Fondbolagens förening
SWEDISH INVESTMENT FUND ASSOCIATION

2026-05-07

SIFA's response to the AMLA Consultation paper on Draft RTS under Article 28(1) of Regulation (EU) 2024/1624 (RTS on CDD)

Section 2 - Substantive comments on the draft Regulatory Technical Standards

<u>Question1.</u> 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 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.

The Swedish Investment Fund Association (SIFA), representing nearly 50 member companies managing approximately 90 percent of fund savings in Sweden, supports the efforts to strengthen the EU AML/CFT framework by enhancing harmonisation of rules across Member States. With that in mind, significant concerns need to be raised with the way the specificities of the collective investment undertakings' (CIUs) sector were addressed under Art. 17.

Within the broader financial ecosystem, the asset management industry operates under fundamentally different conditions than the banking sector, particularly with regard to distribution models and the absence of direct relationships with underlying investors. These specificities should be recognised in line with established market practice and FATF standards.

Art. 17 introduces a look-through requirement on intermediaries' client base that fails to reflect the structural characteristics of the asset management sector and departs from the risk-based approach underpinning the EU AML/CFT framework. In the Swedish market, distributors act independently and are solely responsible for conducting CDD on their customers. There is no legal relationship between the fund management company and the underlying investor; instead, the distributor acts in its own name and is registered in the shareholder register. Fund managers routinely verify that distributors maintain appropriate AML procedures. This model enables a high level of retail participation and provides cost-efficient access to a broad range of funds.

The Swedish fund market—characterised by high household participation, strong competition and comparatively low costs—is frequently highlighted at EU level as a successful model for broad and efficient access to low-cost investment products. Key to the success is that banks offer an open architecture meaning that they market both funds managed within the own group and funds managed by their competitors. The Swedish legislation has supported this development by allowing nominee registration of distributors without any right for the fund manager to have access to the distributor's client register. This has been a prerequisite for the emergence of the Swedish retail fund market. Banks

are for obvious reasons not willing to reveal their clients register to competitors. Requiring disclosure of such information to fund managers would fundamentally undermine the current distribution model.

Requiring distributors to provide client-level data is also not proportionate for AML/CFT reasons. As distributors are the only parties with direct access to and knowledge of the customer, transferring such information would not enable more effective or meaningful due diligence. The proposal would thus add significant operational complexity without improving AML/CFT outcomes.

The market impact of the proposal would be considerable. It would impose a substantial administrative burden on both distributors and fund managers, requiring new systems, contractual arrangements and ongoing data handling processes. At the same time, it will drive intermediaries towards limiting their distribution to in-house funds. This would reduce competition, limit the range of funds available to retail investors and materially diminish consumer choice.

Such an outcome would weaken the attractiveness of EU investment funds, particularly UCITS, and run counter to key EU policy objectives, including increasing retail participation and advancing the Savings and Investments Union. It would also undermine a well-functioning market structure like the Swedish one that EU institutions have repeatedly highlighted as a success story.

Furthermore, distributors are bound by GDPR and banking secrecy rules, requiring them to safeguard customer information. Experience from PSD2 demonstrates that liability risks may remain even where data sharing is lawful, which may further discourage disclosure. While some jurisdictions already require transparency of client registers for AML purposes, this is typically managed through contractual arrangements restricting disclosure where incompatible with national law. Such arrangements are administratively burdensome and illustrate the practical difficulties of implementing such requirements.

The current wording of Recital 14 does not sufficiently mitigate these concerns. Given its interpretative nature, it cannot override the binding obligations in Art. 17 nor address the structural shortcomings of the proposal. CDD responsibilities must remain with the distributor, as the only party with a direct customer relationship and the ability to perform effective due diligence. Art. 17 should therefore be revised.

<u>Question 2.</u> 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.

SIFA finds that the draft RTS on CDD highly limits the possibility to apply a risk-based approach to customer due diligence (CDD). While we understand and support the need for more harmonised efforts in the area of AML/CFT measures across the EU, the risk-based approach remains the core principle of the framework.

As mentioned in recital 29 of AMLR: "*In line with the risk-based approach of this Regulation, those policies, procedures and controls should be proportionate to the nature of the business, including its risks and complexity, and the size of the obliged entity and respond to the risks of money laundering and terrorist financing that the entity faces, including, for crypto-asset service providers, transactions with self-hosted wallets*." This clearly acknowledges the need to apply the risk-based approach both at the level of a particular obliged entity and at the level of a specific sector. It is therefore important to fully recognise these sector-specific circumstances. A direct reference to a risk-based approach won't however be sufficient if it is followed by overly detailed and prescriptive rules.

