other necessary measures, notably the adoption of internal administrative instructions and the publication of notices, to ensure the functioning of the Authority, in accordance with this Regulation.
3. The Executive Director shall decide whether it is necessary to locate one or more staff in one or more Member States for the purpose of carrying out the Authority's tasks in an efficient and effective manner. Before deciding to establish a local office, the Executive Director shall obtain the prior consent of the Commission, the Executive Board and the Member State(s) concerned. The decision shall specify the scope of the activities to be carried out at the local office in a manner that avoids unnecessary costs and duplication of administrative functions of the Authority. *An* agreement with the Member State(s) concerned shall be concluded *accordingly*.

## SECTION 5 ADMINISTRATIVE BOARD OF REVIEW

### Article 60

#### Creation and Composition of the Administrative Board of Review

1. The Authority shall establish an Administrative Board of Review for the purposes of carrying out an internal administrative review of the decisions taken by the Authority in the exercise of the powers listed in Articles 20, 21, **22 and 65**. The scope of the internal administrative review shall pertain to the procedural and substantive conformity with this Regulation of such decisions.
2. The Administrative Board of Review shall be composed of five individuals of high repute, having a proven record of relevant knowledge and professional experience, including supervisory experience in the area of anti-money laundering and countering the financing of terrorism, excluding current staff of the Authority, as well as current staff of AML/CFT supervisory authorities and FIUs or other national or Union institutions, bodies, offices and agencies who are involved in the carrying out of the tasks conferred on the Authority by this Regulation. The Administrative Board of Review shall have sufficient resources and expertise to assess the exercise of the powers of the Authority under this Regulation.
3. The Administrative Board of Review shall decide on the basis of a majority of at least three of its five members.

Article 61  
Members of the Administrative Board of Review

1. The members of the Administrative Board of Review and two alternates shall be appointed by the General Board in supervisory composition for a term of five years, which may be extended once, following a public call for expressions of interest published in the Official Journal of the European Union. They shall not be bound by any instructions.
2. The members of the Administrative Board of Review shall act independently and in the public interest and shall not perform any other duties within the Authority. For that purpose, they shall make a public declaration of commitments and a public declaration of interests indicating any direct or indirect interest which might be considered prejudicial to their independence or the absence of any such interest.

Article 62  
Decisions subject to review

1. A request for review may be brought before the Administrative Board of Review against decisions taken by the Authority pursuant to Articles 6(1), 20, 21, **22 and 65** by any natural or legal person to whom the decision is addressed, or to whom it is of a direct and individual concern.
2. Any request for review shall be made in writing, including a statement of grounds, and shall be lodged at the Authority within one month of the date of notification of the decision to the person requesting the review, or, in the absence thereof, of the day on which it came to the knowledge of the latter, as the case may be.
3. After ruling on the admissibility of the review, the Administrative Board of Review shall express an opinion within a period appropriate to the urgency of the matter and no later than two months from the receipt of the request and remit the case for preparation of a new draft decision to the Executive Board. The Executive Board shall take into account the opinion of the Administrative Board of Review and shall promptly adopt a new decision. The new decision shall abrogate the initial decision, replace it with a decision of identical content, or replace it with an amended decision.

4. A request for review pursuant to paragraph 2 ***may include a request to suspend the application of the contested decision.*** The Administrative Board of Review **■** may, if it considers that circumstances so require ***and taking into account the view of the Executive Board, order that application of the decision in question be suspended until the Executive Board adopts a new decision pursuant to paragraph 3. If the Administrative Board of Review does not decide on the request for suspension within 14 days, that request shall be deemed to be rejected.***
5. The opinion expressed by the Administrative Board of Review, and the new decision adopted by the Executive Board pursuant to this Article, shall be reasoned and notified to the parties.
6. The Authority shall adopt a decision establishing the Administrative Board of Review's operating Rules of Procedure.



Article 63  
Exclusion and objection

1. The members of the Administrative Board of Review shall not take part in any review proceedings if they have any personal interest in the proceedings, if they have previously been involved as representatives of one of the parties to the proceedings, or if they participated in the adoption of the decision under review.
2. If, for one of the reasons listed in paragraph 1 or for any other reason, a member of the Administrative Board of Review considers that he/she should not take part in any review proceeding, he/she shall inform the Administrative Board of Review accordingly.
3. Any party to the review proceedings may object to any member of the Administrative Board of Review on any of the grounds listed in paragraph 1, or if the member is suspected of partiality. Any such objection shall not be admissible if, while being aware of a reason for objecting, the party to the review proceedings has taken a procedural step. No objection may be based on the nationality of members.

4. The Administrative Board of Review shall decide as to the action to be taken in the cases referred to in paragraphs 2 and 3 without the participation of the member concerned. For the purposes of taking that decision, the member concerned shall be replaced on the Administrative Board of Review by his/her alternate.

