EFAMA
European Fund and Asset Management Association

MEMO

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EFAMA Messages on the AML Package Trilogues

I. Introduction

EFAMA remains supportive of the new AML/CFT framework of the EU envisaged in the AML Package proposed by the Commission. We believe that harmonisation by means of a regulation and establishment of a new, central Anti Money Laundering Authority will be beneficial to more effectively contrast new emerging risks tied to money laundering and terrorist financing. We also welcome the progress made by both Co-legislators and remain supportive of the negotiations in the coming months.

Having this in mind, we would like to draw the Co-legislators' attention to few areas which are of the utmost importance for the asset management industry, including the following:

i. The concept of the "beneficial ownership", including the ownership interest threshold and the identification of beneficial owners with specific provisions for collective undertakings;
ii. Nominee disclosures;
iii. Relations with third-countries and offshore financial centres;
iv. The reporting of suspicious transactions;
v. Internal procedures and compliance functions;
vi. A risk-based approach to politically exposed persons; and
vii. The recognition of the markets' specificities in the AMLA Regulation.

II. Response to Key Amendments – draft AML Regulation[1]

1. Beneficial ownership (art. 42 – 43a)

a. Threshold for ownership interest

Commission: Proposes in art. 42(1) homogenous threshold for all corporate entities at the level of 25%.

Council: Is aligned with the Commission on the level of a general threshold for corporate entities, however including also in art. 42(8) a separate threshold for entities that are associated with higher AML/TF risk. Power to identify and review both, categories of entities and thresholds, is conveyed to the Commission.

[1] Proposal for a Regulation of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, 2021/-239(COD).

Parliament: Proposes in art. 42(1) a lower general threshold of 15%, as well as in art. 42(5a) a separate threshold of 5% to be applied to undertakings active in the extractive industry or exposed to higher AML/TF risk. Power to identify and review list of such entities is conveyed to the Commission after consultation with i.a. AMLA and national risk assessments.

EFAMA: We support the homogenous 25% threshold proposed by the Commission.

Rationale:

EFAMA maintains its strong support of the financial industry's position, presented in a joint letter[2] co-signed by EFAMA with main European banking associations (i.e. EBF, ESBG, EACB, EAPB) on the **need to maintain homogenous 25% threshold for ownership interest**. The financial industry is of the opinion that a lower threshold would:

- Divert from international standards required by the FATF, which recognizes 25% as an acceptable threshold for controlling ownership interest;
- Due to this divergence, create an uneven playing field for the obliged entities from the EU in comparison to other jurisdictions which would continue to apply 25% threshold;
- Not align with the definition of "beneficial ownership" established by the FATF which applies to natural persons who exert effective control over the entity, and not just hold any ownership in it. The ownership interest is only the first element of this analysis, which is further developed by the criterion of the "control via other means". Therefore, individuals that fall within the FATF definition of beneficial ownership, who hold minority ownership (5% or even less), are already captured within the definition by virtue of the second criterion. A minority owner deprived of additional rights e.g. veto right, will not be able to exert control e.g. appoint or remove members of the board or significantly influence decisions taken by the entity;
- Not enhance transparency on criminals hiding their identity behind a corporate structure as the obliged entities would be overwhelmed in attempts to identify each shareholder rather than concentrate on analysing complex ownership structures and control exercised via other means; and
- As such, be of no benefit in identifying controlling interest holders and averting ML/TF, placing instead a disproportionate burden on obliged entities and preventing them from focusing their resources on areas where risks actually lie.

Even though EFAMA welcomes the fact that the Parliament has reconsidered its initial proposal to introduce 5% general threshold for ownership interest, we are of the opinion that neither a 15% general threshold, nor a 5% (or other as proposed by the Council) separate threshold for certain industries, would improve the detection of criminals hiding behind corporate entities, for the same reasons as presented above.

The introduction of the separate thresholds will complicate the process even more, as the obliged entity would have to apply different methodologies depending on the industry in which its client operates. Such analysis would also not be stable in time. According to both the Parliament's and the Council's proposals the list of industries will be identified by the Commission by means either of delegated or implementing acts, which shall be reviewed on a regular basis. Moreover, according to the amendments proposed by the Council, the threshold will also be defined by the Commission at a level anywhere below 25% (possibly even lower than 5%). It is also not entirely clear whether the Council has envisaged one additional threshold or more, as the recitals 66a) and 99), as well as art. 42(8)(b) of the Council General Approach refer to "thresholds". Questions arise also on the grounds by which the obliged entity would determine the industry of the client, as well as whether it should analyse the universe of clients every time the threshold(s) or list

[2] EBF, ESBG, EACB, EAPB and EFAMA, Industry letter on Beneficial Ownership Threshold, 25 May 2022.

of industries change. We also question the rationale behind explicitly including the extractive industry on the list, as per the Parliament's proposal. Obliged entities already include it as a high-risk factor and apply enhanced due diligence measures to such entities. They should continue to be able to assess themselves the relationship with particular investor and determine the appropriate approach.

<u>It is clear, however, that what is proposed by the Council or the Parliament will additionally complicate the process, which is already multi-levelled. It is crucial to bear in mind that the ownership interest is only the first element of the analysis aiming to identify beneficial owners, which is further developed by the criterion of the "control via other means".</u> Such high emphasis put on the identification of beneficial owners via the threshold would lead to an unnecessary and meticulous investigation of minority share- or unitholders. As a result, the obliged entities would lose the bigger picture of complex ownership structures, which could make it easier for criminals to hinder their identity.

Moreover, none of the two Co-legislators has provided any analysis which would speak in favour of a lower general threshold, or separate thresholds, being imposed in the EU. In fact, the Impact Assessment prepared by the Commission and accompanying the Anti-money laundering package[3] makes no reference to the 25% threshold when analysing the current framework's shortcomings. On the contrary, when examining the beneficial ownership rulebook, the Commission mentioned that: "*As shown, the application of the relevant national rules leads to inconsistent results as to which person or persons are considered to be the beneficial owner(s) of the same legal entity. This creates serious problems in terms of transparency and hampers the ability to spot potential suspicions in one Member State as compared to another*.". Moreover, one of the guiding principles mentioned by the European Banking Authority (EBA) in its Report on the future AML/CFT framework in the EU[4] is that "*New, or more detailed, rules should be introduced only where there is evidence to suggest that the current approach has not led to reliably effective outcomes, and that similar results cannot be achieved through other means*.". In this context, we highlight that neither the EBA in its Report and also in the Opinion on the future AML/CFT framework in the EU[5], nor the European Commission, mention the ownership interest threshold of 25% as ineffective.