Moreover, we believe that Art. 28(1)(b) and 33(1)(e) of the AMLR have been subject to overly restrictive interpretation, which has significantly limited the possibility to identify and define simplified measures for specific sectors. Particularly, we believe that some of the proposed rules are not possible to apply to the asset management sector.

Question3. 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.

In Sweden, credit institutions and investment firms are licensed by the Financial Supervisory Authority to be registered in the shareholder register in their own name (nominee registration). As a result, the distributor is the legal customer of the fund management company and bears full responsibility for conducting customer due diligence. The marketing of funds through these distributors is structured in the same way as stock trading. Recent changes to AIFMD and UCITS clarified that in such instances, the intermediary would not be acting on the manager's behalf, and rules on delegation would not apply.

This is why, according to Swedish law, fund management companies have no legal right to access distributors' customer registers. This limitation is not incidental but constitutes a fundamental legal and structural prerequisite for the development of the Swedish fund market, which is characterised by high levels of retail participation, strong competition and cost efficiency. Swedish legislation deliberately separates the roles of distributors and fund managers, including by restricting access to underlying investor data. The identity of underlying investors constitutes a core commercial asset for the distributor, protected by law.

Against this background, distributors will, for both legal and commercial reasons, not accept any requirement to share their customer registers with fund managers. Should such an obligation be imposed, distributors are likely to respond by restricting their distribution to funds managed within their own group. This would fundamentally alter the current market structure and undermine the broad and open distribution model that has been central to the success of the Swedish fund market.

Moreover, to the extent that concerns relate to third-country distribution, these should be addressed through targeted measures in that specific context rather than by imposing additional burdens on the entire European distribution system. A general approach risks disproportionately affecting well-functioning domestic and intra-EU distribution models without effectively addressing the underlying issue.

The FATF has long acknowledged that funds typically sell units/shares through other financial institutions, making those institutions the funds' customers, and leaving the funds without direct knowledge of intermediaries' underlying investors. In that sense, funds are also similar to cross-border correspondent relationships, and the FATF Recommendations do not require the correspondent securities providers to conduct CDD on the customers of their respondent institutions.

The requirements proposed in Art. 17 will not deliver meaningful AML/CFT benefits. Distributors are the only parties with a direct customer relationship and already perform the relevant due diligence in accordance with applicable rules. Requiring fund managers to obtain information on the identity of underlying clients would merely duplicate existing controls without improving the effectiveness of AML/CFT measures. Moreover, fund managers are neither the appropriate nor the effective actors to conduct CDD on underlying clients, as they have no direct business relationship with them.

Question 4. 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.

N.a.

Question5. Additional observations: Do you have any additional comments relevant to the draft RTS that have not been covered above? Please ensure that comments refer to a specific article, are precise, and, where possible, supported by evidence. Where necessary, comments should also include a proposed solution.

To address the specificities of the CIUs sector, the practical functioning and the diversity of the asset management industry, as described under responses to Questions 1 and 3 above, need to be fully recognised. Therefore, we believe that under Art. 17 of the draft RTS, CIUs should be allowed to fulfil the requirements of the entire Art. 20(1) AMLR by relying on credit or financial institutions and without requiring them to provide information on their customers, provided that conditions under points (a) to (d) are met.

Only in this way, a harmonised AML/CFT approach could be established for the asset management industry, which would take into account the diversity of distribution models and ways in which subscriptions to funds are allowed in a particular Member State or outside the EU.

We are also of the opinion that Art. 17 has to fully reflect the fund industry's mitigated ML/TF risk and refer to instances where the risk associated with the relationship is "not high". Within the AML/CFT terminology, the adjective "standard" is typically used to describe the type of CDD measures rather than the level of ML/TF risk associated with a relationship. The reference to the level of risk that is "not high" would be more in line with the current practices of AML/CFT risk-based approach.

Taking this into account, we would suggest the following amendments to Art. 17 of the draft RTS on CDD:

"*When **shares or units of** a collective investment undertaking ~~distributes its shares or units~~ **are sold** through another credit institution or financial institution ~~that acts in its own name but on behalf or for the benefit of one or more final investors, it~~ **the collective investment undertaking** may fulfil the requirement under Article 20(1)~~, point (h),~~ of Regulation (EU) 2024/1624 if it is satisfied that ~~the credit institution or financial institution will provide information necessary to identify and verify the identity of the final investors without undue delay and upon request. This applies provided that~~:*

(a) *the credit institution or financial institution is subject to AML/CFT obligations in an EU Member State or in a third country that has AML/CFT requirements that are not less robust than those stipulated by Regulation (EU) 2024/1624;*
(b) *the credit institution or financial institution is effectively supervised for compliance with obligations as provided for in point (a);*
(c) *the risk associated with the relationship with the credit institution or financial institution is ~~low or standard~~ **not high**; and*
(d) *~~the collective investment undertaking is satisfied that~~ the credit institution or financial institution applies robust and risk-sensitive CDD measures to its own customers and its customers' beneficial owners.*"

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.