## **CHAPTER IV FINANCIAL PROVISIONS**

### **Article 64 Budget**

1. Estimates of all revenue and expenditure for the Authority shall be prepared each financial year, corresponding to the calendar year, and shall be shown in the Authority's budget.
2. The Authority's budget shall be balanced in terms of revenue and of expenditure.
3. Without prejudice to other resources, the Authority's revenue shall consist of a combination of the following:
  - (a) a contribution from the Union entered in the general budget of the European Union;

- (b) the fees paid by the selected and non-selected obliged entities in accordance with Article 65, for tasks mentioned in Article 5(2), points (a), (b) and (c), **and 5(3), points (a) to (d), (f) and (g);**
- (c) any voluntary financial contribution from the Member States;
- (ca) ***agreed charges for publications, training and for any other services provided by the Authority where they have been specifically requested by one or more FIUs or their counterparts in third countries, or non-AML/CFT authorities;***
- (cb) ***possible Union funding in the form of contribution agreements or ad hoc grants in accordance with the Authority's financial rules referred to in Article 69 and with the provisions of the relevant instruments supporting the policies of the Union.***

***The amount and origin of any revenue referred to in points (b), (c), (ca) and (cb) of the first subparagraph of this paragraph shall be included in the annual accounts of the Authority and clearly detailed in the annual report on the Authority's budgetary and financial management referred to in Article 68(2).***

4. The expenditure of the Authority shall include staff remuneration, administrative and infrastructure expenses and operating costs.

#### Article 65

##### Fees levied on selected and non-selected obliged entities

1. The Authority shall levy an annual supervisory fee on all selected obliged entities referred to in Article 13 and on the non-selected obliged entities that meet the criteria of Article 12(1) ■ . The fees shall cover expenditure incurred by the Authority in relation to the tasks related to supervision and referred to in Sections 3 and 4 of Chapter II. Those fees shall not exceed the expenditure relating to these tasks. Where these criteria are not fully respected in any given year, the necessary adjustments shall be made when calculating the fees for the two following years.
2. The amount of the fee levied on each obliged entity referred to in paragraph 1 shall be calculated in accordance with the arrangements established in the delegated act referred to in paragraph 6.

3. The fees shall be calculated at the highest level of consolidation in the Union.
4. The basis for calculating the annual supervisory fee for a given calendar year shall be the expenditure relating to the direct and indirect supervision of the selected and non-selected obliged entities subject to fees in that year. The Authority may require advance payments in respect of the annual supervisory fee, which shall be based on a reasonable estimate. The Authority shall communicate with the relevant financial supervisor before deciding on the final fee level so as to ensure that supervision remains cost-effective and reasonable for all financial sector obliged entities. The Authority shall communicate to respective financial sector obliged entities the basis for the calculation of the annual supervisory fee. Member States shall ensure that the obligation to pay the fees specified in this Article is enforceable under national law, and that due fees are fully paid.
5. This Article is without prejudice to the right of financial supervisors to levy fees in accordance with national law, to the extent supervisory tasks have not been conferred on the Authority, or in respect of costs of cooperating with and assisting the Authority and acting on its instructions, in accordance with relevant Union law.

6. The Commission is empowered to adopt a delegated act in accordance with Article 86 to supplement this Regulation by specifying the methodology for calculating the amount of the fee levied on each selected and non-selected obliged entity subject to fees in accordance with paragraph 1, and the procedure for collecting these fees. When developing the methodology for determining the individual amount of fees the Commission shall take into account the following:
- (a) the total annual turnover or the corresponding type of income of the obliged entities at the highest level of consolidation in the Union in accordance with the relevant accounting standards;
  - (a1) whether the obliged entity has qualified for direct supervision or not;*
  - (b) the **■** AML/CFT risk profile classification of the obliged entities in accordance with the methodology referred to in Article **12(5)(b)**;

- (c) the importance of the obliged entity to the stability of the financial system or economy of one or more Member States or of the Union;
- (d) the amount of fee to be collected from any non-selected obliged entity in proportion to its income or turnover referred to in point (a), which shall not exceed 1/5 of the amount of fee to be collected from any selected obliged entity relative to same level of income or turnover.

The Commission shall adopt the delegated acts referred to in the first subparagraph by 1 January **2027**.

#### Article 66 Establishment of the budget

1. Each year, the Executive Director shall draw up a draft statement of estimates of the Authority's revenue and expenditure for the following financial year, including the establishment plan, and send it to the Executive Board.
2. The Executive Board shall, on the basis of that draft, adopt a provisional draft estimate of the Authority's revenue and expenditure for the following financial year.

3. The final draft estimate of the Authority's revenue and expenditure shall be sent to the Commission by 31 January each year.
4. The Commission shall send the statement of estimates to the budgetary authority together with the draft general budget of the European Union.
5. On the basis of the statement of estimates, the Commission shall enter in the draft general budget of the Union the estimates it considers necessary for the establishment plan and the amount of the subsidy to be charged to the general budget, which it shall place before the budgetary authority in accordance with Articles 313 and 314 TFEU.
6. The budgetary authority shall authorise the appropriations for the contribution to the Authority.
7. The budgetary authority shall adopt the Authority's establishment plan.
8. The Authority's budget shall be adopted by the Executive Board. It shall become final following final adoption of the general budget of the Union. Where necessary, it shall be adjusted accordingly.



Article 67  
Implementation of the budget

1. The Executive Director shall implement the Authority's budget respecting the principles of economy, efficiency, effectiveness and sound financial management.
2. Each year, the Executive Director shall send to the budgetary authority all information relevant to the findings of evaluation procedures.

Article 68  
Presentation of accounts and discharge

1. By 1 March of the following financial year (year N+1) the Authority's accounting officer shall send the provisional accounts for the financial year (year N) to the Commission's Accounting Officer and to the Court of Auditors.
2. By 31 March of the following financial year, the Authority shall send the report on the budgetary and financial management to the European Parliament, the Council and the Court of Auditors.

By 31 March of the following financial year, the Commission's accounting officer shall send the Authority's provisional accounts, consolidated with the Commission's accounts, to the Court of Auditors.

