

**Anti Money Laundering Regulation:
Respect the Regulation's Purpose!
Avoid unintended Consequences for Corporates!**

In a nutshell:

The German and European business community strongly supports the EU's fight against financial crime and welcomes the EU Anti Money Laundering Regulation [AMLR, Regulation (EU) 2024/1624] as a cornerstone in that cause. However, in the corporate practice, the AMLR revealed legal uncertainties, which need to be tackled to avoid misinterpretation, maintain the purpose and intention of the regulation and to improve its usability. Essentially, two shortcomings must be addressed:

1. Corporates are not to be treated as Financials

The AMLR, applicable from 10 July 2027, introduces the category of "*financial mixed activity holding companies*". As currently framed, this definition could potentially submit industrial undertakings to full anti-money laundering (AML) obligations despite the absence of meaningful money-laundering or terrorist-financing (ML/TF) risks. This approach is not in line with Art. 2(1)(6) lit. a AMLR. It disregards that a financial institution within an industrial group primarily exists to support industrial or commercial operations rather than to pursue independent financial business. It furthermore disregards that the group's core business itself, manufacturing, engineering, or goods trading, is not supposed to fall under the scope of the AMLR. In addition, it neglects the fact that the relevant financial institutions within the group are already fully regulated and supervised as obliged entities.

2. An indirect Extension of the AMLR's Scope of Application must be avoided

Anti-money laundering obligations must not be extended to activities beyond the scope of the AMLR. In general, the AMLR relieves traders in goods from AML obligations. The EU-wide cash payment ceiling mitigates the risk posed by traditional goods dealers. Still, companies dealing in high-value goods or controlling obliged financial institutions or other obliged entities (financial mixed-activity holding companies and non-financial mixed activity holding companies) as parent undertakings could face full compliance obligations in place under the AMLR. An application of due diligence processes across their entire product portfolio could

be the consequence, even though such goods are not covered by the scope of the AMLR, as the risk of these goods is considered negligible. Such a “contamination” stands in contrast to the principles of proportionality and a risk-based assessment immanent to the AMLR.

Not addressing these two shortcomings would result in the following grave consequences for corporates:

- Disproportionate costs for industrial and commercial groups whose core businesses are non-financial and low-risk.
- Undermining the AMLR’s risk-based approach by diverting resources away from genuinely risk-bearing activities towards low-risk sectors.
- Creation of competitive disadvantages for companies of the same sector that are not classified as obliged entities and can distribute identical unregulated goods without due diligence obligations.

Solutions needed:

Clear, proportionate solutions—through guidance, exemptions, and technical standards—are therefore essential to ensure that industrial groups and mixed-activity undertakings are regulated in line with the AMLR’s risk-based philosophy and broader EU policy objectives.

A legally certain, differentiated, and risk-based application of due diligence obligations that captures only genuinely risk-bearing business activities and avoids contamination of low-risk or unregulated operations is needed and achieved by the following means:

1. Interpretative Guidance

It is to be clarified that industrial undertakings are not to be treated as obliged entities only due to the existence of a financial institution or another obliged entity within the group. Such a clarification corresponds to the wording of Article 2(1)(6)(a) AMLR (EU 2024/1624) referring to the “principal activity” of an industrial undertaking. In the same way, the entire product portfolio of industrial undertakings is not to be made subject to due diligence obligations solely because of specific, regulated high-risk activities. AML obligations should not extend beyond the scope set out in the AMLR.

2. Targeted Exemptions

Targeted carve-outs are to be introduced for (i) holdings where financial institutions represent only a non-majority share of overall group activity and the European financial institutions are fully supervised under AML rules and for (ii) undertakings whose principal activity is not the acquisition of holdings.

3. Proportionate Treatment in AMLA Technical Standards

AMLA Regulatory Technical Standards need to explicitly allow simplified governance and reporting obligations for low-risk industrial and commercial undertakings and

permit reliance on AML controls implemented at the level of regulated financial institutions. For obliged entities within mixed-activity groups, the risk-based approach must ensure that only risk-bearing business activities are subject to full due diligence requirements, with reduced or no obligations for non-risk-relevant operations. This clarification should explicitly exclude the general contamination of unregulated goods and low risk trading activities.

