

A&O SHEARMAN



Regulatory monitoring

NEWSLETTER
MAY 2025

Contents

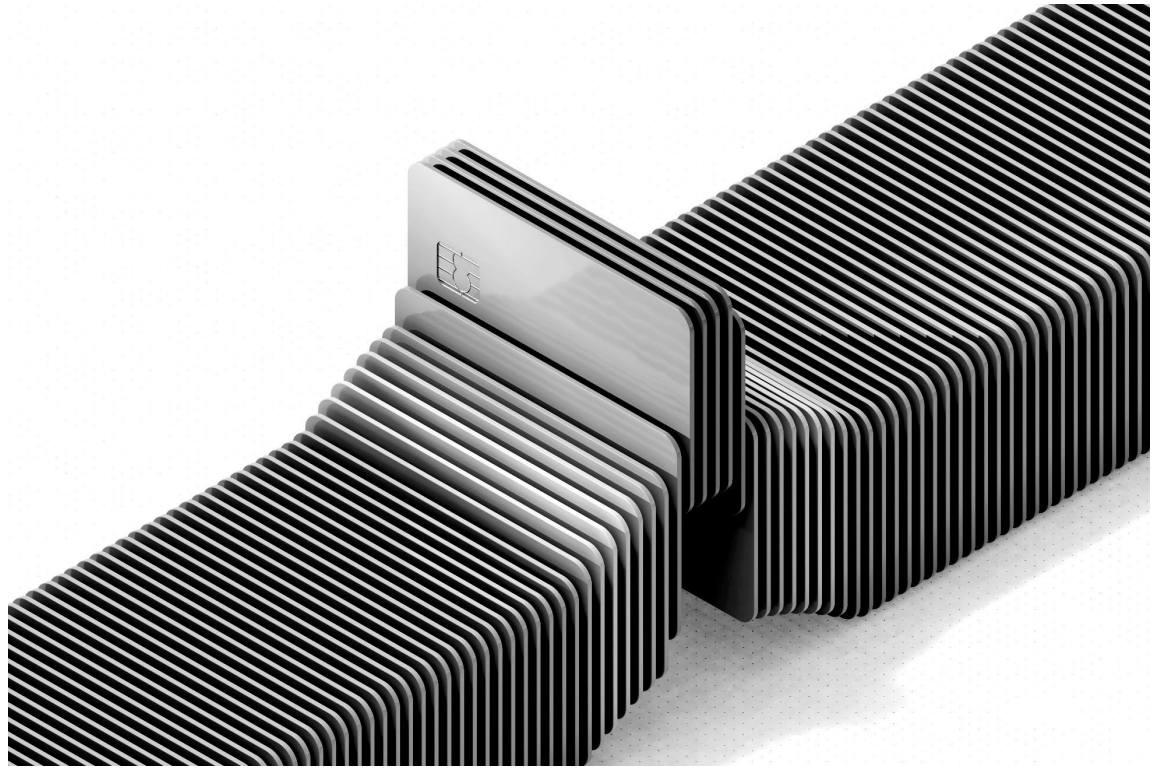
1.	Bank regulation	8
1.1	Prudential regulation	8
a)	General	8
	ECON: Study on the EU Banking Sector and Competitiveness	8
	BCBS: Discussion of key initiatives.....	8
	FSB: Deputy Secretary General speech on guardrails for growth: ensuring financial stability through thoughtful regulation	9
	BCBS: Press release on the reaffirmation of expectations to implement Basel III and discussion of work on the financial impact of extreme weather events	9
b)	Solvency/Own funds issues	9
	BaFin: English translation on the General Administrative Act ordering a systemic risk buffer under Section 10e of the KWG (<i>Englische Übersetzung zur Allgemeinverfügung zur Anordnung eines Kapitalpuffers für systemische Risiken nach § 10e KWG</i>).....	9
	BaFin: Protocol on the 17th meeting of the expert committee on commercial transactions (<i>Protokoll der 17. Sitzung des Fachgremiums Handelsgeschäfte</i>).....	10
	EBA: Opinion on measures in accordance with Article 458 CRR.....	10
	EBA: Repeal of Guidelines on specification of types of exposures to be associated with high risk	10
	Commission Delegated Regulation (EU) 2025/855 amending the RTS laid down in Delegated Regulation (EU) 2021/931 as regards the specification of the formula for calculating the supervisory delta of call and put options mapped to the commodity risk category.....	11
c)	Liquidity	11
	EBA: Updated report on monitoring of LCR and NSFR	11
d)	Risk management/SREP/Pillar 2/Outsourcing/NPL	12
	EC: Call for advice to EBA for second benchmarking of national loan enforcement frameworks.....	12
e)	Cyber security	12
	Corrigendum to Commission Delegated Regulation (EU) 2024/1774 supplementing DORA with regard to RTS specifying ICT risk management tools, methods, processes, and policies and the simplified ICT risk management framework	12
f)	Internal governance/“Authorised Persons Regime”	13