3. On receipt of the Court of Auditors' observations on the Authority's provisional accounts pursuant to Article 246 Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>23</sup>, the Executive Board shall deliver an opinion on the Authority's final accounts.
4. The accounting officer shall, by 1 July of year N+1, send the final accounts to the European Parliament, the Council, the Commission and the Court of Auditors, together with the Executive Board's opinion.
5. A link to the pages of the website containing the final accounts of the Authority shall be published in the Official Journal of the European Union by 15 November of year N + 1.
6. The Executive Director shall send the Court of Auditors a reply to its observations by 30 September of year N+1. The Executive Director shall also send this reply to the Executive Board.

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<sup>23</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

7. The Executive Director shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year N, in accordance with Article 261(3) of Regulation (EU, Euratom) 2018/1046.
8. On a recommendation from the Council acting by a qualified majority, the European Parliament shall, before 15 May of year N + 2, give a discharge to the Executive Director in respect of the implementation of the budget for year N.

#### Article 69 Financial rules

The financial rules applicable to the Authority shall be adopted by the Executive Board after consulting the Commission. They shall not depart from Commission Delegated Regulation (EU) **2019/715** *unless* such a departure is specifically required for the Authority's operation and the Commission has given its prior consent.

Article 70  
Anti-fraud measures

1. For the purposes of combating fraud, corruption and any other illegal activity, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council as well as Article 86 of Regulation (EU) 2019/715 shall apply to the Authority without any restriction.
2. The Authority shall accede to the Interinstitutional Agreement concerning internal investigations by OLAF and shall immediately adopt appropriate provisions for all staff of the Authority.
3. The funding decisions, the agreements and the implementing instruments resulting from them shall explicitly stipulate that the Court of Auditors and OLAF may, where necessary, carry out on-the-spot checks on the beneficiaries of monies disbursed by the Authority.

Article 71  
IT Security

1. The Authority shall establish an internal IT governance at the level of the Executive Director which establishes and manages the IT budget and ensures regular reporting to the Executive Board on the compliance with applicable IT security rules and standards.
2. The *Authority* shall ensure that *a sufficient share* of its IT expenditure is transparently allocated to direct IT security. The contribution to the Computer Emergency Response Team of the European Institutions, Bodies and Agencies (CERT-EU) may be counted in this *share*.
3. An adequate IT security monitoring, detection and response service shall be established, using the services of CERT-EU. Major Incidents must be reported to CERT-EU as well as to the Commission within 24 hours of detection.

Article 72  
Accountability and reporting

1. The Authority shall be accountable to the European Parliament and to the Council for the implementation of this Regulation.
2. The Authority shall submit on an annual basis to the European Parliament, to the Council, and to the Commission a report on the execution of the tasks conferred on it by this Regulation, including information on the planned evolution of the structure and amount of the supervisory fees referred to in Article 66. ***With respect to the guidelines and recommendations the Authority has issued in accordance with Article 43, the report shall contain an information on compliance with guidelines and recommendations issued over the year of reporting as well as any relevant updates on compliance with previously issued guidelines and recommendations. The report shall be made public and shall include any other relevant information requested by the European Parliament on an ad hoc basis.*** The Chair of the Authority shall present that report in public to the European Parliament.

3. At the request of the European Parliament, the Chair of the Authority shall participate in a hearing on the execution of its tasks by the competent committees of the European Parliament. *A hearing shall take place at least annually. At the request of the European Parliament, the Chair of the Authority shall make a statement before the relevant committees of the European Parliament and answer any questions from their members, whenever so requested.*
- 3a. *Within six weeks of each meeting of the General Board, the Authority shall at least provide the European Parliament with a comprehensive and meaningful record of the proceedings of that meeting that enables an understanding of the discussions, including an annotated list of decisions. Such record shall not reflect discussions within the General Board relating to individual obliged entities or discussions relating to confidential supervisory or FIU-related data, unless otherwise provided for in the legislative acts referred to in Article 1(2).*

4. The Authority shall reply orally or in writing to questions put to it by the European Parliament *within five weeks of their receipt*.
- 4a. *Upon request, the Chair of the Authority shall hold confidential oral discussions behind closed doors with the Members of the competent committees of the European Parliament, where such discussions are required for the exercise of the European Parliament's powers under the Treaties. All participants shall respect the requirements of professional secrecy.*
- 4b. *When informing the European Parliament on matters pertaining to the Authorities' contribution to the Union's action in international fora, the Authority shall not disclose any information it received in the performance of that task subject to confidentiality requirements imposed by third parties.*



## **CHAPTER V GENERAL AND FINAL PROVISIONS**

### **SECTION 1 STAFF**

#### Article 73 General provision

1. The Staff Regulations and the Conditions of Employment of Other Servants and the rules adopted by agreement between the institutions of the Union for giving effect to those Staff Regulations and the Conditions of Employment of Other Servants shall apply to the staff of the Authority for all matters not covered by this Regulation.
2. By way of derogation from paragraph 1, the Chair of the Authority, and the five members of the Executive Board referred to in Article 53 shall, respectively, be on a par with a Member and the Registrar of the General Court regarding emoluments and pensionable age, as defined in Council Regulation (EU) 2016/300<sup>24</sup>. For aspects not covered by this Regulation or by Regulation (EU) 2016/300, the Staff Regulations and the Conditions of Employment shall apply by analogy.

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<sup>24</sup> Council Regulation (EU) 2016/300 of 29 February 2016 determining the emoluments of EU high-level public office holders (OJ L 58, 4.3.2016, p. 1).

