Response to the AMLA Public Consultation

Draft Regulatory Technical Standards under Article 28(1) of Regulation (EU) 2024/1624 on Customer Due Diligence

May 2026

About LPEA

The Luxembourg Private Equity and Venture Capital Association ("LPEA") aims at promoting and defending the interests of investors and professionals principally active in the field of Private Equity ("PE") and Venture Capital ("VC").

The Association is the trusted and relevant representative body of PE and VC practitioners with a presence in Luxembourg.

Created in 2010 by a leading group of PE and VC players, with more than 700 members, LPEA plays a leading role locally, actively promoting PE and VC in Luxembourg.

LPEA provides a dynamic and interactive platform, which helps investors and advisors to navigate through latest trends in the industry. International by nature, the Association allows members to network, exchange experience, expand their knowledge and to grow professionally by attending workshops and trainings held on a regular basis.

Response to the Consultation – introduction

Luxembourg, 08 May 2026

The LPEA, represented by the PE and VC market practitioners in Luxembourg, would like to thank the Anti-Money Laundering Authority ("AMLA") for the opportunity that has been given to participate in this public consultation on draft Regulatory Technical Standards ("RTS") under Article 28(1) of the Anti-Money Laundering Regulation ("AMLR"). Our members, active in the field of AML/CFT, appreciate the opportunity to share their views on such an important topic.

We wish to emphasize that, while preventing money laundering and terrorist financing remains paramount, alternative asset management companies must retain sufficient flexibility to implement mitigation measures proportionate to actual risk, as envisaged in Article 1 of the RTS. This risk-based approach allows professionals to account for sector-specific features, the inherent risks of Alternative Investment Funds market, and their own risk assessments, avoiding unnecessary measures that may not be relevant to all entities and could hinder the competitiveness of the EU financial center.

By promoting proportionality and adaptability in AML/CFT measures, we also support financial inclusion and help prevent the unintended exclusion of specific geographies, industries, or investor groups.

Response to Consultation

Question 1 – Do you agree with the proposals set out in these draft RTS? If you do not agree, please specify:

(i) the provision(s) concerned; and

(ii) the rationale for your position.

Please provide concrete drafting proposals to resolving the issue and explain why the measure you propose would be more appropriate.

LPEA response

SMOs

SMOs primarily manage the entity and do not personally invest or exercise control for their own benefit. Requirements for SMOs should be proportionate and follow the overarching risk-based approach principles, reflecting that SMOs are not UBOs. It should notably be sufficient to record their identity and professional address on the basis of documents or information obtained from a reliable source which is independent from the customer. Where SMOs are employees of an obliged entity, reliance on existing screening procedures, comfort letters including static data, or equivalent documentation should be deemed sufficient.

Art. 27 requirements to obtain source of wealth information should exclude SMOs, who act in a professional capacity and whose verification is already performed within their regulated institutions.

Non-face-to-face relationships

A flexible risk-based approach should guide the application of the requirements in the Alternative Investment Funds industry, recognising that non-face-to-face interactions are standard market practice, reflecting the wholesale nature of the sector and the predominance of institutional intermediaries. They do not inherently constitute higher risk, consistent with recent FATF guidance.

We would welcome the following amendments to Art. 7*:*

Art. 7 (1): instead of "…obliged entities shall use electronic identification means", replace by "…obliged entities shall *a) apply additional and appropriate measures, on a risk-based approach, to mitigate the inherent higher risk that this type of customer relationship may present or b) may use* electronic identification means."

Art. 7(2): professionals should remain free to determine the cases in which they deem necessary to get ID documents, passports or equivalent and/or to resort to additional verification means. The fact that a given individual is seen by the obliged entity (either on a face-to-face basis or through video) does not necessarily bring additional comfort if in practice, on a risk-based approach, the obliged entity has gained comfort that the source/channel used to provide relevant identification information/documentation is reliable.

Proposed rewording: "In addition or alternatively to the solution described in paragraph 1, obliged entities may obtain the natural person's identity information

or documentation using remote solutions that meet the conditions set out in paragraphs 3 and 4. Such solutions shall be commensurate to the size, nature and complexity of the obliged entity's business and its exposure to ML/TF risks."

