AMLA Regulations and Industry Impact

Context and Timeline of the AMLA Framework

* The panel focused on the transition from fragmented European money laundering regulations to the centralized Anti-Money Laundering Authority (AMLA).
* AMLA was proposed by the Commission in July 2021 to address the "root cause" of money laundering in Europe, which is largely cross-border and hampered by a fragmented regulatory approach.
* The authority opened its physical doors in Frankfurt in 2025, and the European Banking Authority (EBA) handed over authority to AMLA in January 2026.
* Key upcoming dates include July 2027, when the regulation actually begins to apply, and 2028, when direct supervision is scheduled to start for the "top 40" riskiest institutions.
*The selection of these 40 entities is based on a combination of inherent risk, size, and residual risk—meaning the risk remaining after the institution's control framework is applied.

Customer Due Diligence and Beneficial Ownership Changes

* Article 28 is a major point of friction for industry players, specifically concerning Customer Due Diligence (CDD) and beneficial ownership requirements.
* New rules mandate that if underlying CDD is requested, it must be retrievable within a five-day timeframe, challenging current operational models that may have data held up in different locations.
* Beneficial ownership thresholds are being clarified to "25% or more," which may capture a different set of investors than previous "more than 25%" definitions; this requires systems to be updated to capture these specific datasets.
* Record retention is moving toward a harmonized five-year rule across all member states; notably, this is not just a minimum requirement but a directive to remove and discard data after five years to comply with GDPR and prevent "over-keeping."
* Institutions are currently navigating a "starter-start" approach where they are elevating AMLA concerns to boards despite many Regulatory Technical Standards (RTS) still being in draft form.

Accountability and Oversight in Outsourcing Models

* Regulated institutions remain ultimately accountable for their risk, regardless of whether they outsource operations or rely on third-party KYC models.
* The impact of accountability regimes like the Individual Accountability Regime and SEAR in Ireland was discussed, noting that the "buck stops" with executives such as CEOs, MLROs, and CCOs.
* Effective oversight requires a clear RACI matrix (Responsible, Accountable, Consulted, Informed) to manage the handshake between the institution and its service providers.
* Oversight shouldn't just focus on high-risk cases; regulators now want to see the "other 90%" of the population to understand why certain risks were discounted.
* Firms are encouraged to test their reliance models through the entire CDD cycle to ensure third-party controls align perfectly with their own internal standards.

Data Governance and Sanctions Screening Strategies

* The data challenge is underscored by a recent example of a global investment bank's submission to the Irish Central Bank, where required data points increased from 75 to 350.
* Screening can present major pitfalls, particularly regarding list governance; firms must have a clear rationale for which lists they select (e.g., OFAC, HMT, EU, UN) and how they handle dynamic updates.
* A common gap identified was the failure to screen certain populations, such as directors, often due to process drift following multiple acquisitions.
* Anecdotes were shared to illustrate how risk classification can be context-dependent and sometimes counterintuitive.
* Ongoing monitoring is shifting toward "perpetual KYC" and real-time alerts, as traditional trigger-based systems often fail to fire due to poor system connectivity.

Jurisdictional Consistency and the Direct Supervision Model

* The Q&A session highlighted concerns about whether a "single rulebook" will actually result in even-handed implementation across all domiciles.
* It was suggested that while a common denominator will exist, certain jurisdictions are likely to continue "gold-plating" their regulations rather than lowering their standards to the medium.
* For firms not in the "top 40" directly supervised by AMLA, local regulators will still lead supervision, potentially interpreting standard rules slightly differently.
* The "Single Rulebook" is intended to create efficiencies, but the journey to get there involves significant operational pain and "regulatory and political football"

between domiciles.

Suggested Action Items

* Read the feedback paper submitted by IFAMA/EFAMA to AMLA from April/May regarding the impact on distribution models and the European funds industry.
* Review the 2026 amendments to the 2017 UK regulations, specifically regarding the changed treatment of pooled accounts.
* Examine the draft Regulatory Technical Standards (RTS) for Articles 8 (business relationships), 19 (group-wide requirements), and 28 (CDD) to prepare for the July 2027 application date.
* Audit internal list governance processes to ensure there is a documented rationale for sanction list selection and that all relevant populations (including directors and UBOs) are being screened.
* Assess the ability to retrieve underlying CDD documentation within the proposed five-day regulatory window.