	BaFin: Consultation 11/2025 on a Circular regarding members of the management as well as members of administration and supervisory bodies pursuant to the German Banking Act (<i>Konsultation 11/2025 eines Rundschreibens zu den Mitgliedern der Geschäftsleitung sowie von Verwaltungs- und Aufsichtsorganen gemäß KWG</i>).....	13
g)	Deposit protection	13
	EBA: Observation that EU Deposit Guarantee Scheme funds to protect depositors against bank failures have reached €79bn	13
h)	Qualifying holdings	14
	BaFin: Consultation 12/2025 on a Regulation simplifying holder control procedures and specific disclosure of individuals (<i>Konsultation 12/2025 über eine Verordnung zur Vereinfachung von Inhaberkontrollverfahren und bestimmter Personenanzeigen</i>)	14
i)	Disclosure	14
	EBA: Consultation on draft ITS amending Commission Implementing Regulation (EU) 2024/3172, as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities.....	14
1.2	Recovery and resolution	15
	EBA: Final report on draft ITS on the provision of information for the purposes of resolution plans pursuant to the BRRD and repealing Commission Implementing Regulation (EU) 2018/1624	15
2.	Investment firms regulation	16
	BaFin: General Administrative Act on remuneration reports for investment firms (<i>Allgemeinverfügung zu Vergütungsanzeigen für Wertpapierinstitute</i>)	16
3.	Market regulation/ Conduct rules	17
3.1	Benchmarks	17
	Regulation (EU) 2025/914 amending Regulation (EU) 2016/1011 as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country, and certain reporting requirements	17
3.2	Capital markets union	17
	ECON: Draft report on safeguarding and promoting financial stability amid economic uncertainties	17
3.3	Consumer protection rules	18
	BaFin: Results of comprehensive market study on investment certificates (<i>Ergebnisse der umfassenden Marktstudie zu Anlage-Zertifikaten</i>).....	18
	ESMA: Request towards social media companies to tackle unauthorised financial ads	18
	IOSCO: Statement on combatting online harm and the role of platform providers	18

	IOSCO: Final reports on influencers, online imitative trading practices and digital engagement practices	19
3.4	Market abuse	19
	ESMA: Final report on technical advice concerning MAR and MiFID II SME growth market.....	19
3.5	MiFID/MiFIR	20
	BaFin: Results of comprehensive market study on investment certificates (<i>Ergebnisse der umfassenden Marktstudie zu Anlage-Zertifikaten</i>).....	20
	BaFin: Draft product intervention measure pursuant to Article 42 MiFIR and Section 15(1)(2) of the German Securities Trading Act on turbo certificates (<i>Entwurf einer Produktinterventionsmaßnahme nach Art. 42 MiFIR und § 15 Abs. 1 S. 2 WpHG zu Turbo-Zertifikaten</i>)	20
	ESMA: Request towards social media companies to tackle unauthorised financial ads	20
	Commission Delegated Regulation (EU) 2025/1003 supplementing MiFIR as regards OTC derivatives identifying reference data to be used for the purposes of the transparency requirements laid down in Article 8a(2) and Articles 10 and 21 MiFIR	21
	ESMA: Call for evidence on the retail investor journey on understanding retail participation in capital markets.....	21
	EC: Omnibus IV proposal to reduce burdens for small mid-cap companies	21
	EC: Call for evidence on fostering integration, scale and efficient supervision in single market as part of SIU	22
	EC: Adoption of two Delegated Regulations on DRSP fines and fees.....	22
	ESMA: Final report on technical advice concerning MAR and MiFID II SME growth market.....	23
	ESMA: Response to the EC commodity derivatives review	23
3.6	Packaged retail and insurance-based investment products (PRIIPs)	24
	ESAs: Consolidated Q&A on the PRIIPs KID	24
3.7	Securities financing transactions	24
	ECON: Report on the proposal for a Regulation regarding a shorter settlement cycle	24
	ECB: Survey on euro-denominated securities financing and OTC derivatives	24
4.	Market infrastructure	26
4.1	Custody rules	26
	Council of the EU: Agreement on position on shorter settlement cycle.....	26