<u>Therefore, EFAMA strongly advocates that the currently applicable, homogenous 25% ownership interest threshold should be retained in the provisions of the AML Regulation.</u>

b. Beneficial owners' identification

Commission: Proposes in art. 42 that in case of corporate entities beneficial owner(s) shall be natural persons who control the entity, directly or indirectly, either through ownership interest (as discussed above) or through control via other means. The control via other means includes one of five situations further listed in art. 42(1) i.e.: right to appoint or remove members of the board, ability to exert significant influence, control through formal/informal agreements, links with family members of the managing staff, formal/informal nominee arrangements, as well as criteria of art. 22(1) to (5) of Directive 2013/34/EU. The same rules are applied to other legal entities except for those similar to express trusts.

Council: Proposes in art. 42 for a far more complicated identification process in which beneficial owners of the entity: have direct/indirect ownership interest (defined as explained above), control it directly/indirectly through ownership interest or via other means, control directly/indirectly legal entities that have direct ownership interest or are beneficial owners of the entity. Control of the legal entity is further specified and divided to: (i) direct/indirect

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[3] Commission staff working document Impact Assessment Accompanying the Anti-money laundering package, 20 July 2021, p. 16.
[4] EBA, Report on the future of AML CFT framework in the EU, EB/REP/2020/25, p. 7.
[5] EBA, Opinion on EU AML CFT framework, 10 September 2020.

control, (ii) including majority of voting rights, right to appoint or remove majority of the members of the board, veto or decision rights, or (iii) as control via other means. The control via other means includes formal/informal agreements, relationships between family members, use of formal/informal nominee arrangements. The same rules apply to other legal entities except for those similar to express trust, legal arrangements similar to express trusts and classes of beneficiaries which are further specified in art. 42a, 43 and 43a.

Parliament: Is broadly aligned with the Commission. The biggest differences being (apart from the ownership interest threshold as discussed above): additional obligation to take into account shareholdings on every level when assessing ownership interest, additional definitions of control and indirect control, as well as broader list of examples of control via other means (including informal means and debt instruments).

EFAMA: We support the proposal of the Commission.

Rationale:

The views expressed by the Commission in its Impact Assessment and by the EBA in its Opinion and Report should also be strongly acknowledged in the broader scope of the beneficial owner identification process. As stated in the Impact Assessment, one of the objectives of the AML packaged is to "*Strengthen EU anti-money laundering rules and enhance clarity while ensuring consistency with international standards and other EU legislation*". Specifically in the area of beneficial ownership identification the Commission mentions that: "*Current rules are subject to divergent interpretations, and result in different methods to identify beneficial owners of a given legal entity due to inconsistent ways to calculate indirect ownership. (…) This creates serious problems in terms of transparency and hampers the ability to spot potential suspicions in one Members State as compared to another. (…) To address this, whilst leaving the current rules provisions unaltered, the preferred option is to clarify the current rules so as to achieve a consistent interpretation of the definition across the internal market*."[6]. Moreover, these priorities were also recognised in the Guidance on Beneficial Ownership for Legal Persons (Guidance on Beneficial Ownership)[7] recently adopted by the FATF. According to this independent inter-governmental body, "*Countries should prioritise clarity and practicality in the implementation of the concept of ownership interest to determine beneficial ownership and apply rules that are workable and enforceable for companies and other legal persons administered in a country*."

EFAMA is of the opinion that this goal will be best achieved by the Commission's proposal. The provisions proposed by the Council would on the other hand have opposite effect, as they overcomplicate the concept beyond what was prescribed in the current AML/CFT framework and beyond what is foreseen as relevant by the FATF. As such they would require additional resources dedicated to this particular task, which could hamper due attention being given by the obliged entities to other elements of the Customer Due Diligence (CDD) framework. The FATF 10 Recommendation on this issue enumerates other elements apart from customer and beneficial owner identification and verification. They include also understanding and obtaining information on the purpose and intended nature of the business relationship, conducting ongoing due diligence on relationship and scrutiny of transactions undertaken including, where necessary, the source of funds. The extent of each of the CDD measures should be determined using a risk-based approach[8].

Moreover, such overcomplicated analysis will have a detrimental effect on the beneficial ownership registers which will become overloaded with information that will be even harder to update both by legal

[6] Commission staff working document Impact Assessment Accompanying the Anti-money laundering package, 20 July 2021, p. 27 and 89.
[7] FATF, Guidance on Beneficial Ownership of Legal Persons, March 2023, pt. 44.
[8] FATF, The FATF Recommendations, updated February 2023, p. 14-15.

entities and authorities responsible thereof. This would be counterproductive to the task at hand, as it could in fact create opportunity for the criminals to conceal themselves behind excessive amount of information.

c. Collective Investment Undertakings (CIUs)

Council: Proposes in art. 43(3a) a separate regulation regarding beneficial owners of CIUs set up in the form of a legal arrangement. In this case, beneficial owners shall be natural persons holding directly/indirectly 25% or more of the units or having the ability to define or influence investment policy of the CIU, or control its activity through other means.

Parliament & Commission: Did not include separate provisions for CIUs.

EFAMA: We support the approach of the Parliament and the Commission and ask for the removal of art. 43(3a) and recital 68b.

Rationale:

The universe of CIUs does not allow for a simple classification thereof, as CIU's can take the form of corporate entities (treated under the proposed art. 42(1)), trusts (addressed in art. 43(1)), legal arrangements mentioned in the art. 43(3a) of the Council's General Agreement or other. According to art. 2(2)(b) of the AIFMD[9], an alternative investment fund (AIF) may be "*constituted under the law of contract, under trust law, under statute,* ***or has any other legal form***". Especially those contractual funds recognised in some MS, which do not have legal personality and therefore can not be treated as corporate entities (and are thus not "legal arrangements"), would prove difficult to be classified under one of the proposed categories. Therefore, the additional provisions of art. 43(3a) would not make the identification of beneficial owners of CIUs consistent, unlike the rationale exposed in the proposed recital 68b of the draft AML Regulation.