3. The Executive Board, in agreement with the Commission, shall adopt the necessary implementing measures, in accordance with the arrangements provided for in Article 110 of the Staff Regulations.
4. The Authority may make use of seconded national experts or other staff not employed by the Authority including FIU delegates.
5. The Executive Board shall adopt rules related to staff from Member States to be seconded to the Authority and update them as necessary. Those rules shall include, in particular, the financial arrangements related to those secondments, including insurance and training. Those rules shall take into account the fact that the staff is seconded and to be deployed as staff of the Authority. They shall include provisions on the conditions of deployment. Where relevant, the Executive Board shall aim to ensure consistency with the rules applicable to reimbursement of the mission expenses of the statutory staff.

Article 74  
Privileges and immunities

Protocol (No 7) on the privileges and immunities of the TEU and to the TFEU shall apply to the Authority and its staff.

**Article 74a**

**Staff of the Authority previously employed by the European Banking Authority**

*Temporary agents employed under point (f) of Article 2 and contract agents employed under Article 3a of the Conditions of Employment, employed at the Authority by a contract concluded before entry into force of this Regulation and until the date this Regulation becomes fully applicable in accordance with Article 93, and who immediately prior to their employment at the Authority have been employed by the European Banking Authority in carrying out the tasks and activities of the European Banking Authority related to preventing and countering money laundering and terrorist financing listed in Regulation (EU) No 1093/2010, shall be offered under the limit of the number of posts that will be deducted from the European Banking Authority to allocate to the Authority, the same type of contracts as at the European Banking Authority, and under the same conditions. Those agents shall be deemed to have served their entire service at the Authority.*

Article 75  
Obligation of professional secrecy

1. Members of the General Board and the Executive Board, and all members of the staff of the Authority, including officials seconded by Member States on a temporary basis, and all other persons carrying out tasks for the Authority on a contractual basis, shall be subject to the requirements of professional secrecy pursuant to Article 339 TFEU and Article 50 [OP please insert the next number to the AMLD, COM(2021)0423], even after their duties have ceased.
2. The Executive Board shall ensure that individuals who provide any service, directly or indirectly, permanently or occasionally, relating to the tasks of the Authority, including officials and other persons authorised by the Executive Board or appointed by the public authorities and FIUs for that purpose, are subject to requirements of professional secrecy equivalent to those in paragraph 1.
3. For the purpose of carrying out the tasks conferred on it by this Regulation, the Authority shall be authorised, within the limits and under the conditions set out in the acts referred to in Article 1(2), to exchange information with national or Union authorities and bodies in the cases where these acts allow financial supervisors to disclose information to those entities or where Member States may provide for such disclosure under the relevant Union law.

4. The Authority shall establish practical arrangements for implementing the confidentiality rules referred to in paragraphs 1 and 2.
5. The Authority shall apply Commission Decision (EU, Euratom) 2015/444<sup>25</sup>.

#### Article 76

##### Security rules on the protection of classified and sensitive non-classified information

1. The Authority shall adopt its own security rules equivalent to the Commission's security rules for protecting European Union Classified Information (EUCI) and sensitive non-classified information, as set out in Commission Decisions (EU, Euratom) 2015/443<sup>26</sup> and (EU, Euratom) 2015/444. The security rules of the Authority shall cover, inter alia, provisions for the exchange, processing and storage of such information. The Executive Board shall adopt the Authority's security rules following approval by the Commission.
2. Any administrative arrangement on the exchange of classified information with the relevant authorities of a third country or, in the absence of such arrangement, any exceptional ad-hoc release of EUCI to those authorities, shall be subject to the Commission's prior approval.

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<sup>25</sup> Commission Decision (EU, Euratom) 2015/444 of 13 March 2015 on the security rules for protecting EU classified information (OJ L 72, 17.3.2015, p. 53).

<sup>26</sup> Commission Decision (EU, Euratom) 2015/443 of 13 March 2015 on Security in the Commission (OJ L 72, 17.3.2015, p. 41).

## Article 76a

### Reporting of breaches and protection of reporting persons

1. *The Authority shall have in place dedicated reporting channels for receiving and handling information provided by persons reporting on actual or potential breaches of:*
  - (a) *Regulation [please insert reference – proposal for Anti-Money Laundering Regulation - COM(2021)0420] insofar as requirements applicable to credit and financial institutions are concerned;*
  - (b) *Regulation [please insert reference – proposal for a recast of Regulation (EU) 2015/847];*
  - (c) *Directive [please insert reference – proposal for 6th Anti-Money Laundering Directive - COM(2021)0423] insofar as requirements applicable to supervisory authorities, self-regulatory bodies in the exercise of supervisory functions and FIUs are concerned.*

2. *The persons reporting through those channels and the persons concerned shall enjoy the protections of Directive (EU) 2019/1937<sup>27</sup>, where applicable.*
3. *Following the submission of reports pursuant to Article 43(2a) of Directive [please insert reference – proposal for 6th Anti-Money Laundering Directive - COM(2021)0423] by supervisory authorities in the non-financial sector, the Authority shall be able to request additional information from those authorities on how they followed up on the reports received. Supervisory authorities shall promptly provide the requested information but shall not disclose information that may lead to the identification of the reporting person.*

## SECTION 2 COOPERATION

### Article 77

#### Cooperation with European Supervisory Authorities

1. The Authority shall establish and maintain a close cooperation with the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority, *in particular when drafting regulatory technical standards, implementing technical standards, guidelines or recommendations within the remit of their respective tasks.*

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<sup>27</sup> *Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law (OJ L 305, 26.11.2019, p. 17).*