	ECON: Draft report on amendment of CSDR as regards a shorter settlement cycle in the Union	26
4.2	EMIR	26
	Corrigendum to Regulation (EU) 2024/2987 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country CCPs and improve the efficiency of Union clearing markets.....	26
	ESMA: Response to the EC commodity derivatives review	26
5.	Anti-money laundering	27
	FSB/FATF: First meeting of the forum on Cross-Border Payments Data	27
6.	Payments	28
6.1	Payment services/E-money	28
	ECB: Postponement of the amendment to the TARGET Guideline	28
	FSB/FATF: First meeting of the forum on Cross-Border Payments Data	28
6.2	Payment accounts	28
	BaFin: Supervisory statement on the expectations regarding PSD2 account access interfaces (<i>Aufsichtsmittteilung über die Erwartungshaltung zu PSD2-Kontozugangsschnittstellen</i>)	28
7.	Institutional supervisory framework	29
	EBA: 2024 annual report on Work Programme Achievements – Part 1.....	29
8.	Investment funds	30
8.1	Prudential regulation	30
a)	Compliance	30
	BaFin: FAQ on the ELTIF Regulation (<i>FAQ zur ELTIF-Verordnung</i>).....	30
	BaFin: Application of ESMA Guidelines on stress test scenarios under the MMF Regulation (<i>Anwendung der ESMA Leitlinien für Stresstestszenarien nach der Geldmarktfondsverordnung</i>).....	30
	Corrigendum to Regulation (EU) 2024/2987 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country CCPs and improve the efficiency of Union clearing markets.....	30
	ECON: Draft report on access to finance for SMEs and scale-ups	31
	EC: Call for evidence on fostering integration, scale and efficient supervision in single market as part of SIU	31

	IOSCO: Revised recommendations for liquidity risk management for collective investment schemes.....	31
	FSB: Remarks on leverage in non-bank financial intermediation (NBFi).....	32
9.	Special topics	33
9.1	FinTech/Digital finance	33
	EBA: Release of final technical package for the 4.1 reporting framework to support identification and assessment of crypto asset providers and the Pillar 3 data hub	33
	EBA: Onboarding plan for new Pillar 3 data hub.....	33
	IOSCO: Statement on combatting online harm and the role of platform providers.....	33
9.2	AI	34
	ECON: Draft report on the impact of AI on the financial sector.....	34
9.3	Sustainable finance	34
	EBA: Consultation on draft ITS amending Commission Implementing Regulation (EU) 2024/3172, as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities.....	34
	Regulation (EU) 2025/914 amending Regulation (EU) 2016/1011 as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country, and certain reporting requirements	34
	ESMA: Consultation on draft RTS under the Regulation on the transparency and integrity of ESG rating activities	35
	EC: Call for evidence for the revision of the SFDR.....	35
	ESMA: Guidelines on the enforcement of sustainability information	35
	IOSCO: Sustainable bonds report	36



More information
under reggateway.com

RegGateway

The All-in-One solution for regulatory monitoring & compliance

FEATURES

HORIZON SCANNING/REGULATORY MONITORING

Identify new regulatory developments easily and tailored to the specific type of regulated firm, so that only relevant changes appear.

FINANCIAL REGULATORY LAW SOURCEBOOK

A categorised collection of all laws in the field of financial regulatory law for Europe and Germany (constantly being expanded), which can be compiled as an obligation register and commented on as desired.

IMPLEMENTATION MANAGEMENT

Effective implementation (including tailored impact analysis and gap analysis) of new legislation and agile control using our project management tool (including KPIs).

CHANGE ANALYSIS AND PREVIEW OF RULES

Read the future versions of a law early, including the official explanatory memorandum, and identify any legislative changes.

1. Bank regulation

1.1 PRUDENTIAL REGULATION

a) General

(i) EU

ECON: Study on the EU Banking Sector and Competitiveness

Status: Final

The study on enhancing EU competitiveness in the banking sector, requested by the ECON, has been published by the Economic Governance and EMU Scrutiny Unit. The study emphasises the importance of a resilient and efficient banking sector for EU competitiveness. Building on its analysis, the study recommends that, to achieve this, the EU should first prioritise the defragmentation of the banking market, and then, simplify and streamline the prudential framework for banks without compromising resilience.