4. National-Level Engagement / Adequate Representation of Corporates

Member States should engage with the European Commission and AMLA to ensure that low-risk industrial and commercial undertakings are not unintentionally captured by the AMLR through purely structural criteria or broad interpretations of mixed-activity categories. Coordination at national level should promote consistent, risk-based implementation and prevent competitive distortions within and across Member States. In addition, an adequate representation of corporates within AMLA working committees and other European institution expert groups addressing Anti Money Laundering needs to be ensured in order to prevent unintended consequences for corporates

We kindly ask you to initiate steps aiming to remove the potential unintended consequences for corporates outlined above and remain at your disposal for further discussions.

Policy requests: Scenarios and observations from the corporate practice underlining the need for solutions:

Ensure proportionate AML obligations

A purely group-structure-based interpretation that classifies industrial parent companies as “financial mixed activity holding companies” would extend AML obligations far beyond the entities that actually conduct financial activities. As a result, industrial parent companies whose core business consists of research and development, manufacturing, sales and after-sales services would become subject to AML requirements solely because a regulated financial institution forms part of the group.

Prevent duplicative AML checks

The practical consequences would be significant. AML customer due diligence, documentation and risk assessment processes could extend to industrial business relationships, even where the relevant financial transactions are already monitored by regulated banks, leasing companies or financing entities within the group. This would create overlapping controls and duplicate compliance structures without a clear increase in AML effectiveness and without cause: the industrial business model bears no corresponding AML risk. It is separated from the Financial Service-related business model in the group and - totally different from cases like Wirecard - not interlocked with or used to leverage the Financial Service-business.

Limit excessive AML governance burdens

The organisational impact would be equally substantial. Industrial parent companies would need to establish or significantly expand AML governance frameworks, including dedicated AML officers, Compliance Manager and other compliance functions, training programmes, monitoring activities and other processes. In parallel, centralised AML information-sharing platforms and group-wide data management systems would need to incorporate data from both obliged and non-obliged entities, creating additional complexity in relation to data governance, cross-border information flows and data protection requirements.

Avoid costly obligations with limited AML impact

These obligations would inevitably result in increased staffing, IT investments, external legal advisory costs, governance processes and documentation requirements, particularly for large international industrial groups. At the same time, the incremental AML benefit appears limited, as the underlying risks are already identified, monitored and supervised at the level of the regulated financial institutions within the group.

Prevent disproportionate supervision of industrial groups

From a supervisory perspective, this creates a risk that industrial parent companies are effectively treated in the same manner as entities whose core business consists of financial

intermediation, despite fundamentally different activities and risk profiles. Such an outcome is difficult to reconcile with a risk-based and proportionate AML framework.

Reduce unnecessary regulatory complexity & strengthen the competitiveness of European industry

Moreover, the classification of industrial parent companies as “financial mixed activity holding companies”, together with the resulting compliance costs and administrative burdens, appears difficult to align with broader European policy objectives aimed at reducing unnecessary regulatory complexity, simplifying compliance obligations and strengthening the competitiveness of European industry. A more activity-, function- and risk-based approach would maintain effective AML oversight where risks actually arise while avoiding the unintended consequence of imposing equivalent regulatory obligations on businesses that do not present equivalent AML risks.

Illustrating example from the corporate practice (health care industry):

"Infection" of an Industrial Group through an Intra-Group Insurance Intermediary:

An internationally operating healthcare group whose core business consists predominantly of non-financial activities has, within its corporate structure, a subsidiary licensed as an insurance intermediary pursuant to Section 34d(1) of the German Trade Regulation Act (GewO). The company acts exclusively as the group's internal insurance function and supports group companies in implementing collectively agreed and occupational pension arrangements for employees, in particular through direct insurance policies and salary conversion schemes. It does not broker any other insurance products that are relevant for anti-money laundering purposes.