Furthermore, due to the specificities of CIUs, irrespective of the form they take, it is not necessary and, in many cases not possible for their managers to identify the end investors of the fund. Funds, and in particular open-ended ones, have a variable capital and broad ownership base, with hundreds of thousands of end investors, who are free to subscribe and redeem units or shares on a daily basis. This high variability in the fund's investor base makes it especially challenging for these funds to monitor changes in their beneficial ownership, which would result in numerous changes to the beneficial ownership register. Furthermore, as is the case in many jurisdictions, funds are distributed through intermediaries under nominee account structures (as described in detail below) and fund managers do not have access to the information on the investor base. The chain of intermediaries can be long, and they are often not willing to share this information due to regulations on professional secrecy, data privacy and protection, as well as for commercial or proprietary reasons. As those intermediaries are obliged entities under AML provisions, they conduct CDD measures on end investors themselves, and further exercise of them by investment funds would be duplicative. Funds implement an ongoing AML risk assessment, thorough AML/CTF onboarding and CDD process, and an in-depth knowledge of their distribution channels. This generally allows to reasonably conclude that in most circumstances there is no individual beneficial owner who owns more than 25% of units and that there is no controller other than the fund's manager.

Moreover, funds are pooled investment vehicles where the investment decisions rest with the fund's manager and are typically not determined or controlled by the end investors. The persons with significant control are the board of the management company. Their decisions are constrained, as they must be based on the investment objectives of the fund, which are outlined in its prospectus, together with an investment strategy. Therefore, in most cases the beneficial ownership register will show the fund's directors (as the senior managing officials) as the beneficial owners.

[9] Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 Text with EEA relevance.

These specificities of the funds' sector have long been recognised by the FATF, especially the fact that typically the fund's units/shares are sold through another financial institution which is itself an obliged entity under AML provisions and conducts the necessary due diligence. In the Guidance for a Risk-Based Approach for the Securities Sector[10] the FATF recognises that *"The complexity of the securities sector and the variety of intermediary roles involved highlight that no one-size-fits-all AML/CFT approach should be applied."* and specifically on the distribution of investment funds: "*the CDD measures an investment fund should take will depend on how the ultimate customer invests in the fund. Depending on how the investment fund is sold, with whom the business relationship is established or who is registered in the fund's share/units register, the investment fund may be required to treat an underlying investor as its customer or the intermediary as its customer. <u>Where an intermediary is treated as the investment fund's customer, the investment fund may not have visibility on the intermediary's underlying customers. This includes not having comprehensive identification nor transaction related information on the customers of the intermediary</u> in cases such as, for example, where the intermediary nets all of its customers' orders and submits a single net order to the investment fund each day."* Also, in the latest Guidance on Beneficial Ownership, the FATF mentions, as an example of circumstances when nominees could be exempted from the scope of the mitigation measures, "*Certain types of AML regulated investment funds acting on behalf of their investors, or pension funds acting in the interest of their future pensioners that pose low risks*;", as well as financial institutions "*acting as nominee shareholder when carrying out transactions in their own name but on account of the client in the course e.g., of banking or brokerage activity*."[11] On the European level those circumstances have been also recognised by the EBA in The ML/TF Risk Factor Guidelines[12], with practical measures already in place.

It also must be taken into account that due to the higher level of harmonisation by means of a regulation rather than a directive, as was previously the case, these provisions will be directly applicable in all MS. As countries' regimes for investment funds vary notably, they have also implemented provisions of the AML Directive 2015/849[13] differently. This can be observed for example in the structure of beneficial ownership registers. Some countries have created separate registers for trusts, apart from the general register. In Ireland for example, there are separate registers for companies, trusts and Irish Collective Asset-management Vehicles (ICAV), with different registrars.

<u>EFAMA is of the opinion that such an amendment to the provisions of the proposed AML Regulation is not necessary and would not bring the clarity sought for by the Council. It would also not bring additional benefits to the ML/TF prevention system, creating an additional burden for the MS and management companies, which in fact in many cases will not be able to provide the desired information and would only include information about the fund's directors.</u>

2. Nominee disclosures

Commission: Proposes: (i) a definition of a formal nominee arrangement (art. 2(24) AML Regulation) where the nominator is a legal entity or natural person that issues instructions to a nominee to act on their behalf in a certain capacity; (ii) adds the use of formal/informal nominee arrangements as an element of the definition of "control via other means" for the purpose of a beneficial owner identification; (iii) introduces an obligation for the nominees to maintain adequate, accurate and current information on the identity of their nominator and

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[10] FATF, Risk- based Approach Guidance for the Securities Sector, para. 48 and 100.

[11] FATF, Guidance on Beneficial Ownership of Legal Persons, March 2023, pt. 143.

[12] EBA, Guidelines under Articles 17 and 18(4) of Directive (EU) 2015/849 on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions ("The ML/TF Risk Factors Guidelines"), repealing and replacing Guidelines JC/2017/37, 1 March 2021.

[13] Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC.

its beneficial owners, which are to be disclosed to other entities, including obliged entities taking CDD measures (art. 47 AML Regulation).

Council: Is aligned with the Commission.

Parliament: Is aligned with the Commission, however includes also: (i) identification of nominee shareholders and nominee directors as another element of the CDD measures (art. 16(1)(ba) AML Regulation); (ii) obligation of the nominees to be granted a licence under national law to offer nominee services (art. 47 AML Regulation); (iii) assessment of the need and proportionality of introduction of a prohibition on nominee arrangements as an element of the Commission's report (art. 63 AML Regulation).

EFAMA: We are of the opinion that it be made clear, by way of clarifying in the recital 74, that the existing guidance of the EBA and FATF continue to apply and that the use of nominee arrangements within the fund industry is legitimate and excluded from the abovementioned regulations. As such, we propose following wording: "*The distinction should however be made between nominee arrangements discussed above and arrangements akin to nominee arrangements, where financial institutions act as nominee shareholders when carrying out transactions in their own name but on account of the client in the course e.g., of banking or brokerage activity or when such intermediary is treated as a customer of an investment fund. Following the guidance of the FATF, these circumstances meet the criteria that allow for them to be exempted from mitigation measures designed for nominee arrangements and the measures on nominee arrangement proposed under this Regulation should not apply*.".