In line with these priorities, it sets out the following recommendations for the EC to address in its forthcoming 2026 report on the EU banking sector: (i) completion of the Banking Union to enhance the EU-wide allocation of credit by moving closer to the goal of a single banking system and to strengthen financial resilience by eliminating the threat of the bank-sovereign cycle; (ii) integration of macroprudential decision-making in the banking union and simplifying the capital stack, including the set of loss-absorbing requirements, to reduce complexity and allow banks, particularly medium-sized ones, to focus more on core lending activities; and (iii) complementary reforms as additional options to support the two higher-priority recommendations above, including: (a) elimination of national gold plating; (b) harmonisation of accounting, by considering the imposition of mandatory international financial reporting standards (IFRS) for consolidated financial statements of all EU banks, and potentially a simplified IFRS for SMEs for individual accounts; (c) enhancement of consumer protection, starting with a comprehensive comparison of consumer protection regimes in all member states; and (d) improving supervisory practices.

Date of publication: 26/05/2025

(ii) International

BCBS: Discussion of key initiatives

Status: Final

The BCBS has published the results from its meeting to discuss a range of initiatives. The discussions focused on: (i) recent market developments and the financial stability outlook for the global banking system; (ii) progress on efforts to strengthen supervisory effectiveness following the 2023 banking turmoil. An update on the outcome of this work will be published by the end of the year; (iii) comments received to the BCBS consultation on third-party risk management in the banking sector. The BCBS aims to finalise principles for third-party risk management by the end of 2025; (iv) the use of technological innovation to make Pillar 3 disclosures more accessible in machine-readable formats. The BCBS plans to consult on this proposal by the end of the year; and (v) prioritising the analysis of financial risks from extreme weather events. The BCBS is also mandated to publish the voluntary climate-related financial risk disclosure framework, which will be released in June.

Date of publication: 21/05/2025

FSB: Deputy Secretary General speech on guardrails for growth: ensuring financial stability through thoughtful regulation

Status: Final

The FSB has published a speech delivered by Martin Moloney, Deputy Secretary General of the FSB, at the International Council of Securities Associations' Annual General Meeting on the potential for reforming financial regulation in a way that supports, rather than stifles, economic growth. Mr Moloney places particular emphasis on pursuing sustainable economic growth, supported by stable financial markets, for effective regulatory reform and warns against cycles of deregulation and re-regulation. He urges policymakers to critically assess and streamline existing regulatory regimes, noting that both legislative and rule-making processes often fall short in designing optimal regulatory frameworks. Mr Moloney outlines three key challenges with effective regulatory redesign: (i) complexity of objectives: regulatory tools must now serve multiple goals, which can make it difficult to calibrate them proportionately; (ii) industry consultation; while essential, industry feedback tends to gravitate toward consensus on the 'lowest common denominator', not necessarily reflecting the changes that industry would most benefit from; and (iii) global interdependence; regulatory reform is constrained by the need for international consistency as jurisdictions cannot diverge significantly from global norms when creating national-based legislation without facing cross-border consequences.

Date of publication: 20/05/2025

BCBS: Press release on the reaffirmation of expectations to implement Basel III and discussion of work on the financial impact of extreme weather events

Status: Final

The BCBS has published a press release regarding the results of the recent meeting by the Group of Central Bank Governors and Heads of Supervision (GHOS). In particular, the participants unanimously reaffirmed their expectations to implement Basel III in full and consistently as soon as possible, noting that approximately 70% of member jurisdictions have now implemented, or will shortly implement, the standards. The GHOS tasked the Committee with continuing to monitor and assess the full and consistent implementation of Basel III. GHOS members also discussed the Committee's proposed Pillar 3 disclosure framework for climate-related financial risks. The Basel Committee will publish a voluntary disclosure framework for jurisdictions to consider. In addition, the GHOS discussed the Committee's broader work on climate-related financial risks and tasked the Committee with prioritising its work to analyse the impact of extreme weather events on financial risks.

