

The EU's AML/CFT package decoded for private markets

- **The EU is tightening up its defences against financial crimes with the new AML/CFT package**
 - **The 3-pronged legislative package aims to harmonise the AML/CFT legal framework and address key enforcement challenges**
 - **Private market fund managers need to understand it and plan for its implementation accordingly**
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The European Parliament's new legislative package to combat money laundering and terrorist financing marks a sensible expansion of the AML regulatory framework as private markets gear up for a wave of retail investors. Our Compliance and Regulatory experts [Abdelhak Kembouche](#) and [Angel Ramon Martinez Bastida](#) dive into the upcoming changes and their impact on reporting and compliance.

The extensive new AML/CFT package aims to strengthen the European Union's defences against financial crimes and is a significant step towards a more secure and transparent financial system. To meet its stringent and broad requirements, private markets fund managers will need to understand it and plan for its implementation accordingly, making sure to adapt swiftly and stay compliant at all times.

The AML package has been designed to address systemic weaknesses and

harmonise the AML/CFT legal framework across the EU Member States through the “Single Rulebook”. It also establishes a decentralised EU supervisory body, the EU AML/CFT Authority (AMLA), to ensure consistent implementation of the AML/CFT rules and facilitate coordination among national authorities. These changes are expected to address key enforcement challenges of previous legal instruments, such as non-uniform implementation, insufficient enforcement instruments, and inconsistent AML/CFT supervision across EU Member States.

Adopted by the European Parliament on 19 June 2024, The AML package consists of three primary legal instruments:

1. Regulation (EU) 2024/1624, known as the EU AML Single Rulebook (**AMLR**), effective from 10 July 2027, with certain new obliged entities subject to it from 10 July 2029 – the authorities opted for a regulation rather than a directive, which means in practice that the obligations set out in the AMLR include detailed substantive requirements, which will be directly applicable in the same way in all Member States of the European Union.
2. Directive (EU) 2024/1640 (**AMLD6**), addressing mechanisms to prevent financial system abuse for ML/TF, will be applicable from 10 July 2027 – this covers, among other topics, the beneficial ownership and its recording in central registers.
3. Regulation (EU) 2024/1620 (**AMLAR**), establishing the authority for AML/CFT in the EU, effective from 1 July 2025, with some provisions applying earlier (from 26 June 2024), and other provisions applying later (from 31 December 2025) – In accordance with the requirements of AMLAR, AMLA’s objective will be ‘to protect the public interest, the stability and the integrity of the Union’s financial system and the good functioning of the internal market’.

AMLR

The AMLR expands the previous AML/CFT framework and introduces several important provisions that reinforce AML/CFT-related measures across the EU. These provisions include the scope of application on obliged entities, internal policies, controls, and procedures of obliged entities, customer due diligence (CDD), beneficial ownership transparency, reporting obligations, information sharing, data protection and record-retention, as well as measures to mitigate

risks deriving from anonymous instruments.

Worth noting is the change of the beneficial ownership identification threshold from the current “more than 25%” to “25% or more”. In practical terms, this implies a reassessment of all client’s organisational structures, with potential requalification of the currently identified beneficial owners.

The broadening of the scope of obliged entities means it will now include Crypto-Asset Service Providers (‘CASPs’), crowdfunding platforms and other high-risk sectors. This expansion aims to address emerging risks associated with virtual currencies and ensure that AML/CFT rules are applicable to new financial technologies. Aligned to this, is the new FTR referred to as the Travel Rule, which ensures all the information in a crypto-asset transaction is included to facilitate traceability.

AMLD6

The AMLD6 widens the regulatory scope of money laundering offences, clarifies definitions related to those offences and their perpetrators, and enforces stricter penalties across Member States. It covers provisions that could not be included in the AMLR, including Registers, Financial Intelligence Units (FIU), AML supervisions, co-operation, and data protection.

AMLD6 establishes comprehensive requirements for maintaining beneficial ownership information in Central Registers. These registers must include verified and up-to-date details on the ownership of legal entities and arrangements, nominee agreements, and foreign legal entities. The directive requires this information to be preserved for a minimum of five years. If necessary and proportionate for the purpose of preventing, detecting, investigating or prosecuting suspected money laundering or terrorist financing, the retention period extends by an additional five years.

The Registers are available to FIUs, other competent authorities, self-regulatory bodies, and obliged entities free of charge and in digital form. Public access is conditional and granted to persons with a legitimate interest.

AMLD6 aims to enhance collaboration between FIUs and other competent authorities, such as AMLA , Europol, Eurojust, and the European Public Prosecutor’s Office. This reciprocal sharing of information and co-operation will

improve the efficiency of addressing complex, cross-border financial crime cases. To this end, the directive also provides FIUs with increased capabilities to better detect and track cases of ML/TF.

All the information about accounts identified by International Bank Account Numbers (IBAN), including virtual IBANs, securities accounts and CASPs accounts will be held in a single central register (in Luxembourg, for example, it is currently the Central Register of Bank Accounts, CRBA). Each of the central account registers in Member States will be interconnected to facilitate the efficient exchange of information with FIUs. To further measure the effectiveness of the package, Member States must maintain and publish AML/CTF statistics.

AMLA

AMLA is the new decentralised body of the EU, to be based in Frankfurt am Main, Germany, and to be fully operational by January 2028. AMLA's purpose is to tone-up the AML/CFT framework, ensure high-quality supervision, promote harmonisation, and facilitate information exchange among FIUs and other competent authorities within the Union.

This body combines both direct and indirect supervisory competences over financial entities. AMLA directly supervises ML/TF high-risk entities, including CASPs. It also indirectly supervises other financial entities by collaborating with national financial supervisors. In the non-financial sector, AMLA mainly coordinates with national supervisors and promotes their supervisory alignment.

AMLA is required to follow a standardised supervisory methodology. Given the cross-border nature of ML/TF, it will create an integrated mechanism with national supervisors to ensure in-scope entities comply with AML/CFT-related obligations in the financial sector, while supporting those in the non-financial sector. It will issue guidelines, recommendations, and opinions to promote consistency among those supervisors.

Additionally, AMLA is mandated to create and maintain a central AML/CTF database of information to facilitate AML supervisory activities. AMLA is entrusted to support and coordinate between FIUs. This involves participating in joint ML/TF analysis and managing the FIU's information exchange system.

Compliance timeline

As a member of the OECD and a jurisdiction within the global Financial Action Task Force (FATF), Luxembourg, like any other EU Member State, is expected to comply with the new EU AML/CFT package and adjust its relevant legal framework according to the provisions of the AMLR and the AMLD6 within three years, and the AMLA within one year.

The roll-out for compliance

Compliance with the new AML rules and the adjustment of the existing AML internal framework can pose a significant challenge for private fund managers. Opting for an experienced and knowledgeable partner, such as the Aztec Group, can ensure your operations align seamlessly with AML requirements.

Should you wish to delve deeper into the implications of AML requirements, understand their impact on your operations, and explore how the Aztec Group can assist you with these changes, please feel free to reach out to Abdelhak or Angel Ramon.