Rationale:

EFAMA understands and supports the rationale behind the introduction, in the proposed AML Regulation, of stronger controls to prevent the misuse of nominee arrangements, as the same need was expressed in the recent changes to the FATF Recommendation 24 on beneficial ownership. At the same time, we highlight that a clear distinction has to be made between those nominee arrangements that can be used as a deliberate device to evade transparency on beneficial owners and misuse legal entities for ML/TF purposes, and those which refer to nominee arrangements which are legitimately used within the funds industry. The recently adopted FATF Guidance on Beneficial Ownership for Legal Persons[14], which aims to complement existing FATF guidance, recognises this distinction as it mentions that "*Examples of circumstances, where countries could decide to exempt nominees from the scope of mitigation measures under the INR – if risks of abuse are found to be low and adequate, accurate, and up-to-date information on beneficial ownership of the legal person is available to competent authorities include: (…) iv. Certain types of AML regulated investment funds acting on behalf of their investors, or pension funds acting in the interest of their future pensioners that pose low risks; (…) vii. FI (financial institutions) acting as nominee shareholders when carrying out transactions in their own name but on account of the client in the course e.g., of banking or brokerage activity.*".

These kinds of intermediaries have been commonly used in the distribution and subscription of shares and units of investment funds. Intermediaries, namely banks or brokers which are registered for AML purposes, often act on behalf of a large number of underlying investors, with shares/units in the fund being registered in the name of the intermediary on behalf of the underlying investor. The intermediary holds the fund shares/units on behalf of those investors in separate or co-mingled (omnibus) accounts. This allows for investors to avail themselves of cost and trading efficiencies which would not be accessible if the legal title remained with each individual investor. Moreover, this provides means of safeguarding the assets managed on behalf of investors while protecting them from the insolvency of the asset manager. These characteristics of the fund's industry have been long recognized by the authorities and described e.g. in the FATF

[14] FATF, Guidance on Beneficial Ownership of Legal Persons, March 2023, para 143.

Guidance for a Risk-Based Approach for the Securities Sector[15], as well as in the EBA Guidelines on customer due diligence[16].

Not only do these arrangements create low ML/TF risks but may also impede investment funds and their managers to gather detailed data on the underlying investors and perform the CDD measures on them. The intermediaries may be prevented from disclosing the information by virtue of data protection and professional secrecy obligations. This issue has long been recognized by the FATF, mentioning that: "*Depending on how the investment fund is sold, with whom the business relationship is established or who is registered in the fund's share/units register, the investment fund may be required to treat an underlying investor as its customer or the intermediary as its customer. Where an intermediary is treated as the investment fund's customer, the investment fund may not have visibility on the intermediary's underlying customers. This includes not having comprehensive identification nor transaction related information on the customers of the intermediary in cases such as, for example, where the intermediary nets all of its customers' orders and submits a single net order to the investment fund each day*." and "*A typical cross-border correspondent relationship in the securities sector is a relationship between the securities provider (correspondent), with an intermediary (respondent), which is regulated and supervised by a supervisory authority, for securities transactions. In such cases, the customer of the respondent would not be considered as a customer of the correspondent, and the FATF Recommendations do not require the correspondent securities providers to conduct CDD on the customers of their respondent institutions*."[17] Requiring the intermediary to disclose to the fund manager each underlying investor would be disproportionate, especially when the intermediary is an obliged entity under the AML rules and will carry out the CDD measures on the investor himself, providing competent authorities and relevant registers with accurate and up-to-date information on its beneficial owners.

Moreover, such nominee arrangements cannot be subject to licencing, as proposed by the Parliament. They are established and subject to the rules governing the services of such intermediaries, be they banks or investment firms, in their sectoral legislation, including in jurisdictions outside of the EU. Even more so, they cannot be included in the scope of the Commission's report assessing the need and proportionality for introducing a prohibition on nominee arrangements, as this would be detrimental to the long accepted and well-established financial market practices in many markets.

3. Identification of high-risk third countries and third countries with compliance weaknesses (art. 23 and art. 24)

Commission: Proposes rules for identification of high-risk third countries and third countries with compliance weaknesses based on provisions of art. 9 of the AML Directive (EU) 2015/849 and requires the Commission to take into account statements by international organisations and standard setters, however not referring to FATF directly.

Council: Draws direct link to FATF by specifying that countries subject to its Call for Action regarding the application of enhanced due diligence measures, or countermeasures or which are under Increased Monitoring by FATF, shall be identified as high-risk third countries and third countries with compliance weaknesses respectively. The Council however provides following conditions: EC remains member of FATF and those countries suffer from strategic deficiencies in their regimes.

[15] FATF, Risk- based Approach Guidance for the Securities Sector, para. 30.

[16] EBA, Final Report, Guidelines on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions ('The ML/TF Risk Factors Guidelines') under Articles 17 and 18(4) of Directive (EU) 2015/849, 16.2.

[17] FATF, Risk- based Approach Guidance for the Securities Sector, para. 100 and 107.

Parliament: Is aligned with the Commission on this matter.

EFAMA: We are of the opinion that lists established in art. 23(1) and art. 24(1) of the AML Regulation should be aligned with FATF's lists and it should be clearly established in these provisions. Therefore, we would support the wording of the Council.

Rationale:

As presented in the Commission's explanatory memorandum to the AML Regulation proposal[18] with regard to the third country policy, "*the commission will identify third countries either taking into account the public identification by the relevant international standard-setter (the FATF) or on the basis of its own autonomous assessment.(…) In principle, third countries "subject to a call for action" by the FATF will be identified by the Commission as high-risk third countries.(…) Third countries with compliance weaknesses in their AML/CFT regimes, defined as "subject to increased monitoring" by the FATF, will in principle be identified by the Commission and subject to country-specific enhanced due diligence measures, proportionate to the risks*". At the same time, however, the provisions of art. 23 and art. 24 of the AML Regulation, as proposed by the Commission, do not refer to FATF's lists at all. EFAMA is of the opinion that the proposed obligation of the Commission to take into account actions taken by international organisations and standard setters in course of identifying these countries should be more prescriptive. In order to fulfil the Commission's objectives, presented in the explanatory memorandum, it should mention FATF's lists directly.