- 1a. *By ... [12 months after the date of entry into force of this Regulation], the Authority shall conclude a memorandum of understanding with the authorities referred to in paragraph 1 setting out how they intend to cooperate.*

■

#### Article 78

##### Cooperation with non-AML/CFT authorities

1. *The Authority shall cooperate and exchange information with the non-AML/CFT authorities and, on a need-to-know and confidential basis, with other national authorities and bodies competent for ensuring compliance with Directive 2014/17/EU [consumer credit directive], Directive (EU) 2015/2366 [PSD], Directive 2009/110/EC [e-money Directive], Directive 2009/138/EC [Solvency II], Directive 2014/65/EU [Mifid II], and Mortgage Credit Directive 2014/17/EU and the European Supervisory Authorities, within the boundaries of their respective mandates.*
2. ■ *The Authority shall conclude a memorandum of understanding with the prudential authorities as defined in Article 4(1), point (4), of Regulation (EU) No 575/2013 of the European Parliament and of the Council, the European Supervisory Authorities and the other national authorities competent for ensuring compliance with Regulation [MiCA], setting out in general terms how they will cooperate and exchange information in the performance of their supervisory tasks under Union law in relation to selected **and non-selected** obliged entities.*



*Where it deems it necessary, the Authority may also conclude a memorandum of understanding with any of the other authorities referred to in paragraph 1 setting out in general terms how they will cooperate and exchange information in the performance of their supervisory tasks under Union law in relation to selected and non-selected obliged entities.*

- 2a. *By ... [12 months after the date of entry into force of this Regulation], the Authority and the European Central Bank shall conclude a memorandum of understanding setting out the practical modalities for cooperation and for exchanging information in the performance of their respective tasks under Union law.*
3. The Authority shall ensure effective cooperation and information exchange between all **supervisory authorities** in the AML/CFT supervisory system and the relevant **■** authorities referred to in paragraph 1, including with regard to access to any information and data in central AML/CFT database referred to in Article 11.

**Partnerships for information sharing in the field of AML/CFT**

1. Where relevant for the fulfilment of the tasks referred to in Chapter II, the Authority may *set up cross-border partnerships for information sharing, in accordance with fundamental rights and judicial procedural safeguards, or* participate in *partnerships for information sharing* established in one or across several Member States *with the objective of supporting the prevention and combating of money laundering, its predicate offences and terrorist financing*. Participation of the Authority shall be subject to *the agreement* of the relevant *authorities that have* established such arrangement.
  
2. *Where AMLA sets up cross-border partnerships for information sharing, it shall ensure that the partnerships comply with the requirements of paragraphs 3 to 5 of Article 54a of Regulation [please insert reference – proposal for Anti-Money Laundering Regulation - COM(2021)0420]. In addition to the obliged entities taking part in the partnership, AMLA may invite competent authorities referred to in point 31, letters (a), (b) and (c), of Article 2 of that Regulation, as well as Union bodies, offices and agencies which have a task in the prevention and combating of money laundering, its predicate offences and terrorist financing, to take part in the partnership, where such participation is relevant for the fulfilment of their tasks and powers. Upon unanimous consent of the participating members, other third parties may be invited to participate, on an occasional basis, in meetings of the partnership, where relevant.*

Article 80  
Cooperation with OLAF, Europol, Eurojust and the EPPO

1. The Authority may conclude working arrangements with Union institutions, Union decentralised agencies and other Union bodies, acting in the field of law enforcement and judicial cooperation. Those working arrangements may be of a strategic, *operational* or technical nature, and shall in particular aim to facilitate cooperation and the exchange of information between the parties thereto. The working arrangements shall neither form the basis for allowing the exchange of personal data nor shall bind the Union or its Member States.
2. The Authority shall establish and maintain a close relationship with OLAF, Europol, Eurojust, and the EPPO. To that end, the Authority shall conclude separate working arrangements with OLAF, Europol, Eurojust, and the EPPO setting out the details of their cooperation. The relationship shall aim in particular to ensure the exchange of *operational and* strategic information and trends in relation to money laundering and terrorist financing threats facing the Union.

3. *In order to promote and facilitate smooth cooperation between the Authority and Europol, Eurojust and EPPO, the working arrangements with them shall in particular provide for the possibility of posting liaison officers at each other's premises, and lay down conditions to that end.*

#### Article 81

##### Cooperation with third countries and international organisations

1. In order to achieve the objectives set out in this Regulation, and without prejudice to the respective competences of the Member States and the Union institutions, the Authority may develop contacts and enter into administrative arrangements with AML/CFT authorities in third countries that have regulatory, supervisory and FIU-related competences in the field of anti-money laundering and counter terrorism financing as well as with international organisations and third-country administrations. Those arrangements shall not create legal obligations in respect of the Union and its Member States nor shall they prevent Member States and their competent authorities from concluding bilateral *or multilateral* arrangements with those third countries.

2. The Authority may develop model administrative arrangements, with a view to establishing consistent, efficient and effective practices within the Union and to strengthening international coordination and cooperation in the fight against money laundering and terrorist financing. **Supervisory** authorities and FIUs shall make every effort to follow such model arrangements.
3. In cases where the interaction of several Union **supervisory** authorities and FIUs with third country authorities concerns matters falling within the scope of the Authority's tasks as defined in Article 5, the Authority shall have a leading role in facilitating such interaction where necessary. This role of the Authority shall be without prejudice to the regular interactions by **supervisory** authorities **and FIUs** with third-country authorities.
4. The Authority shall, within its powers pursuant to this Regulation and to the legislative acts referred to in Article 1(2), contribute to the united, common, consistent and effective representation of the Union's interests in international fora, including by assisting the Commission in its tasks relating to Commission's membership of the Financial Action Task Force and by supporting the work and objectives of the Egmont Group of Financial Intelligence Units.

