

European Banking Authority  
Floor 24-27, Tour Europlaza  
20 Avenue André Prothin  
92400 Courbevoie, France

8 October 2025

Dear Sir or Madam,

## AIMA comments on EBA consultation on draft Guidelines on third-party risk management with regard to non-ICT-related services

The Alternative Investment Management Association (“AIMA”)<sup>1</sup> appreciates the opportunity to respond to the European Banking Authority’s (“EBA”) consultation paper on its draft Guidelines on third-party risk management with regard to non-ICT related services (the “draft Guidelines”).<sup>2</sup>

AIMA represents a broad membership of alternative investment fund managers and other investment professionals globally. Our members rely on outsourcing and third-party service providers (“TPSPs”) to access the expertise, scalability and operational efficiency required to meet investors’ expectations and regulatory obligations. Outsourcing is not merely a convenience but a structural necessity, in particular for smaller and mid-sized financial entities, enabling them to access sophisticated and cost-effective support that might otherwise be unattainable.

We recognise the EBA’s objective to promote operational resilience and sound internal governance in third-party risk management (“TPRM”). AIMA supports the effort to ensure alignment with the Digital Operational Resilience Act (“DORA”)<sup>3</sup> and to extend sound risk management principles to non-ICT third-party arrangements. We also appreciate the emphasis on proportionality and a transitional period, both of which are crucial to allow financial entities to adapt effectively.

We note that the draft Guidelines represent an important step in the evolution of supervisory expectations from a narrow focus on outsourcing to a holistic framework for TPRM. This evolution mirrors the intent of

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<sup>1</sup> AIMA is the world’s largest membership association for alternative investment managers. Its membership has more firms, managing more assets than any other industry body, and through our 10 offices located around the world, we serve over 2,000 members in 60 different countries. AIMA’s mission, which includes that of its private credit affiliate, the Alternative Credit Council (ACC), is to ensure that our industry of hedge funds, private market funds and digital asset funds is always best positioned for success. Success in our industry is defined by its contribution to capital formation, economic growth, and positive outcomes for investors while being able to operate efficiently within appropriate and proportionate regulatory frameworks. AIMA’s many peer groups, events, educational sessions, publications and practical tools like its Due Diligence Questionnaires and industry sound practice guidance available exclusively to members, enable firms to actively refine their business practices, policies, and processes to secure their place in that success. For further information, please visit AIMA’s website, [www.aima.org](http://www.aima.org).

<sup>2</sup> EBA, “[Consultation paper on draft Guidelines on the sound management of third-party risk](#)” (July 2025).

<sup>3</sup> [Regulation \(EU\) 2022/2554](#) of the European Parliament and of the Council of 14 December 2022 on digital operational resilience for the financial sector.



DORA and the growing recognition of dependencies on service providers across the financial sector. However, this must not come at the cost of over-prescription or excessive administrative burden, particularly where the risks are limited or already mitigated through other regulatory mechanisms.

AIMA welcomes the EBA's continued commitment to strengthening TPRM while recognising the importance of outsourcing to the functioning and competitiveness of Europe's financial markets. In our view, the most effective TPRM framework is one that is:

- Principles-based, allowing flexibility to tailor controls to the nature and materiality of the service;
- Risk-proportionate, focusing supervisory attention on genuinely critical dependencies; and
- Coordinated, ensuring alignment across the EBA, the European Securities and Markets Authority ("ESMA") and national competent authorities ("NCAs") to avoid conflicting obligations.

We support the overarching goals of harmonisation, resilience and accountability. However, we also wish to highlight several areas where the draft Guidelines, in their current form, may create unnecessary duplication, uncertainty or disproportionate burdens, particularly for smaller investment firms and those already operating within established EU regulatory frameworks such as DORA, AIFMD,<sup>4</sup> the UCITS Directive<sup>5</sup> and MiFID II.<sup>6</sup>

We respectfully urge the EBA to ensure that the final Guidelines:

- Apply the proportionality principle in a clear, consistent and substantive manner;
- Limit mandatory requirements (e.g., contractual terms) to critical or important functions;
- Provide meaningful flexibility regarding international standards and subcontracting oversight;
- Avoid duplication with other sectoral frameworks and allow reliance on existing sectoral frameworks where appropriate (e.g., registers of information as compared to existing record-keeping requirements); and
- Fully take into consideration accurate cost benefit assessments of the burdens imposed relative to the costs across all firms to which the Guidelines apply.