Although the company's activities are performed exclusively within the group and are purely ancillary in nature, the current framework of the Anti-Money Laundering Regulation (AMLR) creates a risk that the company may qualify as a financial institution. Consequently, the group's parent company could be classified as a **financial mixed-activity holding company**, thereby bringing the holding company itself within the scope of the AMLR.

The implications would extend far beyond the regulation of the insurance intermediary itself. Such a classification could trigger extensive group-wide AML/CFT obligations for the entire corporate group, including the establishment of group-wide risk assessments, governance arrangements, internal controls, policies and procedures, reporting lines and other compliance measures. These obligations would also apply to entities whose activities are exclusively industrial or healthcare-related and which, by their very nature, do not present a material money laundering or terrorist financing risk.

This example illustrates that, in its current form, the AMLR may lead to disproportionate compliance obligations being imposed on low-risk industrial groups solely because of an

ancillary financial or insurance activity performed within the group. In our view, such an outcome is not consistent with the Regulation's risk-based approach.

Against this background, we propose considering a **targeted exemption** analogous to the exemption provided for in Article 6 (Exemptions for Certain Financial Activities). Such an exemption could be extended to **financial mixed-activity holding companies** whose subsidiaries technically qualify as financial institutions but perform only **ancillary financial activities** exclusively within the group and do not expose the group to a material money laundering or terrorist financing risk.

This would ensure that the AMLR remains focused on entities and groups presenting genuine AML/CFT risks, while avoiding unintended and disproportionate regulatory consequences for industrial groups whose limited intra-group financial activities are merely supportive and incidental to their non-financial core business.

Trade Associations supporting this Initiative:

BCM – Berufsverband der Compliance Manager

BCM is the leading professional association for compliance managers in the German-speaking countries, with approximately 1,300 members, who are exclusively in-house compliance officers from companies, associations and other organisations personally and voluntarily involved in the association.

BUJ – Federal Association of Corporate Lawyers in Germany

The Federal Association of Corporate Lawyers (BUJ) is the largest independent advocacy group for corporate lawyers and professional voice of in-house counsels in Germany. It is an association of lawyers dealing with legal matters in companies, foundations, associations, institutions, public entities or diplomatic missions, without, however, primarily advising third parties.

Deutsches Aktieninstitut

As the voice of the capital market, Deutsches Aktieninstitut has been representing the interests of listed companies and other key players in the capital market since 1953. Deutsches Aktieninstitut also manages the office of the Government Commission of the German Corporate Governance Code ('Regierungskommission Deutscher Corporate Governance Kodex').

DICO

DICO - the German Institute for Compliance e.V. – is the voice of compliance in Germany founded in November 2012 at the instigation of leading compliance practitioners and experts. As a non-profit association, it now counts over 1000 members from all sectors in Germany, from DAX-listed companies and SMEs to auditing and consulting firms, NGOs and academia. Dico is an independent interdisciplinary network for exchange and as a central forum for the consistent and practice-oriented promotion and further development of compliance in Germany.

ENFCO

ENFCO (European Network for Compliance Officers) is a network of not-for-profit associations for in-house compliance professionals across Europe. The organisation facilitates the cooperation and communication between the participating associations and their incorporated professionals in the best spirit of a European community, according to the network's mission goals.

VCI

Verband der Chemischen Industrie e. V. (VCI) is Europe's largest association for chemicals, pharmaceuticals and biotechnology. Together with its 22 sector and regional organisations, the VCI represents the interests of around 2,000 member companies –from global players to

highly specialised small and medium-sized enterprises. With sales of 230 billion euros in 2025 and round about 545,000 staff in Germany, the sector ranks among the major drivers of innovation, prosperity and future. The VCI works in Germany, Europe and worldwide for a strong chemical-pharmaceutical industry of today and tomorrow.

VDA

The German Association of the Automotive Industry (VDA) consists of more than 620 companies involved in production for the automotive industry in the Federal Republic of Germany. The members are divided into three manufacturer groups automobile manufacturers, automotive suppliers, and trailers, special bodies, buses.