Given the FATF's expertise in this area and international recognition, EFAMA is of the opinion that the lists established under art. 23(1) and art. 24(1) of the draft AML Regulation should to the maximum extent possible align with the FATF's lists. An exclusion from the EU lists of any of the countries recognised by the FATF could pose a significant ML/FT threat to the EU financial system that could be used as a loophole in the AML/CFT prevention network. On the other hand, the inclusion of additional countries on the EU lists could create an uneven playing field for financial entities from the EU. They would be subject to additional requirements or prohibitions in relation to business activities in such country, in comparison to their competitors from other jurisdictions.

4. Offshore financial centres (art. 36b)

Parliament: Proposes additional provisions regarding customers or beneficial owners established or having a substantial link with offshore financial centres (OFCs). The criteria for the identification of OFCs and specification of OFCs will be developed by AMLA by means of draft RTSs and ITSs.

Council & Commission: Did not include such provisions.

EFAMA: The asset management industry is of the opinion that the definition and provisions on OFCs should be removed.

Rationale:

The Parliament proposes in art. 36b of AML Regulation that in addition to CDD measures, obliged entities shall have in place risk management systems to determine whether a customer is a legal entity established in, or having a substantial link with, a jurisdiction designated by AMLA as an OFC. In addition, obliged entities in such cases would apply measures including i.a. the need to "*gather sufficient information about the legal entity to understand fully the nature of business of that entity*" (art. 36b(2)(a) of AML Regulation). While identifying the OFCs, AMLA shall take into account i.a. the relevant definitions and lists adopted by

[18] European Commission, Proposal for a Regulation of the European Parliament and of the Council on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, 20 July 2021.

the international organisations and standard setters (art. 36b(4) of AML Regulation). We are of the opinion that the provisions of art. 36b of the AML Regulation as proposed by the Parliament are superfluous. The currently applicable rules on CDD, which are in general copied in the new AML Regulation, already provide for an obligation to take into account elements like the country's risk assessment, purpose of the business relationship etc. Therefore, financial entities are already expected to use enhanced CDD measures (art. 28 of the AML Regulation) in cases of identified higher risk.

The criteria proposed by the Parliament to guide AMLA in selecting the OFCs include i.a. "*the inclusion of non-cooperative jurisdictions in the Annex I of the EU list of non-cooperative jurisdictions for tax purposes*". EFAMA is of the opinion that, where the proposed art. 36b relates to tax issues, it should neither fall under the scope of the AML Regulation nor be defined by AMLA. Instead, the matter of OFCs should be the subject to tax legislation and competent authorities. It should also be noted that the Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/61/EU as regards mandatory automatic exchange of information in the field of taxation and FATCA rules already impose obligations on financial entities to comply with due diligence and reporting obligations in this area. These include implementation of policies, procedures, IT systems, controls and registers of actions that aim to ensure proper disclosure of transactions with entities on the list of non-cooperative jurisdictions.

5. Reliance of the EU obliged entity on branches and subsidiaries established in third countries which are high-risk or have compliance weaknesses (art. 38(4))

Commission: Allows the obliged entities established in the EU to rely on their branches or subsidiaries established in high-risk third countries, or countries with compliance weaknesses when meeting the customer due diligence measures, if they meet conditions set in art. 38(3).

Council: Is aligned with the Commission.

Parliament: Modifies proposal of the Commission by banning such reliance and treating branches and subsidiaries of obliged entities established in the EU equally with obliged entities established in third countries on which reliance is forbidden.

EFAMA: We strongly oppose to the amendments proposed by the Parliament and support the position of the Commission and the Council.

Rationale:

The provisions of art. 38(4) proposed by the Commission are aligned with current wording of art. 26(2) of the AML Directive (EU) 2015/849 which allows MS to exempt branches and majority-owned subsidiaries established in high-risk third countries from prohibition to rely upon them. For that to happen the parent obliged entity has to be established in the EU and the branch or subsidiary has to fully comply with group-wide policies and procedures. EFAMA is of the opinion that such possibility should be maintained. Especially given that in the proposed art. 40(1) of the draft AML Regulation, which regulates outsourcing of CDD to an agent or external service provider, such reliance is already prohibited on entities established in high-risk third countries. As such it is already narrowing possible interactions in the area of CDD measures with these countries. The amendment proposed by the Parliament would only further sever any relations with entities established in high-risk third countries.

EFAMA believes that this is a step too far, given the higher level of control that an entity has on its own branches or subsidiaries than on agents or external service providers. This will highly impact the conduct of customer due diligence by obliged entities established in the EU. They would have to carry out the CDD on customers located in those countries by themselves i.e. without any presence "on the ground". This would not only prove to be more burdensome but could have a counterproductive impact on contrasting ML/TF. It could also affect the possibility to maintain any business relations with customers in such countries, which we believe is not the objective of the AML Package and is against the economic interests of the EU.

It also raises the question of maintaining current cross-border correspondent relations with entities established in high-risk third countries that are branches or subsidiaries of entities established in non-high-risk third countries. As the proposed art. 30 of the AML Regulation does not address the issue of correspondent or respondent being established in or outside EU, it seems in this regard that the above prohibition will not exist. This would however create uneven level playing field for financial entities established in the EU and interested in keeping their presence in high-risk third countries.

6. Prohibition to enter business relationship (art. 17(3) & art. 48(1a))

Council: Proposes in art. 17(3) that the obliged entity shall not enter into business relationships with a legal entity or legal arrangement from outside the EU, whose beneficial ownership information is not held in the central register referred to in art. 10 of AML Directive. In art. 48(1a) it also obliges MS to allow such entities to report their beneficial owners to the registers.

Parliament & Commission: Did not include such provisions.

EFAMA: The asset management industry strongly opposed the additional provision proposed by the Council.

Rationale:

EFAMA would like to highlight that the provisions proposed by the Council could have far-reaching implications for the asset management industry across the EU. It is improbable that a foreign incorporated legal person would register its beneficial owners in an EU beneficial ownership register simply to be able to invest in an investment fund in the EU. Rather, such entities will invest in funds domiciled elsewhere with similar strategies where no such requirement exists. It is important to emphasise that even where beneficial ownership registers exist, many of them are not accessible to the public and to foreign entities not established in that jurisdiction. Even if they would become available to those entities, it is highly probable that they would not be willing to register in order to protect the company's data.