We remain committed to working constructively with the EBA and other European Supervisory Authorities to promote a practical, risk-based and proportionate approach to TPRM that safeguards financial stability while reducing regulatory burdens and supporting innovation, growth and competitiveness.

We would be happy to elaborate further on any of the points raised in this response. For more information, please contact James Delaney, Managing Director, Asset Management Regulation ([jdelaney@aima.org](mailto:jdelaney@aima.org)).

Yours faithfully,

A handwritten signature in blue ink, appearing to read "J. Król".

Jiří Król  
Deputy CEO, Global Head of Government Affairs

<sup>4</sup> [Directive 2011/61/EU](#) of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers.

<sup>5</sup> [Directive 2009/65/EC](#) of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

<sup>6</sup> [Directive 2014/65/EU](#) of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.

## ANNEX

In general, the obligations set out in the draft Guidelines are broadly consistent with those under DORA for ICT services and the EBA's 2019 Guidelines on outsourcing.<sup>7</sup> While much of the content was therefore anticipated, AIMA members would like to offer some observations and comments on specific areas.

### Importance of proportionality and clarity of scope

AIMA welcomes the explicit recognition of the proportionality principle within the draft Guidelines (Paragraph 22). This principle is key to ensuring that compliance expectations remain appropriate given a firm's size and internal organisation and the nature, scope and complexity of its activities.

However, greater clarity is needed regarding how proportionality should be applied in practice and specifically, which requirements may legitimately be scaled back or disapplied for smaller or less complex financial entities. For example, on the risk assessment of third-party arrangements or the requirement for the management body to regularly review the risks identified in respect to third-party arrangements. Without further guidance, there is a risk that NCAs will interpret proportionality inconsistently, creating uneven supervisory expectations across jurisdictions.

We also recommend that the EBA provide further clarity on the boundary between *outsourcing* and *third-party arrangements* and the classification of *critical or important functions*. Ambiguity on these points may lead to inconsistent implementation, particularly given that ESMA and other authorities may draw upon these final Guidelines for their own sectoral frameworks.

### Application to all third-party arrangements

Paragraph 61 of the draft Guidelines requires financial entities to maintain an updated register of information on *all* third-party arrangements at individual and at sub-consolidated and consolidated levels, and document *all* current third-party arrangements, distinguishing between arrangements for the provision of critical or important functions and other third-party arrangements, regardless of materiality. While AIMA supports maintaining clear records for critical or important functions, a universal register would impose disproportionate burdens without clear supervisory benefit.

We recommend limiting the register requirement to third-party arrangements when they are used to provide critical or important functions, consistent with a risk-based approach that is more in line with the EU's simplification and administrative burden reduction agendas. Financial entities should continue to notify NCAs when a service becomes critical or important, rather than documenting all third-party relationships.

### Contractual obligations and exit strategies

The draft Guidelines extend detailed contractual arrangements to *all* third-party arrangements, not just those relating to critical or important functions. This represents a significant broadening compared to the EBA's 2019 outsourcing guidelines and may be impractical in many cases. Financial entities may find difficulty in negotiating and getting some of the terms required by these guidelines to be accepted by some large suppliers, such as, *inter alia*, the right of the financial entity to monitor the TPSP's performance on an ongoing basis, which entails full access to all relevant business premises (e.g., operation centres), including the full range of relevant devices, systems, networks, information and data used for providing the function.

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<sup>7</sup> EBA, "[Guidelines on outsourcing arrangements](#)", (February 2019).

Non-critical arrangements, such as facilities management or administrative support, should not be subject to the same prescriptive contractual requirements as critical third-party arrangements. A risk-based approach would be more proportionate and would avoid introducing contractual complexity that offers limited resilience benefits.