Art. 7 (3): extensive conditions impair the possibility for the obliged entities to implement their own risk-based approach. This Article should merely provide the principle that the obliged entity shall ensure that the solution used includes appropriate safeguards as to the quality and accuracy of the data and documents collected.

Screening requirements

The requirements set out in Article 30 should allow for a more proportionate and risk-based application to data collection. Notably:

Scope and data collection:

- Art.30, par. (a), i.: the obligation to screen "all names and surnames" (i) should be qualified with **"**where applicable**"**, as not all variations or transliterations are always available or relevant. Excessive data input may also increase the number of false positives, reducing the overall effectiveness of screening processes. More generally, screening should rely on information collected as part of AML/CFT due diligence, avoiding the need to gather additional data solely for screening purposes.
- Art.30, par. (a), iii.: requirement to screen additional identifiers such as aliases, trade names, or names used in other jurisdictions should be limited to "where available" or "if applicable", in line with a risk-based approach.

Clarification of scope: in Art.30, par. (a), the notion of "entities or persons which control" should be clarified and aligned with the AMLR (Article 20(1), (d)), focusing on persons holding more than 50% of proprietary rights or majority control, whether individually or collectively.

Question 2 – Do you agree that the proposals set out in these draft RTS can be applied across the range of products and services provided by your obliged entity? If you do not agree, please:

(i) explain your rationale for why the current proposals do not provide sufficient flexibility; and

(ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.

LPEA response

Asset managers in the Alternative Investment Funds sector operate generally through closed-end alternative investment funds, raising capital from well-informed professional investors and deploying it over a long-term horizon into privately held portfolio companies. Their activities are embedded in a structured, highly regulated environment involving General Partners, AIFMs, portfolio companies, Limited Partners, and multiple service providers.

Several core features are particularly relevant from an AML/CFT perspective. First, the Fund's clients, rather than direct investors, may be intermediary institutions (private banks, wealth managers, pension Funds, distribution platforms, etc.), subject to their own regulatory and due diligence requirements, contributing to an overall controlled risk environment. Second, non-face-to-face relationships are standard practice in the industry and do not, in themselves, present inherently higher risk, as onboarding and ongoing interactions rely on secure, well-documented processes implemented by regulated entities and/or, as the case may be, involving those regulated intermediaries. Third, ownership structures may appear complex due to multiple layers and jurisdictions, but are typically standard for the Alternative Funds industry, not hindering overall transparency, and driven by legal and investor requirements, and should not be equated with increased ML/TF risk per se.

We would also welcome sector-specific guidance acknowledging the specificities of the ecosystem as depicted in the above, including for service providers such as Transfer Agents acting in the Alternative Asset Management realm. This would help ensure a consistent understanding of AML/CFT expectations across the value chain and mitigate the risk of undue de-risking resulting from approaches that do not reflect the realities of the Alternative Investment Fund industry, while reducing subjectivity in the day-to-day transposition and application of the risk-based approach.

Collective Investment Undertakings

Regarding Article 17 of the draft RTS, obtaining end-investor identity information directly from a distributing intermediary "without undue delay and upon request" is difficult to implement in practice, particularly where multiple end-investors or non-EU intermediaries are involved. In line with FATF securities sector guidelines (par. 108 of the FATF Guidance for a risk-based approach for the securities sector of 2018), the focus should remain on ensuring robust due diligence on the institutional intermediary/respondent institution itself, and as per paragraph 111 of

the FATF Guidance. The identification of end-investors should be required only where an end-investor qualifies as a beneficial owner of the Fund under the >25% rule. We also propose emphasizing a risk-based approach to data collection whereby the Fund and its management company rely on the institutional intermediary's AML/CFT framework and controls, while being able to request additional information only upon a legitimate event (e.g., regulatory requirement or suspicion of risk). Additionally, for non-EU intermediaries, reliance should be extended to jurisdictions with equivalent standards. This reflects the practical realities of cross-border Alternative Investment Funds distribution.