### SECTION 3 GENERAL AND FINAL PROVISIONS

#### Article 82 Access to documents

1. Regulation (EC) No 1049/2001 shall apply to documents held by the Authority.
2. Decisions taken by the Authority under Article 8 of Regulation (EC) No 1049/2001 may be the subject of a complaint to the Ombudsman or of an action before the Court of Justice of the European Union, under the conditions laid down in Articles 228 and 263 TFEU, respectively.
3. The right of access to documents shall not apply to confidential information comprising:
  - (a) information or data of the Authority, the financial supervisors, or the obliged entities obtained in the process of carrying out the tasks and activities referred to in Article 5(2) and Section 3 of Chapter II;
  - (b) any operational data or information related to such operational data of the Authority and of the FIUs that is in the possession of the Authority due to carrying out the tasks and activities referred to in Article 5(5) and Section 6 of Chapter II.

4. The confidential information referred to in paragraph 3, point (a), that relates to a supervisory procedure can be fully or partially disclosed to the obliged entities which are parties to that supervisory procedure, subject to the legitimate interest of natural and legal persons other than the relevant party, in the protection of their business secrets. This access shall not extend to internal documents of the Authority, financial supervisors, or correspondence between them.
5. The Executive Board shall adopt practical measures for applying Regulation (EC) No 1049/2001 and the rules regarding disclosure of information relating to supervisory procedures.

Article 83  
General language arrangements

1. Council Regulation No 1 shall apply to the Authority.
2. The Executive Board shall decide on the internal language arrangements for the Authority, which shall be consistent with the language arrangements in direct supervision, adopted pursuant to Article 27.

3. ***Translation and all other linguistic*** services required ***by the Authority, other than interpretation***, shall be provided by the Translation Centre for the Bodies of the European Union, as established by Council Regulation (EC) No 2965/94<sup>28</sup>.

Article 84  
Data protection

1. The processing of personal data on the basis of this Regulation for the purposes of the prevention of money laundering and terrorist financing as referred to in Article 53 [OP please insert the next number to the AMLD, COM(2021)0423] and Article 55 of [OP please insert the next number to the AMLR, COM(2021)0420] shall be considered necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the Authority under Article 5 of Regulation (EU) 2018/1725 and Article 6 of Regulation (EU) 2016/679.

When drafting guidelines and recommendations in accordance with Article 43, having a significant impact on the protection of personal data, the Authority shall ***closely cooperate with the European Data Protection Board established by Regulation (EU) 2016/679 to avoid duplication, inconsistencies and legal uncertainty in the sphere of data protection.*** After being authorized by the Commission, ***the Authority shall also*** consult the European Data Protection Supervisor established by Regulation (EU) 2018/1725. The Authority may also invite national data protection authorities as observers in the process of drafting such guidelines and recommendations.

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<sup>28</sup> Council Regulation (EC) No 2965/94 of 28 November 1994 setting up a Translation Centre for bodies of the European Union (OJ L 314, 7.12.1994, p. 1).



2. In accordance with Article 25 of Regulation (EU) 2018/1725, the Authority shall adopt internal rules which may restrict the application of the rights of the data subjects where such restrictions are necessary to the performance of the tasks referred in Article 53 [AMLD] and Article 55 of [AMLR].

Article 85  
Liability of the Authority

1. In the case of non-contractual liability, the Authority shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by it or by its staff in the performance of their duties. The Court of Justice of the European Union shall have jurisdiction in any dispute over the remedying of such damage.
2. The personal financial liability and disciplinary liability of Authority staff towards the Authority shall be governed by the relevant provisions applying to the staff of the Authority.

Article 86  
Delegated acts

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.
2. The power to adopt delegated acts referred to in Article 25 and Article 65 shall be conferred on the Commission for an indeterminate period of time from 6 months after the date of entry into force of this Regulation .
3. The power to adopt delegated acts referred to in Article 25 and Article 65 may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Article 25 ■ shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of **three months** of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by **three months** at the initiative of the European Parliament or of the Council.
- 6a. *A delegated act adopted pursuant to Article 65 shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.*

Article 87  
Headquarters Agreement and operating conditions

1. The necessary arrangements concerning the accommodation to be provided for the Authority in the Member State where its seat is located and the facilities to be made available by that Member State, as well as the specific rules applicable in that Member State to the staff of the Authority and members of their families, shall be laid down in a Headquarters Agreement ***to be concluded*** between the Authority and that Member State ■ after obtaining the approval of the Executive Board.
2. The Authority's host Member State shall provide the best possible conditions to ensure the proper functioning of the Authority, including multilingual, European-oriented schooling and appropriate transport connections.