This obligation would create an uneven playing field for the European investment funds, impacting capital markets in a way that is not the objective of this AML Regulation. Therefore, we strongly oppose the provisions proposed by the Council. Should the prohibition remain in the AML Regulation, a carve-out for investors in the asset management industry is required, so as not to affect investors purely based on the lack of a registration of beneficial ownership in that jurisdiction.

7. Reporting of suspicious transactions to FIUs (art. 50(1))

a. Scope of the reporting

Commission: Requires obliged entities to report to the FIU all suspicious transactions, including attempted transactions.

Council: Requires reporting of funds, transactions or activities, including attempted transactions or activities, or any other relevant fact.

Parliament: Requires reporting of all suspicions including suspicious attempted transactions.

EFAMA: We are of the opinion that the scope of reporting done by obliged entities to FIU has to be clearly established in the provisions of the AML Regulation. Therefore, the wording of art. 50(1) proposed both by the Parliament and the Council must be revised. We propose the following wording: "*Obliged entities shall report to the FIU all suspicious transactions and actions, including attempted transactions and actions*." However, if we were to support either of the Co-legislators, we prefer the wording proposed by the Council.

Rationale:

We support the need to further specify elements that have to be reported by obliged entities in a way that will not be limited only to reporting transactions (or attempted transactions). We see merit in reporting also actions, which would be consistent with the current practice of many obliged entities and would broaden the scope of art. 50(1) in a significant manner. Our industry agrees and understands that in order to contrast money laundering and terrorist financing, obliged entities should pay attention not only to transactions *per se* but also other activities of their clients.

On the other hand, we believe that determining the scope of reporting in a way that refers to "*all suspicions*" or "*any other relevant facts*" is too ambiguous and can lead to overreporting. Especially in the case of a requirement to report "*all suspicions*", it would also be challenging to determine when the reporting obligation occurs and whether each additional fact would require separate reporting. Excessive reporting, we believe, may even be counterproductive to attain the desired policy objective.

b. Deadline

Commission: Requires obliged entities to reply to a request for information by the FIU within 5 days, or 24 hours in justified and urgent cases.

Council: Requires such reply to be made promptly within the deadline set by the FIU.

Parliament: Modifies Commission proposal by specifying that the response should be made within five working days, unless FIU determines a different deadline. The Parliament further specifies that in justified and urgent cases (i.e. when transactions are in progress or a prompt action is required) FIU may require information as soon as possible and within one working day.

EFAMA: We are of the opinion that the proposal made by the Council reflects the best characteristics of AML monitoring and reporting, and as such is aligned with current practices for obliged entities. Therefore, we support the Council proposal. However, if the 5 days deadline was to be maintained, we would support the wording suggested by the Parliament, i.e. respectively "*5 working days*" and "*one working day*". We would also suggest adding "*unless otherwise agreed between the obliged entity and the FIU*".

Rationale:

Current provisions of art. 33(1)(a) of AML Directive (EU) 2015/849 require obliged entities to inform FIU and respond to its requests for additional information "*promptly*". As the term is commonly understood to mean "as soon as possible" and taking the facts in each case into account, it better reflects the characteristic of AML monitoring rather than a specified amount of days. The request for information issued by the FIU will refer to different situations and to different types of information. Thay can either be in possession of the obliged entity, or would require additional actions to obtain them. In the first case information could be submitted to the respective FIU in an amount of time even shorter than five days, however in the second case, five days might not be sufficient to answer to the request.

Given that non-working days can cumulate, especially around statutory holidays, meeting a 5-day deadline can be challenging in such circumstances. If the 5-day deadline was to be maintained, we would argue that it should refer to "*working days*". Given also that the asset management industry operates largely on a Monday-Friday basis, a 24-hours deadline may also not be achievable and therefore 1 working day is a minimum.

8. Internal procedures and compliance functions (art. 7(2) and 9)

Commission: **a)** Requires an appointment of one executive member of the board of directors or equivalent body (when there is no board) or senior management (when there is no governing body) as compliance manager;

b) In case of an obliged entity being a member of a group allows for the appointment of the compliance officer from another entity within that group;

c) Requires for the compliance officer to be in charge of the day-to-day operation of the obliged entity's AML/CFT policies; and

d) Includes no such obligation as proposed by the Parliament.

Council: **a)** Requires the appointment of one member of the management body in its management function as compliance manager with no possibility to appoint members of senior management;

b) Limits the possibility to appoint the compliance officer from another entity within the same group to situations when it is justified by the size, nature or the risks of its activities;

c) Is aligned with the Commission on the compliance officer being in charge of the day-to-day operation of the entity's AML/CFT policies; and

d) Includes no such obligation as proposed by the Parliament.

Parliament: Is aligned with the Commission on issues listed under letter a) and c);

b) Limits the possibility to appoint the compliance officer form another entity within the same group to situations when this entity is established in the same Member State; and

d) Forbids for the compliance officer to be dismissed prior to the end of term of appointment unless facts emerge that make it unreasonable to retain the person.

<u>**EFAMA:**</u> <u>**a)** Suggests that it should be possible for the functions of compliance manager to be carried out by one or more executive members of the board of directors or equivalent governing body;</u>

<u>**b)** Suggests for the compliance officer to be appointed not only within the group (irrespective of both entities being established in the same Member State) but also from outside the group where the entity is insufficiently resourced to appoint an appropriately skilled and qualified officer from among their ranks;</u>

<u>**c)** Suggests that for smaller entities a requirement to exercise "continuous" as opposed to "day-to-day" control would be more appropriate; and</u>

<u>**d)** Suggests that the prohibition for the compliance officer to be dismissed prior to the end of his term not be included in the provisions of the AML Regulation.</u>

Rationale:

EFAMA acknowledges and supports the recognition given by the Commission and both co-legislators to the proportionality principle in art. 7(1) of the AML Regulation when designing the policies, controls and procedures, as well as in art. 9(6) of the AML Regulation when allowing for the compliance manager and compliance officer functions to be performed by the same natural person. However, we also believe that the proposed provisions should give even greater recognition to the different sizes, organizational structures, and multinational presence of the obliged entities' by allowing them more flexibility when designing the shape and division of responsibilities between their compliance functions.