Furthermore, the draft RTS restricts the application of Article 17 to situations where the CIU "distributes its shares or units through another credit institution or financial institution", i.e. where, based on a strict reading of this Article, the credit institution or financial institution is formally involved in the distribution of the CIU. However, in practice, financial intermediaries acting in such capacity are not necessarily appointed as distributor or marketing intermediary by (or for) the CIU (e.g. a custodian bank aggregates orders of external discretionary asset/wealth managers that cannot hold end clients' assets and need to route any trades via the custodian banks of their end clients). Such "distribution" condition is furthermore required neither under the current EU AML/CFT framework (e.g. under the EBA ML/TF Risk Factors Guidelines), nor under the aforementioned FATF Guidance for a Risk-Based Approach for the Securities Sector.

Electronic identification means and eIDAS

Provisions on electronic identification means (eIDAS) raise practical concerns. As an EU-based solution, its applicability to corporate structures and non-EU/EEA counterparts is limited, with uncertainties around interoperability, recognition, and sequencing with the AMLR. While eIDAS can be a useful tool, it should remain one option among others, and the RTS should adopt a technology-neutral, risk-based approach, allowing reliance on equivalent alternative solutions without restrictive criteria. This is particularly important given that eIDAS is not well suited to the wholesale nature of the Alternative Investment Funds industry, and overly prescriptive requirements could lead to operational inefficiencies, without enhancing AML/CFT effectiveness. Competitiveness with non-EU major fund centres, such as the US, Cayman Islands, UK and Switzerland should be kept in mind when introducing any rules that may have a negative impact on fundraising.

Question 3 – Do you agree that the proposals set out in these draft RTS allow for the effective application of a risk-based approach towards compliance with AML/CFT requirements? If you do not agree, please:

(i) specify the provisions concerned; and

(ii) provide concrete drafting proposals and explain why the specific measures you propose would be more appropriate.

LPEA response

As envisaged in Art.1, establishing the risk-based approach and applying due diligence measures proportionate to actual risk allows obliged entities to reflect sector-specific features, avoid a one-size-fits-all approach, while preventing undue de-risking.

Against this background, certain provisions of the draft RTS do not fully permit an effective application of the risk-based approach, as further detailed below.

Art. 10

Par. (a): obliged entities should be able to rely on *publicly available "or otherwise accessible information"*, including registers or other sources, without being limited to strictly public registers, if these are reliable and independent from the customer.

Par. (b)(i): the notion of "reputable" third-party data services providers should be interpreted flexibly, as the strict definitions used in banking sector may not be suitable for Alternative Funds structures. On a risk-based approach, obliged entities may corroborate information through documentation provided by the investor, their own research, or other reliable means, without needing to collect all points listed formally under Art. 10 (b).

Par. (b)(iv): should be revised to: *"documents from the legal entity or the legal arrangement where the beneficial owner is named, ~~and where the identity of the named person is certified~~ "is signed by persons authorised for document certification purposes"*.

This would clarify that certification can be understood in a broader sense – for example, a director or other authorised signatory confirming the information – rather than requiring a more formalised certification process.

Art. 11

Par. 2: a risk-sensitive trigger should be considered. The requirement should apply only in cases where the control structure "~~contains more than one legal entity or legal arrangement~~ *is complex and poses a higher ML/TF risk"*. The mention "at least" in *"to obtain and assess **at least** the following information"* should be removed, as it contradicts the risk-sensitive approach in Par. 1 and 2.

Par. 2(a): the focus should be on higher-risk situations only and on intermediate layers owning more than 25%. A lower threshold would lead to excessive documentation and scrutiny of individuals with minimal influence, diverting resources from genuinely high-risk areas and potentially impacting the competitiveness of EU investment funds. Accordingly, Paragraph 2(a) should

explicitly refer to *"economic beneficial owners owning more than 25% within the customer structure"*.