Article 88  
Evaluation and review

1. By 31 December **2030**, and every five years thereafter, the Commission shall assess the Authority's performance in relation to its objectives, mandate, tasks and location(s), in accordance with the Commission's guidelines. The evaluation shall, in particular, address:

- (a) the possible need to amend the mandate of the Authority, and the financial implications of any such modification;
- (b) the impact of all supervisory activities and tasks of the Authority on the interests of the Union as a whole, and specifically the effectiveness of:
  - (i) supervisory tasks and activities related to direct supervision of selected obliged entities;
  - (ii) indirect supervision of non-selected obliged entities;
  - (iii) indirect oversight of other obliged entities;
- (c) the impact of the activities related to support and coordination of FIUs, and in particular the coordination of the joint analyses of cross-border activities and transactions conducted by FIUs;
- (d) the impartiality, objectivity and autonomy of the Authority;
- (e) the appropriateness of governance arrangements, including the composition of, and voting arrangements in, the Executive Board and its relation with the General Board;

- (f) the cost effectiveness of the Authority, if appropriate, separately in relation to its distinct sources of funding;
- (g) the effectiveness of the recourse mechanism against decisions of the Authority and the independence and accountability arrangements applicable to the Authority;
- (h) the effectiveness of cooperation and information sharing arrangements between the Authority and non-AML authorities;
- (i) the interaction between the Authority and the other Union supervisory authorities and bodies, including the EBA, the Europol, Eurojust, OLAF and the EPPO;
- (ia) *the scope of direct supervision and the criteria and methodology for the assessment and selection of entities for direct supervision;***
- (j) the effectiveness of the Authority's supervisory and sanctioning powers;
- (k) effectiveness and convergence in supervisory practices reached by supervisory authorities and the role of the Authority therein.

2. The report referred to in paragraph 1 shall also examine whether:
  - (a) the resources of the Authority are adequate to carry out its responsibilities;
  - (b) it is appropriate to confer additional supervisory tasks regarding non-financial sector obliged entities, specifying, as appropriate, the types of entities that should be subject to additional supervisory tasks;
  - (c) it is appropriate to confer additional tasks in the area of support and coordination of the work of FIUs;
  - (d) it is appropriate to confer on the Authority additional sanctioning powers.
3. On the occasion of every second evaluation, *the Commission* shall *conduct a thorough review* of the results achieved by the Authority having regard to its objectives, mandate, *tasks and powers*, including an assessment of whether the continuation of the Authority is still justified with regard to these objectives, mandate and tasks.
4. The report and any accompanying proposals, as appropriate, shall be forwarded to the European Parliament and to the Council.

Article 89  
Amendments to Regulation (EU) No 1093/2010

Regulation (EU) No 1093/2010 is amended as follows:

- (1) Article 1 is amended as follows:
  - (a) in paragraph 2, the second subparagraph is deleted;
  - (b) in paragraph 5, point (h) is deleted;
- (2) Article 4 is amended as follows:
  - (a) point (1a) is deleted;
  - (b) in point (2), point (iii) is deleted;
- (3) in Article 8(1), point (l) is deleted;
- (4) Articles 9a and 9b are deleted;



(5) in Article 17, paragraph 6 is replaced by the following:

- ‘6. Without prejudice to the powers of the Commission pursuant to Article 258 TFEU, where a competent authority does not comply with the formal opinion referred to in paragraph 4 of this Article within the period specified therein, and where it is necessary to remedy, in a timely manner, such non-compliance in order to maintain or restore neutral conditions of competition in the market or ensure the orderly functioning and integrity of the financial system, the Authority may, where the relevant requirements of the legislative acts referred to in Article 1(2) of this Regulation are directly applicable to financial institutions, adopt an individual decision addressed to a financial institution ■ requiring it to take all necessary action to comply with its obligations under Union law, including the cessation of any practice.

The decision of the Authority shall be in conformity with the formal opinion issued by the Commission pursuant to paragraph 4.’;

- (6) in Article 19, paragraph 4 is replaced by the following:
- ‘4. Without prejudice to the powers of the Commission pursuant to Article 258 TFEU, where a competent authority does not comply with the decision of the Authority, and thereby fails to ensure that a financial institution complies with requirements directly applicable to it by virtue of the legislative acts referred to in Article 1(2) of this Regulation, the Authority may adopt an individual decision addressed to that financial institution requiring it to take all necessary action to comply with its obligations under Union law, including the cessation of any practice.’;
- (7) in Article 33(1), the second subparagraph is deleted;
- (8) in Article 40(7), *the first subparagraph is replaced by the following:*
- ‘7. ***The Board of Supervisors may decide to admit observers. In particular, the Board of Supervisors shall admit a representative of AMLA where matters that fall under its mandates are discussed or decided upon.***’;
- (9) in Article 81, paragraph 2b is deleted.

Article 90  
Amendments to Regulation (EU) No 1094/2010

Regulation (EU) No 1094/2010 is amended as follows:

- (1) in Article 1(2), the second subparagraph is deleted;
- (2) in Article **40(5)**, *the first subparagraph is replaced by the following:*
  - ‘5. The Board of Supervisors may decide to admit observers. In particular, the Board of Supervisors shall admit a representative of AMLA where matters that fall under its mandates are discussed or decided upon.’;**
- (3) in Article 54, paragraph 2a is deleted.

Article 91  
Amendments to Regulation (EU) No 1095/2010

Regulation (EU) No 1095/2010 is amended as follows:

- (1) in Article 1(2), the second subparagraph is deleted;

- (2) in Article 40(6), *the first subparagraph is replaced by the following:*
- ‘6. *The Board of Supervisors may decide to admit observers. In particular, the Board of Supervisors shall admit a representative of AMLA where matters that fall under its mandates are discussed or decided upon.*’;
- (3) in Article 54, paragraph 2a is deleted.