- Yes
- No

Please state the article number in simple figures, without referring to the subparagraphs or points (e.g. '3' or '21')

5

Please share your comments below, specifying the subparagraph and point, if applicable (e.g. paragraph 1 point (a)).

Art. 5 of the draft RTS on CDD requires that obliged entities shall obtain information "*all nationalities.*" This obligation is very impractical given that obliged entities do not have access to any

database that will give them such satisfaction and identification documents, such as passports or IDs, only inform about the nationality of one country.

Therefore, we would propose the following wording for Art. 5 of the draft RTS on CDD:

"*For the purposes of Article 22(1), ~~(a)~~ point (a) (iii), of Regulation (EU) 2024/1624 obliged entities shall* ***take reasonable measures to*** *obtain information* ***about*** ***~~on all~~*** ***any other*** *nationalities or, where applicable, the statelessness and refugee or subsidiary protection status of the customer, any natural person purporting to act on behalf of the customer, and the natural persons on whose behalf or for the benefit of whom a transaction or activity is being conducted.*"

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.

- Yes
- No

Please state the article number in simple figures, without referring to the subparagraphs or points (e.g. '3' or '21')

6

Please share your comments below, specifying the subparagraph and point, if applicable (e.g. paragraph 1 point (a)).

SIFA believes that paragraph 5 of Art. 6, which requires that the obliged entity be provided with "*identity document, passport or equivalent, or a certified copy thereof (…)*" is excessive and does not allow the obliged entities to apply a risk-based approach.

It is also not in line with provisions of the AMLR, which in Art. 22(6)(a) do not include the requirement of only originals or certified copies to be provided. Instead, it refers to "*the submission of an identity document, passport or equivalent and, where relevant, the acquisition of information from reliable and independent sources, whether accessed directly or provided by the customer*", which we believe gives much more room for the obliged entities to decide on how this submission and acquisition will take place, in accordance with the identified level of ML/TF risk.

From a retail customer perspective, the obligation to provide an original document or certified copy will highly increase the costs borne by the customers, as they will be the ones who would have to acquire and provide such a copy for themselves, their beneficial owners or persons purporting to act on their behalf. This will be even more challenging for customers from third countries. Our understanding is that the AML Package aimed to enhance the security of the system, and not disincentivise customers from using services provided by the EU financial sector.

Such an approach would contradict the EU efforts to encourage retail investors to use financial products in the EU and the recent works of the FATF in its consultation on Updated FATF Guidance on AML/CFT measures and financial inclusion, that underscore the importance of financial inclusion. According to FATF, it is an essential element of the AML/CFT system as it "*enhances financial sector transparency and integrity by increasing the reach and effectiveness of AML/CFT measures that help keep criminals out of the financial system and facilitate law enforcement investigations*".

The FATF highlights also the importance of a risk-based approach, as "*applying overly cautious, non-proportionate AML/CFT safeguards when providing financial services and products can exclude legitimate consumers and entities from the regulated financial system (…)*".

Moreover, a risk-based approach must be applied when collecting IDs to avoid unnecessary costs and burden. The effort and focus of obtaining IDs in original and/or certified form should be required only in case of inconsistencies or doubts about the customer's actual identity.

Therefore, we would propose the following changes in Art. 6(5) of the draft RTS:

"*For the purpose of verifying the identity of the persons referred to in Article 22(6) and Article 22(7), point (a), of Regulation 2024/1624, obliged entities shall ~~obtain from that person~~* ***gather from these persons or from other reliable sources,*** *~~with the original the~~* ***an*** *identity document, passport or equivalent~~,~~ or~~, a certified copy thereof,~~* ***in a a non-face-to-face situation,*** *act in accordance with Article 7.*"

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.

- Yes
- No

Please state the article number in simple figures, without referring to the subparagraphs or points (e.g. '3' or '21')

12

Please share your comments below, specifying the subparagraph and point, if applicable (e.g. paragraph 1 point (a)).

The proposed provisions of Art. 12 of the Draft RTS on CDD would result in the vast majority of ownership structures being treated as complex, as multinational companies and medium/large financial entities typically have multiple layers of ownership, and in the majority of cases, in different jurisdictions. We do not believe this was intended by the AML Package, and again would not be in line with the level of ML/TF risk posed by those structures. In fact, due to the vast majority of structures being recognised as complex, it could make it easier for those truly complex to be less visible. Therefore, we do not believe that Art. 11 is in line with the principle of a risk-based approach. It also doesn't leave room for a different approach to entities with a clearly lower ML/TF risk, due to the highly regulated industry in which they operate (e.g., financial institutions) or the fact that they are publicly listed companies.