Par. 3 (a): we suggest deleting: *"and reference to the existence of any nominee shareholders"*, as well as;

Par. 3(d): *we suggest deleting: "where applicable, the shares of interest held by each legal entity or legal arrangement, its sub-division, by class or type of shares and/or voting rights expressed as a percentage of the respective total"*

Art. 12

Par. 1: the reference to "three or more layers" as constituting a complex structure should be applied "on a risk-sensitive basis", and with an explicit reference to "in higher ML/TF risk situations". Multi-layered structures, including foundations or entities outside the EU, are common in the Alternative Investment Funds industry and do not automatically imply higher ML/TF risk. The provision should also account for equivalent non-EU jurisdictions.

In addition, **Par. 1(d)**: should be reworded to: *"the obliged entities have identified a risk that the structure could be misused to obscure the identity of the beneficial owner"*, reflecting that complexity does not inherently indicate higher risk.

Par. 2: in the case of complex corporate structures, obliged entities should take reasonable, risk-sensitive measures to complement the information collected under Article 11. This may include obtaining an organigram but may also consist in other tools appropriate to understand the structure**.**

Art. 13

Par. (a): "collect the ~~same~~ information for identification purposes ~~as the information they would collect for beneficial owners~~, applying a risk-based approach consistent with Article 1 of the draft RTS on CDD. [...];

Par. (b): "verify the identity of senior managing officials ~~in the same way as they would for beneficial owners~~ using risk-sensitive measures".

This approach should be consistent with low**er**-risk scenarios, as provided for in Art. 21 of the draft RTS on CDD.

Art. 14

Applying a risk-based approach to the identification and verification of beneficiaries would reflect that not all theoretically identified beneficiaries pose an immediate ML/TF risk. In many trusts, beneficiaries may be designated automatically (e.g., a newborn child) without affecting the customer's risk profile.

Screening requirements

Operational considerations: the overall requirement to screen "at least" the listed information should be more explicitly subject to a risk-based approach, allowing obliged entities to calibrate their screening processes according to the nature, size, and risk profile of their activities.

Question 4 – Considering the nature of your business, including its size, risks, and complexity, are there any situations where the information to be collected for the purposes of customer due diligence as proposed in these draft RTS is routinely unavailable and the proposals in these draft RTS do not provide an alternative solution? If so, please provide concrete examples of such situations and your proposals for alternative solutions.

LPEA response

Information to be collected for identification and verification purposes

Not all passports and identification documents contain the same elements and same security features. A flexible risk-based approach to data collection is therefore essential, considering global variability in available information, official registers, public sources, privacy rules, and the sensitivity of the requested data. Obliged entities should not be required to obtain original or certified copies of identity documents in all cases; such measures should be reserved for specific circumstances, for example, where there is suspicion of fraud or higher fraud risk. Document certification should be considered only one of multiple possible verification measures. Greater reliance should also be placed on controls already performed by EU or EU-equivalent obliged entities. We propose the following revisions:

Art. 2 Par. i) *"obtain all names and surnames that feature on the identity document, passport, or equivalent, or that are available from independent reliable sources"*.

Art. 2 Par. ii) *"...obliged entities shall obtain the registered name and the trade name where it differs from the registered name, and if available."*

Art. 6 Par.1(e): "it contains security features to ensure authenticity, where relevant".

Natural person purporting to act on behalf of the customer

Natural persons purporting to act on behalf of the customer – such as employees or mandated professionals – should not be required to provide identity documents to multiple asset managers, as this conflicts with data minimization principles and is not necessarily effective in mitigating ML/TF risk. In such cases, collecting the name and surname, business or professional address is generally sufficient, and only the individual directly connected to the specific investment relationship should be in scope. Flexible measures, such as an AML confirmation letter or other internal compliance attestations, can be used to demonstrate that appropriate background checks have been conducted.

Purpose and intended nature of a business relationship or occasional transaction

Art. 18 should allow greater flexibility to enable a proper risk-based approach, ensuring that obliged entities can tailor their measures to the actual ML/TF risk posed by the customer. In this regard, the list of information to be gathered – such as intended use of products or services, transaction volumes, and sources – should be explicitly qualified as "where relevant" and/or "on a risk-based approach".

Politically Exposed Persons

For **Art. 19**, we suggest rewording **Par. 2 (b) and (c)**: "without delay" to "without undue delay", as additional time may be required to complete the necessary checks.