**Article 91a**  
**Transitional arrangements**

1. *Until ... [4 years after entry into force of this Regulation], Article 11 shall only apply to financial supervisors and credit and financial institutions. However supervisory authorities in the non-financial sector may on a voluntary basis already comply with the requirements of that Article before that date.*

*For the purposes of establishing and maintaining the database referred to in Article 11, the Authority shall conclude a bilateral agreement with the European Banking Authority on access to, as well as the financing and the joint management of, the AML/CFT database established in accordance with Article 9a of Regulation EU (No) 1093/2010 (EuReCA). The arrangement shall be established for a mutually agreed period of time which can be extended until no later than 30 June 2027. During this period, the European Banking Authority shall at least be able to continue receiving information, analysing it and making it available in accordance with Article 9a(2) of Regulation EU (No) 1093/2010 or in accordance with this Regulation on behalf of the Authority and based on the financing made available by the Authority for this purpose.*

2. *By way of derogation from Articles 12 and 13, paragraph 1b of Article 13 shall not apply during the first selection process. In case more than 40 obliged entities would be selected pursuant to paragraph 1, the Authority shall carry out the tasks listed in article 5(2) in respect of the 40 obliged entities or groups operating in the highest number of Member States either through establishments or under the freedom to provide services. In the case that the criterion referred to in the first subparagraph yields more than 40 obliged entities or groups, the Authority shall select, from the obliged entities or groups that would be selected in accordance with paragraph 1 and that actively operate in the smallest largest number of Member States, those which have the highest ratio of the volume of transactions with third countries to the total volume of transactions measured in the last financial year.*

3. ***By way of derogation from Article 37a(7), the participation of FIUs in peer reviews shall be voluntary during the first two peer review work plans.***

#### Article 92

##### Commencement of the Authority's activities

The Commission shall be responsible for the establishment and initial operation of the Authority until the date on which the ***Regulation*** becomes ***fully applicable*** in accordance with Article 93. For that purpose:

- (a) the Commission may designate a Commission official to act as interim Executive Director and exercise the duties assigned to the Executive Director until the Authority has the capacity to implement its own budget and the Executive Director has taken up his or her duties following his or her appointment by the Executive Board in accordance with Article 58;
- (aa) ***by derogation from Article 51(1), until the appointment of the Chair of the Authority, the interim Executive Director may convene and chair the meetings of the General Board, without the right to vote;***
- (b) by derogation from Article 53(4) and until the adoption of a decision as referred to in Article 58, the interim Executive Director shall exercise the appointing authority power;

- (c) the Commission may offer assistance to the Authority, in particular by seconding Commission officials to carry out the activities of the Authority under the responsibility of the interim Executive Director or the Executive Director;
- (d) the interim Executive Director may authorise all payments covered by appropriations entered in the Authority's budget **■** and may conclude contracts, including staff contracts, following the adoption of the Authority's establishment plan.

#### Article 93

##### Entry into force and application

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

It shall apply from 1 ***July 2025***.

However, Articles 1, 4, 38, 42, 43, 44, 46, 56, 58, 86, ***87 and 92 shall apply from the twentieth day after publication of the Regulation in the Official Journal of the European Union and Article 89 shall apply from 31 December 2025.***

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

Done at ...,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*



## ANNEX I

List of the coefficients linked to aggravating and mitigating factors for the application of Article

List of the coefficients linked to aggravating and mitigating factors for the application of Article 20.

The following coefficients shall be applicable in a cumulative way to the basic amounts referred to in Article 20(6) on the basis of each of the following aggravating and mitigating factors:

- I. Adjustment coefficients linked to aggravating factors:
  1. If the breach has been committed repeatedly, for every time it has been repeated, an additional coefficient of 1,1 shall apply.
  2. If the breach has been committed for more than six months, a coefficient of 1,5 shall apply.
  3. If the infringement has revealed systemic weaknesses in the organisation of the selected obliged entity, in particular in its procedures, management systems or internal controls, a coefficient of 2,2 shall apply.
  4. If the infringement has been committed intentionally, a coefficient of 3 shall apply.

5. If no remedial action has been taken since the breach has been identified, a coefficient of 1,7 shall apply.
6. If the selected obliged entity's senior management has not cooperated with the Authority in carrying out its investigations, a coefficient of 1,5 shall apply.
- II. Adjustment coefficients linked to mitigating factors:
  1. If the selected obliged entity's senior management can demonstrate that they have taken all the necessary measures to prevent the breach, a coefficient of 0,7 shall apply.
  2. If the selected obliged entity has brought quickly, effectively and completely the breach to Authority's attention, a coefficient of 0,4 shall apply.
  3. If the selected obliged entity has voluntarily taken measures to ensure that similar breach cannot be committed in the future, a coefficient of 0,6 shall apply.

## ANNEX II

### List of directly applicable requirements referred to in Article 21(1) and 21(3)

1. Requirements related to customer due diligence referred to in Article 21(3), points (a) and (b) shall be those in : Articles 15, 16, 17, 18, 19, 20, 21, 27, 28, 30, 31, 32, 34, 36, and 37 of [AMLR].
2. Requirements related to group policies and procedures referred to in Article 21(3), point (a) shall be those in : Articles 13 and 14 of [AMLR].
3. Requirements related to reporting obligations referred to in Article 23(3), points (a) and (b) shall be those in: Articles 50, 51 and 52 of [AMLR] and Articles 9, 13 and 18 of [TFR recast].
4. Requirements related to internal policies, controls and procedures referred to in Article 23(3), point (b) shall be those in : Articles 7, 8, 9, **14a** 38, **and 39** of the [AMLR] **and Article 23 of Regulation [TFR]**.
5. Other requirements referred to in Article 23(3)■ points (c) and (d) shall be those in: Articles 54, 56, 57 and 58 of [AMLR] and Articles 7, 8, 10, 11, 12, 14, 16, 17, 19, 21, **24 and 26** of [TFR].