Date of publication: 12/05/2025

b) Solvency/Own funds issues

(i) Germany

BaFin: English translation on the General Administrative Act ordering a systemic risk buffer under Section 10e of the KWG (*Englische Übersetzung zur Allgemeinverfügung zur Anordnung eines Kapitalpuffers für systemische Risiken nach § 10e KWG*)

Status: Final

BaFin has published an English translation on its updated General Administrative Act on the establishment of a capital buffer for systemic risks pursuant to Section 10e of the German Banking Act, establishing a decrease of the sectoral systemic risk buffer for residential mortgage loans from 2% to 1%. That is because BaFin found that the vulnerabilities of the German real estate market have declined significantly, even though they have not been fully

eliminated. The lowering of the systemic risk buffer from 2% to 1% will cause a decrease of around €2 bn to €2.5 bn in the capital currently contained in the banking system. This constitutes around 0.4% of the Core Tier 1 capital in the banking sector. The institutions are required to hold the reduced systemic risk buffer from 1 May 2025.

Date of publication: 07/05/2025

BaFin: Protocol on the 17th meeting of the expert committee on commercial transactions (*Protokoll der 17. Sitzung des Fachgremiums Handelsgeschäfte*)

Status: Final

BaFin has published the protocol on the 17th meeting of the expert committee on commercial transactions. In particular, it details discussions on issues caused by the delay of implementing the Fundamental Review of the Trading Book (FRTB) and about the meaning of Article 461a CRR in that context.

Date of publication: 06/05/2025

(ii) EU

EBA: Opinion on measures in accordance with Article 458 CRR

Status: Final

The EBA has published an opinion in response to a notification from the Norwegian Ministry of Finance regarding its intention to recalibrate the risk weight floor for Norwegian retail residential real estate exposures under Article 458 CRR. The measure, initially introduced on 31 December 2020 and extended until 30 June 2025, will result in the risk weight floor increasing from 20% to 25% starting from 1 July 2025 and remaining in force until 31 December 2026. It applies to all institutions established in Norway that use the Internal Ratings Based approach to calculate capital requirements for relevant exposures, seeking to address systemic risks arising from high household debt and rising real estate prices. The EBA supports the measure but invites the Ministry of Finance to closely monitor and review it to ensure proportionality and avoid overlaps with other regulatory requirements and measures already in place.

Date of publication: 23/05/2025

EBA: Repeal of Guidelines on specification of types of exposures to be associated with high risk

Status: Final

The EBA has repealed its Guidelines on the specification of types of exposures to be associated with high risk. The decision follows the application of the new CRR 3 which no longer includes the high-risk exposure class and now only refers to subordinated debt exposures. As a result, the guidelines are no longer applicable.

Date of publication: 16/05/2025

Commission Delegated Regulation (EU) 2025/878 amending the RTS laid down in Delegated Regulation (EU) 2022/2059, Delegated Regulation (EU) 2022/2060 and Delegated Regulation (EU) 2023/1577 as regards the technical details of back-testing and profit and loss attribution requirements, the criteria for assessing the modellability of risk factors, and the treatment of foreign-exchange risk and commodity risk in the non-trading book

Status: Published in the OJ

Date of entry into force: 28/05/2025

The Delegated Regulation (EU) 2025/878 amending RTS on technical details of back-testing and profit and loss attribution requirements, the criteria for assessing the modellability of risk factors, and the treatment of foreign-exchange risk and commodity risk in the non-trading book, has been published in the OJ. The amendments are being made to reflect amendments made to the CRR which introduced a number of remaining BCBS requirements which are yet to be implemented and some clarifications, including changes to ensure alignment with BCBS international standards.

Key amendments include: (i) updated criteria for classifying trading desks and the removal of the aggregation formula for back-testing and profit and loss attribution requirements; (ii) adjusting documentation requirements to support competent authorities on whether institutions can use market data provided by third-party vendors in the assessment of modellability of risk factors; and (iii) clarifying the calculation of own funds requirements for market risk related to non-trading book positions.

Date of publication: 08/05/2025

Commission Delegated Regulation (EU) 2025/855 amending the RTS laid down in Delegated Regulation (EU) 2021/931 as regards the specification of the formula for calculating the supervisory delta of call and put options mapped to the commodity risk category

Status: Published in the OJ

Date of entry into force: 25/05/2025

The Commission Delegated Regulation (EU) 2025/855 amending the RTS laid down in Delegated Regulation (EU) 2021/931 as regards the specification of the formula for calculating the supervisory delta of call and put options mapped to the commodity risk category, has been published in the OJ. The RTS specifies the formula for calculating the supervisory delta of call and put options mapped to the commodity risk category. This is based on the approach taken in the Basel Framework (CRE52) and, for the purposes of Article 279a(3) CRR, in the standardised approach for counterparty credit risk. The CRR III expanded the scope of Article 279a(3) CRR to cover commodity risk, which required amendment to the RTS.