Enhanced Due Diligence measures

Art. 25: The requirement to assess authenticity and accuracy should emphasize that information is obtained from reliable sources and that the overall set of data is coherent, rather than imposing strict expectations on authenticity, accuracy or comprehensiveness, which are often unfeasible in deal-driven environments.

We suggest the following rewording:

(a): "be satisfied that the information [...] is ~~authentic~~ obtained from reliable sources and ~~accurate~~ consistent with the global set of information collected".

(a): "[...] other than a natural person [...]": should be clarified, particularly when no natural person is identified.

Art. 26: Identifying all business partners and associates (Par. 2) may not be feasible due to confidentiality agreements or the nature of fund operations. Risk-based measures should allow flexibility to focus on material parties and relevant information.

The terminology "authentic" and "accurate" should be replaced throughout the document, as per our comment (Art. 25).

Art. 26: Requiring market players to verify the legitimacy of transactions (including the origin and destination of the funds) and the parties involved would exceed their roles and responsibilities, and the general AML/CFT framework, while not significantly enhancing risk mitigation effectiveness.

Art. 28: Requirements to collect turnover information for fund investors (Par. (b)) is not relevant in the Alternative Investment Funds industry. The same applies to Par. (c) "including any intermediary": this goes beyond what is currently applied and obliged entities should instead focus on material end-investors (e.g., those exceeding the 25% threshold) and relevant intermediaries, applying data collection on a risk-sensitive basis.

Question 5 – Considering AMLA's legal mandate in Article 28(1) of Regulation (EU) 2024/1624, and taking into account your obliged entities' products offered and service provided, what other simplified due diligence measures should be included in the draft RTS, for example because of the associated lower ML/TF risks of these products and services? Please provide concrete drafting proposals and rationale for the specific measures you would propose.

LPEA response

In response to Question 5, we would like to highlight that Section 5 (Simplified due diligence measures) of the draft RTS on CDD should clearly distinguish lower-risk (or non-high-risk) situations from high-risk cases, allowing obliged entities to apply simplified due diligence measures, where appropriate. In the context of the Alternative Investment Funds industry, many clients are professional or institutional investors, and the products offered – typically closed-ended, long-term investment funds – generally present a lower degree of ML/TF risk. Accordingly, data collection and verification requirements should be proportionate, reflecting both the lower-risk profile and the industry's specific features, as described in our response to Question 2. The terminology throughout the draft RTS should be aligned to consistently reference "lower degree of ML/TF risk", enabling a risk-based approach while maintaining effective AML/CFT oversight. This would ensure that simplified due diligence measures are applied in a coherent, industry-tailored manner, without compromising compliance or supervision.

Building on the above, we suggest that Section 5 explicitly allows the application of a risk-based and proportionate approach to situations presenting a lower degree of ML/TF risk, drawing on established practices such as those outlined, under Luxembourg law, in CSSF Regulation 12-02. This would support more tailored due diligence for investors and entities presenting minimal risk, while maintaining effective oversight. Please find hereafter 2 examples to support this rationale with respect to Article 21.

Example 1 – Lower-risk institutional investors and SMOs

- The concept of lower-risk scenarios is particularly relevant for professional investors such as regulated banks, financial institutions, pension funds, or AIFs managed by regulated entities, typically domiciled in lower-risk jurisdictions.
- In many of these cases, Senior Managing Officials (SMOs) constitute the only individuals meeting beneficial ownership thresholds. These SMOs act in a professional capacity, and the (regulated) institutions to which they pertain already perform identity verification and screening.
- Despite this, current practice often still requires certified copies of passports or other documents for each SMO, even when these individuals do not exercise personal control over investments. Some may also serve as non-executive directors ("NEDs").
- Guidance would be valuable to clarify where simplified due diligence could apply, including allowing reliance on regulated entities' internal verification

processes, such as formal representations confirming identity verification, accompanied by relevant screening details.

- This approach would also address data privacy and cybersecurity concerns, particularly for clients outside the EU reluctant to share sensitive documents with multiple external parties.
- Importantly, the overall AML/CFT risk rating of such clients may still be standard rather than low due to factors unrelated to SMO identity verification. Article 21 could explicitly reflect this distinction in its scope or recitals.