Therefore, we see merit in allowing for i) an appointment of more than one member of board of directors or an equivalent body to carry out functions of a compliance manager and ii) smaller entities to exercise "continuous" control instead of day-to-day one. Not only would it be more aligned with the current market practice but also with the approach recognized in the Guidelines on policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of directive (EU) 2015/849 published by the EBA (the Guidelines on compliance)[19]. The EBA emphasises the collective responsibility of the management body for the entity's overall AML/CFT strategy and its implementation. It notes the importance of cultivating the collective knowledge, skills and experience of the management to be able to understand the ML/TF risks related to the financial institutions' activities and business model. Furthermore, the Guidelines on compliance recognize the diversity of organizational structures of the obliged entities when stating that they apply to all existing management body structures and, when no management body is in place, by providing that "*financial institution should appoint a senior manager*".

In particular we would advocate for full recognition being given to the Guidelines in the area of compliance officers appointed for entities being members of a group. The Guidelines in point 35 allow for a compliance officer to act for two or more entities within the group without any restrictions on those being established in different MS. They also specifically mention in point 29 that under certain circumstances "*the AML/CFT compliance officer may be contracted to work in another jurisdiction*". Therefore, we strongly oppose the amendment proposed by the Parliament, allowing for the compliance officer performing that function in another entity within the group to be appointed only when that other entity is established in the same MS. This is extremely restrictive and would highly impact the operations of existing obliged entities, as it is a common practice to appoint the same compliance officer by the obliged entity for its branches located in different MS. Given that no clear rationale is provided to this limitation, this measure is highly disproportionate. In fact, we are of the opinion that such appointment allows for a better recognition of the group context being given to the AML/CFT tasks. We also advocate for the recognition being given to the possibility to appoint one compliance officer for different entities which are not part of the same group. It is directly foreseen in the point 35 of the Guidelines which mention that: "*due to specific nature of the collective investment undertakings sector, the AML/CFT compliance officer could service several funds*".

We would also like to draw attention to the concerns arising from the amendment proposed by the Parliament and forbidding for the compliance officer to be dismissed prior to the end of term of appointment, unless facts emerge that make it unreasonable to retain the person. As in many jurisdictions compliance officers are not appointed for a specified term, the application of this obligation could be impossible or would require crucial changes in ongoing employment relations. The employment contracts for indefinite time are common in national legal systems of the MS and are highly valued by the employees. Such amendment would deny this kind of contracts to the compliance officers, as they would have to be employed only for a definite period of time. This will, in the long term, increase the cost of compliance as employees will need to be paid a premium to compensate for the impermanent nature of their employment, and will discourage entry into the compliance profession. What might constitute "unreasonable" is also unclear. This may inhibit an agile response from obliged entities where concerns arise in respect to fitness of the officer, genuine redundancy, misconduct, lack of performance and potentially, where the function is outsourced, a change of service provider. On the other hand, a compliance officer with genuine concerns, under current provisions can make them known under the whistleblowing regime and would be protected under employment law.

[19] EBA, Final Report, Guidelines On policies and procedures in relation to compliance management and the role and responsibilities of the AML/CFT Compliance Officer under Article 8 and Chapter VI of Directive (EU) 2015/849, 14 June 2022.

9. Politically Exposed Persons and risk-based approach

Commission: Requires measures enlisted in art. 32(2) to be applied to the politically exposed persons (PEP), as well as measures referred to in art. 28(4) to be applied to persons who cease to be PEP, irrespective of their risk assessment.

Council: Is aligned with the Commission.

Parliament: Is aligned with the Commission in case of persons being PEP, introducing however the proportionality principle in relation to the risks identified in case of measures being applied to persons that cease to be PEP.

EFAMA: We support the proposal of the Parliament, however we are of the opinion that the proportionality principle in relation to risks posed by the PEPs should impact the measures applied to both persons who cease to be PEP and those still being PEP.

Rationale:

According to recital 55 and art. 32(3)(b) of the draft AML Regulation, AMLA shall issue guidelines on the level of risk associated with a particular category of PEP, including how to asses such risks after such person has ceased to be PEP. This risk assessment has, however, no implication on the application of the enhanced measures listed in art. 32(2) of the draft AML Regulation, as the provision requires them to be applied to transactions or business relationship with any PEP. This is also true for the measures listed under art. 28(4) which according to art. 35(2) of the draft AML Regulation are to be applied towards persons who have ceased to be PEP. Only according to the wording proposed by the Parliament, in such cases measures should be applied in a manner proportionate to the risks identified.

EFAMA is of the opinion that the risk assessment of the PEPs, conducted by the obliged entities according to the guidelines issued by AMLA, should have a direct impact on the measures imposed on them irrespective of the fact whether a particular person is still a PEP or has ceased to be one. As PEPs appear in a wide variety of circumstances, the risk of their positions being potentially abused for the purposes of ML/TF also varies significantly. This diversity has long been recognized by the FATF, which in its Guidance – Politically Exposed Persons (Recommendations 12 and 22)[20] not only distinguishes the level of risk between foreign PEPs (higher risk) and domestic/international organization PEPs, but also requires it to be further assessed within the latter. The FATF specifically states in point 27 that "*If the risk assessment establishes that the business relationship with the domestic/international organization PEP presents a normal or low risk, the financial institution and DNFBP is not required to apply enhanced due diligence measures*" and further in point 99 "*the PEP in question can be treated like any other customer*". This has also been recognized by the Wolfsberg Group which in its Guidance on Politically Exposed Persons (PEPs)[21], page 2, states that: "*It is important to understand, however, that the majority of PEPs are neither in a position to, nor do, abuse their position through grand corruption and therefore will not represent any undue additional risk to an FI solely by virtue of their categorization as PEP*." This would particularly be the case of PEPs recognized under art. 2(25)(a)(vii) of the draft AML Regulation, i.e. "members of the administrative, management or supervisory bodies of State-owned enterprises". As explained by the Wolfsberg Group on page 6 of the abovementioned Guidance: "*Many state-owned entities and public sector bodies will have PEPs in controlling positions within the organisation. However, this does not always mean that the PEP will transfer corruption risk to that organisation. In some cases, the individual will only be classified as a PEP as a result of their position within that organisation, in which case it is not appropriate to subject the organisation itself to the PEP control framework*".

