

TO : **Regulated Entities**

- i. Crypto Asset Service Providers ('CASPs')**
- ii. Cyprus Investment Firms ('CIFs')**
- iii. Administrative Service Providers ('ASPs')**
- iv. UCITS Management Companies ('UCITS MC')**
- v. Self-Managed UCITS ('SM UCITS')**
- vi. Alternative Investment Fund Managers ('AIFMs')**
- vii. Self-Managed Alternative Investment Funds ('SM AIFs')**
- viii. Self-Managed Alternative Investment Funds with Limited Number of Persons ('SM AIFLNP')**
- ix. Companies with sole purpose the management of AIFLNPs**
- x. Small Alternative Investment Fund Managers ('Small AIFMs')**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **10 March 2025**

CIRCULAR NO. : **C687**

SUBJECT : **European Banking Authority's Public Consultation Paper on Proposed Regulatory Technical Standards in the context of the EBA's response to the European Commission's Call for advice on new AMLA mandates**

The Cyprus Securities and Exchange Commission (the 'CySEC') wishes with this Circular to inform the Regulated Entities of the following:

The European Banking Authority (the 'EBA') has launched a [public consultation](#) on four draft Regulatory Technical Standards (the 'RTS') that will be part of the EBA's response to the European Commission's [Call for Advice](#). These technical standards will be central to the EU's new AML/CFT regime and will shape how institutions and supervisors will comply with their AML/CFT obligations under the new AML/CFT package.

The proposed RTSs focus on the following aspects for which the EBA is providing its advice:

- the way the new EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) will decide which institutions will be subject to the direct supervision.

The EBA is proposing that AMLA first determines which institutions are eligible for direct supervision taking into account their cross-border activities. In a second step, AMLA would consider the outcomes of the harmonised money-laundering/terrorist financing (ML/TF) risk assessment methodology.

- the determination of the ML/TF risk associated with each institution. The EBA is proposing to put in place a harmonised methodology that all national supervisors will apply when assessing an institution's inherent risks, the quality of controls and the residual risks that remain after the controls have been applied. The proposed approach will ensure that supervisors' entity-level risk assessments are consistent with comparable outcomes across Member States. It would also reduce regulatory burden for cross-border institutions, especially because different supervisors' information requests would be aligned.
- the extent and quality of information institutions will have to obtain as part of the customer due diligence process under the new AML/CFT regime. To achieve effective outcomes, and to limit the cost of compliance, the EBA is proposing a framework within which institutions can choose the most appropriate approach to the extent that it is in compliance with the new AML Regulation. For example, the EBA lists the types of documents and sources of information that institutions should consult, rather than specify the documents and sources themselves.
- on indicators and criteria to be taken into account when setting the level of pecuniary sanctions or taking administrative measures including developing a methodology on how to impose periodic penalty payments. The aim is to ensure that AML/CFT breaches are assessed in the same way by all supervisors across the EU and that the enforcement action is proportionate, dissuasive and effective.

The European Commission has asked the EBA to prepare the above-mentioned technical standards to support the rapid and effective start of AMLA operations. The EBA will submit its response with the above-mentioned technical standards to the European Commission on 31 October 2025.

Comments to the consultation paper can be sent by clicking on the 'Submit response' button on the [EBA's consultation page](#). The deadline for the submission of comments is **6th June 2025**. The EBA will consider the feedback received to this consultation when finalising the response to the European Commission's Call for advice.

All contributions received will be published following the end of the consultation, unless requested otherwise.

Furthermore, the EBA will hold a virtual public hearing on the consultation paper on 10 April 2025 from 14:00 CET. Interested stakeholders can register using this [link](#) by 8 April 2025 at 16:00 CET.

The CySEC encourages the Regulated Entities to respond to the said consultation paper.

Sincerely,

Dr George Theocharides
Chairman, Cyprus Securities and Exchange Commission