Example 2 – Certification requirements

- The standard requirement for certification of all investor documentation – regardless of risk profile or regulatory status – has created inefficiencies and higher operational costs for both market participants and their counterparties.
- Guidance should clarify when certification is not required, particularly for non-retail investors in Alternative Investment Funds (AIFs), allowing procedures to be tailored to risk profile, investor type, and regulatory oversight.
- This would enable market participants, including KYC service providers (e.g., Transfer Agents), to apply efficient, risk-sensitive due diligence, while supporting General Partners (GPs) in meeting AML/CFT obligations proportionately.

Section 3 - Additional substantive input

Use this section to provide feedback on specific articles of the draft RTS, **in case these were not already covered** in your responses to the previous questions.

For each reply, please describe the issue identified, indicating, where relevant, whether it relates to legal certainty, proportionality, technical implementation or other factors. You are kindly asked to provide alternative drafting proposals and to explain why your proposal would be more appropriate.

Do you have any comments on a specific article in the draft RTS? There is no need to repeat comments made in the previous sections of this survey.

LPEA response

Article 7

We suggest to further clarify the notion of "non-face-to-face relationships" by taking into account sector-specific practices. For example, in the alternative Fund industry, investor relationships are typically supported by direct interactions between sales teams and investor representatives, most often in person and, in some cases, via videoconference.

It may also be relevant to consider that asset managers generally operate on the basis of bank transfers rather than accepting cash subscriptions at the asset management premises. As a result, subscription monies are transferred from accounts held with financial institutions that are themselves subject to AML/CFT obligations, including customer identification and verification requirements. This provides an additional layer of assurance that could be reflected in the assessment of non-face-to-face relationships, and more broadly in the application of a proportionate, risk-based approach to CDD.

From this perspective, the framework should facilitate greater use of reliance on a customer's bank due diligence measures, for example where supported by an AML letter (including e.g. confirmation that underlying KYC documentation can be made available upon request), for both initial and ongoing KYC identification and verification. This would enable asset managers to focus their efforts primarily on screening measures and to apply enhanced verification measures where specific risk indicators arise (e.g. adverse media or sanctions hits).

In this regard, we suggest reflecting these elements when developing rules on reliance on third parties, including by:

(i) clarifying that the "written agreement" referred to in Article 49 of Regulation (EU) 2024/124 may encompass AML letters signed by a third party's MLRO (or equivalent); and

(ii) providing further guidance on the practical application of such reliance, including in situations covered by Article 20(g) of Regulation (EU) 2024/124. For example, where screening identifies a PEP, it would be helpful to clarify whether reliance on the bank may extend to source of wealth checks, or whether these should be performed independently by the asset manager, noting that point (f) requires the determination of PEP status.

Do you have any comments on the recitals? The recitals are the statements at the start of the draft RTS and are numbered from (1) to (25).

LPEA response

Yes.

Recital 9: the notion of "equivalent information" should distinguish clearly between UBOs and Senior Managing Officials (SMOs). For identification and verification purposes, SMOs should not be treated as equivalent to UBOs in all cases, and flexibility should be allowed regarding the type of identification information collected.

Recital 15: the treatment of PEPs should better reflect the reality of governance structures in the Alternative Investment Funds sector. A distinction should be introduced for "non-material" PEPs, such as non-executive board members with limited influence over decision-making. Treating all such individuals as inherently high risk, without considering their actual role and level of influence, may lead to inflated risk classifications that do not correspond to genuine AML/CFT risk categorisation.

Do you have any comments on the Annex in the draft RTS?

LPEA response

Yes.

We note that Annex I, and in particular the list of attributes referred to in Section 9 relating to eIDAS, appears overly detailed with respect to address information notably. In line with a risk-based approach, requiring highly granular address data may not always be necessary or proportionate, especially in lower-risk scenarios. We suggest that, in many cases, country-level information should be considered sufficient, allowing obliged entities to rely on their professional judgement to determine the appropriate level of detail, while avoiding unnecessary data collection and operational burden.

LPEA