Similarly, while AIMA supports the principle of maintaining exit strategies for critical services, the requirement for such plans to be tested (Paragraph 118 of the draft Guidelines) may not always be feasible in practice. Testing exit plans across all arrangements would impose significant cost and operational burden, especially for smaller financial entities. We therefore recommend allowing a proportionate and principles-based application of this requirement.

#### ESG risks and ethical standards for third-country providers

Paragraph 83 of the draft Guidelines proposes that financial entities ensure that third-country TPSPs and their subcontractors act in an ethical and socially responsible manner, take into account environmental, social and governance (“ESG”) risks and adhere to international standards on human rights, environmental protection and labour conditions. While AIMA supports these principles, we caution that the multiplicity of global standards and frameworks could make uniform application challenging.

As an example, the European Commission’s Omnibus proposal scales back mandatory sustainability disclosures for companies, including plans to remove 80% of companies from the scope of its Corporate Sustainability Reporting Directive (“CSRD”), and limiting the sustainability information that large companies can request from smaller companies.<sup>8</sup>

We suggest allowing financial entities flexibility to select the most relevant and credible standard for their business model – whether international, regional or proprietary – rather than mandating adherence to specific global frameworks. This would ensure greater consistency with firms’ existing corporate responsibility and sustainability strategies while maintaining the EBA’s intended outcome.

#### Overlap with DORA and other sectoral regulations

Many AIMA members are already implementing comprehensive DORA frameworks for ICT-related services. The draft Guidelines’ parallel requirements for non-ICT services, while conceptually aligned, could result in duplication of processes, registers and reporting.

We therefore recommend that the EBA clarify how the draft Guidelines are intended to interact with DORA, AIFMD, UCITS, MiFID II and other sectoral regulations. In particular, it would also be helpful to encourage NCAs to coordinate supervisory expectations to minimise overlap.

Inconsistent application between EBA and ESMA frameworks could otherwise create unnecessary complexity and cost for investment managers, ultimately to the detriment of end investors.

#### Governance and management body responsibilities

The enhanced role and expanded responsibilities of the management body in overseeing third-party risk – covering strategy approval, periodic review and detailed oversight – may require additional resources and training for senior management, especially in smaller financial entities.

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<sup>8</sup> See [https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting\\_en](https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en).



We recommend that the EBA clarify the expected depth of oversight to ensure it remains proportionate and does not impose unrealistic expectations on boards of smaller institutions.

AIMA strongly supports the recognition of pooled audits and shared assurance mechanisms among financial entities using the same TPSP (Paragraph 103). Such collaborative approaches enhance efficiency, reduce the organisational burden and are particularly valuable where smaller firms have limited leverage over large global providers.

#### Subcontracting and concentration risk

The proposed requirements on subcontracting introduce additional obligations for financial entities to maintain a “holistic view” of all sub-service providers. While we understand the rationale, this may not always be achievable in practice. TPSPs may be unwilling or unable to disclose detailed information on their supply chains for commercial or legal reasons.

AIMA suggests that due diligence focus on assessing the TPSP’s subcontracting governance and risk-management framework, rather than requiring full transparency of all subcontractors. This would strike a pragmatic balance between effective oversight and commercial feasibility.

Similarly, while we recognise the systemic importance of concentration risk, it remains extremely difficult for individual financial entities to assess such risk accurately. The EBA may wish to consider whether competent authorities could take a more centralised role in mapping market-wide dependencies to supplement firms’ own assessments.

#### Intragroup arrangements

AIMA welcomes the recognition that intragroup arrangements should be subject to differentiated treatment (Paragraph 50). Within many investment firms, shared services are provided by entities under common ownership and oversight, with established governance and transparency. Applying the same level of scrutiny as for third-party external providers would be disproportionate.

We therefore support a lighter approach for intragroup arrangements, focusing on ensuring effective oversight rather than duplicating external due diligence or contractual formality.

#### Implementation and transitional period

We appreciate the proposed transitional period; however, we would encourage the EBA to confirm that this applies to both new and existing arrangements and that NCAs will take a pragmatic supervisory approach during the transition.

Given the breadth of the proposed scope and the need to review numerous contractual and governance frameworks, this period is essential to allow financial entities to adapt in an orderly and resource-efficient manner.