[20] FATF Guidance, Politically Exposed Persons (Recommendations 12 and 22), June 2013.
[21] The Wolfsberg Group, Wolfsberg Guidance on Politically Exposed Persons (PEPs), 2017.

Therefore, in order to give effect to the risk categories developed by AMLA, due recognition has to be given in the provisions addressing the application of due diligence measures to PEPs both in art. 32(2) and art. 35(2) of the draft AML Regulation.

III. Response to Key Amendments – AML Directive[22]

I. A review on the feasibility of establishing of a European KYC/CDD Register (art. 56a)

Parliament: Proposes an additional assessment to be conducted by the Commission, in close collaboration with AMLA, i.a. of the feasibility of establishing a European KYC/CDD Register.

Council & Commission: Did not include provisions on such review.

EFAMA: Due to the ambiguity of the Parliament's proposal, the asset management industry can not support such assessment and askes for the removal of the European KYC/CDD Register from the review.

Rationale:

As the amendment proposed by the Parliament does not specify crucial objectives of the European KYC/CDD Register, such as the purpose, content and especially who would be granted access to data gathered therein, it is impossible to support such proposal. Moreover, it would be impossible for the Commission to conduct a review based on such provisions.

Out of precaution, EFAMA would like to stress that if such register was to include data of the obliged entities' customers, it would create an enormous database of personal data. This would raise a serious concern of alignment with the principles of data minimisation, integrity and confidentiality according to point (c) and (f) of art. 5(1) of the Regulation (EU) 2016/679 and would pose a serious concern on the cybersecurity of such data. The amendment should also be considered in view of the ECJ judgement of 22 November 2022 (C-37/20, C-601/20), in which the court has ruled invalid the obligation of the MS to ensure that information on the beneficial ownership of companies and of other legal entities incorporated within their territory is accessible in all cases to any member of the general public.

IV. Response to Key Amendments – AMLA Regulation[23]

1. Composition of the AMLA's Executive Board (art. 52(3))

Commission: Proposes for the five members of the AMLA's Executive Board to be selected in respect to the principles of experience, qualification, and, to the extent possible, gender and geographical balance.

Parliament & Council: Are in principle aligned with the Commission.

EFAMA: Proposes for the selection criteria to also ensure that all sectors of the financial industry are sufficiently represented in terms of expertise and qualifications of the members.

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[22] Proposal for a Directive of the European Parliament and of the Council 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, 2021/0250 (COD).

[23] 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, 2021/0240 (COD).

Rationale:

EFAMA is of the opinion that in order to ensure that AMLA can effectively carry out its functions it is of the utmost importance that the specificities of each sector of the financial industry (i.a. asset management) would be well recognized. We welcome the fact that the General Board in its supervisory composition would include the heads of supervisory authorities of obliged entities in each MS, as is foreseen in the art. 46(1)(b) of the draft AMLA Regulation. This should be proportionally envisaged also in the composition of the Executive Board.

2. Methodology to assess the risk of obliged entities for the purpose of selection for direct supervision (art. 12(3-6))

Commission: Proposes for the criteria to assess the inherent risk profile of the obliged entities which will be developed by AMLA by means of draft regulatory technical standards.

Council: Does not limit the criteria to the assessment only of the inherent risk, but risk in general with further specifying that for the first risk assessment AMLA should develop benchmarks to assess the inherent risk profile and, in addition, AMLA should develop benchmarks for the assessment of the residual risk of obliged entities.

Parliament: Reduces the scope of the methodology to the residual risk.

<u>EFAMA:</u> <u>Proposes for the methodology to take into account mainly the residual risk, and therefore supports the amendments of the Parliament. Moreover, we would strongly suggest that AMLA should consult national competent authorities in the development of this methodology.</u>

Rationale:

EFAMA is of the opinion that consultation with the national competent authorities would be highly beneficial for the proper calibration of the methodology, due to their greater proximity to the obliged entities and understanding of the types and level of the AML-related risks presented by such entities.

3. Direct supervision of selected obliged entities (art. 16-8)

Commission: While establishing in art. 15 of the draft AMLA Regulation the Joint Supervisory Teams (JSTs) for the supervision of each selected obliged entity, the supervisory powers conferred in art. 16-20 address only the AMLA.

Council & Parliament: Are aligned with the Commission.

<u>EFAMA:</u> <u>Is of the opinion that it should be made clear that powers conferred in art. 16-20 of the draft AMLA Regulation are to be exercised by the JSTs, as opposed to solely by the AMLA.</u>

Rationale:

EFAMA is of the general view that AMLA should not interfere in operations of national supervisors when dealing with national cases and day-to-day operations. Local regulators have a deeper knowledge of the local market and local conditions, and this should be preserved. In setting up the new framework, it is key to specify the tasks of the AMLA and the tasks of the local supervisory authorities and that an exchange of information is kept between the European and national level.

In this respect, EFAMA supports the establishment of joint supervisory teams for the supervision of each selected obliged entity and their composition, including both staff from the financial supervisors responsible for their supervision at national level, as well as staff from the AMLA. <u>It should however also be made clear</u>

that the powers necessary for the conduct of such supervision, and provided further in art. 16-20 of the draft AMLA Regulation, are vested upon JSTs rather than solely upon AMLA. Otherwise, the proposed provisions don't make it clear how the JSTs are to supervise the selected obliged entities.

EFAMA

ABOUT EFAMA

EFAMA is the voice of the European investment management industry, which manages about 28.5 trillion of assets on behalf of its clients in Europe and around the world. We advocate for a regulatory environment that supports our industry's crucial role in steering capital towards investments for a sustainable future and providing long-term value for investors.

Besides fostering a Capital Markets Union, consumer empowerment and sustainable finance in Europe, we also support open and well-functioning global capital markets and engage with international standard setters and relevant third-country authorities. EFAMA is a primary source of industry statistical data and issues regular publications, including Market Insights and the EFAMA Fact Book.

More information is available at www.efama.org

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