Firstly, the proposed number of "*three or more layers between the customer and the beneficial owner*" is disproportionately low. In the case of the asset management industry, there can be multiple layers of entities in the intermediary chain; however, as they would all generally be regulated financial entities, the ML/TF risk posed would remain low. Therefore, not only should the number of layers that would be considered as indicating a complex structure be left for the decision of the obliged entity, according to its risk-based analysis, but also the fact that those are regulated financial entities should exempt the structure from being treated as complex. Furthermore, the proposed conditions, if applied separately, also don't justify treating such structures as complex.

Therefore, we would propose the following wording for Art. 12(1) of the draft RTS on CDD:

"*To understand the ownership and control structure of the customer in accordance with Article 20(1), point (b), of Regulation (EU) 2024/1624, obliged entities shall treat an ownership and control structure as a complex corporate structure where there are* ***multiple*** ~~*three or more*~~ *layers between the customer and the beneficial owner and, in addition,* ~~*one*~~ ***more than one*** *of the following conditions* ~~*is*~~ ***are*** *met;*

a. *there is a legal arrangement or a similar legal entity such as fundation in any of the layers;*
b. *the customer and any legal* ***arrangements*** ~~*entities*~~ *present at any of these layers are registered in jurisdictions outside the EU;*
c. *there are nominee shareholders or nominee directors involved in the structure; or*
d. *the structure obfuscates or diminishes transparency of ownership with no legitimate economic rationale or justification.* "

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.

- Yes
- No

Please state the article number in simple figures, without referring to the subparagraphs or points (e.g. '3' or '21')

13

Please share your comments below, specifying the subparagraph and point, if applicable (e.g. paragraph 1 point (a)).

SIFA wants to highlight that the level of ML/TF risk that can be associated with SMOs is not the same as the potential risk that could be associated with beneficial owners (BOs). Firstly, the SMOs, unlike the BOs, do not hold ownership interest over the company and do not control it through that ownership or via other means. If they did, they would have to be identified as BOs. Instead, and according to Art. 63(4) of AMLR, their details are being provided in cases where it was not possible to identify BOs or their identification is uncertain. Secondly, as these are persons who exercise executive functions within the legal entity, their identity has already been verified multiple times, as they would usually have to perform actions vis-à-vis multiple national authorities, such as tax or national registers. Due to the same reasons, their important details are usually available through reliable and independent sources of information, mentioned under Art. 22(6)(a) of AMLR.

Therefore, it does not seem justified to require the same set of information and verification rules for SMOs as for BOs. According to Art. 63(4)(b) of AMLR the details that are to be collected on SMOs are to be equivalent to those required under Art. 62(1), second subparagraph, point (a). It does not refer to all the information listed for BOs' identification under Art. 62, moreover, the article clearly refers to "*equivalent*" information, which does not mean "*the same*".

Therefore, we would propose the following changes in Art. 13 of the Draft RTS on CDD:

"*In relation to senior managing officials as referred to in Article 22(2) second subparagraph of Regulation (EU) 2024/1624, obliged entities shall:*

a. *collect ~~the same~~ information ~~as information they would collect for beneficial owners~~* ***for identification purposes.*** Obliged entities may decide to obtain the address of the registered office of the legal entity instead of the senior managing official's residential address and country of residence*; and*

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

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).

- Yes
- No

Please specify which recital you refer to, and share your comments below.

SIFA strongly urges AMLA to revise Recital 14 in order to properly reflect the differentiated identification of the customer in multi-party distribution structures, as recognised by both FATF and the EBA together with our response to question 5 in section 2 of this questionnaire.

Across different segments of the financial industry, as well as across products offered by the same institutions, the identification of the "customer" is not uniform. This is particularly evident in structures involving multiple parties, where a simplistic or overly rigid interpretation risks misrepresenting the underlying business relationship.

In the investment funds sector, intermediaries are frequently the entities with which the fund maintains the business relationship and is therefore, in many cases, regarded as the customer. The FATF explicitly recognises this in its *Guidance for a Risk-Based Approach for the Securities Sector*, stating 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/unit register, the investment fund may be required to treat either the underlying investor or the intermediary as its customer*."

This position is also reflected in the EBA's *ML/TF Risk Factors Guidelines*, which acknowledge that risks may be mitigated where "*the customer is a firm subject to AML/CFT requirements that are not less robust than those required by Directive (EU) 2015/849*."

SIFA considers this recognition essential. It reflects the operational realities of the investment funds sector and ensures that AML/CFT obligations are applied in a manner that is both risk-based and proportionate. Omitting or diluting this approach would risk undermining consistent application across Member States.

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

- Yes
- No

Section 4 - Overall assessment

How would you rate the proposals set out in the draft RTS overall?

- Inadequate
- Somewhat inadequate
- Neutral
- Good
- Excellent