Date of publication: 05/05/2025

c) Liquidity

(i) EU

EBA: Updated report on monitoring of LCR and NSFR

Status: Final

The EBA has published an updated report on the monitoring of the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) in the European Union. This report provides updated guidance following the March 2023 banking turmoil, which highlighted the need for enhanced supervision of liquidity aspects resulting from changes in interest rates and related trends in deposit behaviour and concentrations. Among other things, the report:

(i) provides further clarification for the recognition in the LCR calculation of LCR inflows from open reverse repos without a maturity date within 30 days, following Q&A 2024_7053 (published on 3 May 2024). It builds on two approaches, the first of which builds on the occurrence of a trigger event to terminate the transaction, and the second one on historical experience; (ii) considers how recently, in some banks, operational deposits increased while excess operational deposits decreased, and how the interest rate environment changed. In this context, the Report supplements the guidance provided in the EBA's 2019 Report on identifying operational deposits, the characteristics of the operational deposit trade cycle, and the material penalty for retail term deposits; and (iii) includes an Addendum to the EBA's 2023 Report on interdependent assets and liabilities in the NSFR. It clarifies regulatory expectations regarding indirect client clearing activities, where affiliated institutions, rather than an institutional protection scheme (IPS) structure – which is already covered in the 2023 Report – are involved. The EBA will continue monitoring some specific aspects of the LCR and NSFR due to current circumstances and the interest rate environment to set out its observations and provide further guidance, where necessary. The EBA will also assess further the need to amend/complement the existing regulatory reporting on liquidity requirements.

Date of publication: 14/05/2025

d) Risk management/SREP/Pillar 2/Outsourcing/NPL

(i) EU

EC: Call for advice to EBA for second benchmarking of national loan enforcements frameworks

Status: Final

The EC has published a call for advice to the EBA together with a letter from John Berrigan, Directorate-General of Financial Stability, Financial Services and Capital Markets Union (DG FISMA). The EC asks the EBA to conduct a second benchmarking exercise on national loan enforcement frameworks from a bank creditor perspective, following the initial exercise conducted in 2019-2020. The benchmarking will assess the efficiency of enforcement procedures in terms of recovery rates, time to recovery and judicial costs.

The EBA is expected to deliver a preliminary analysis by July 2025, with the final report due by 31 October 2025.

Date of publication: 21/05/2025

e) Cyber security

(i) EU

Corrigendum to Commission Delegated Regulation (EU) 2024/1774 supplementing DORA with regard to RTS specifying ICT risk management tools, methods, processes, and policies and the simplified ICT risk management framework

Status: Published in the OJ

A corrigendum to Commission Delegated Regulation (EU) 2024/1774, which supplements DORA, has been published in the OJ. Commission Delegated Regulation (EU) 2024/1774 contains RTS specifying ICT risk management tools, methods, processes and policies and the simplified ICT risk management framework. It reflects mandates under Articles 15 and 16(3) of DORA. The corrigendum replaces a reference to Article 15 of Commission Delegated Regulation (EU) 2024/1772 in Article 22 of the Delegated Regulation (ICT-related incident management policy) with a reference to Article 8(2) of that Delegated Regulation.

Date of publication: 15/05/2025

f) Internal governance/“Authorised Persons Regime”

(i) Germany

BaFin: Consultation 11/2025 on a Circular regarding members of the management as well as members of administration and supervisory bodies pursuant to the German Banking Act (*Konsultation 11/2025 eines Rundschreibens zu den Mitgliedern der Geschäftsleitung sowie von Verwaltungs- und Aufsichtsorganen gemäß KWG*)

Status: Consultation

Deadline for the submission of comments: 13/06/2025

BaFin has launched a consultation on a Circular regarding members of the management as well as members of administration and supervisory bodies pursuant to the German Banking Act (*Kreditwesengesetz – KWG*), the new Fit and Proper (FAP) document. This Circular aims to replace, with regard to the scope of the KWG, the: (i) Guidance Notice on the managing directors pursuant to the German Banking Act, Payments Supervisory Act and Investment Code (*Merkblatt zu den Geschäftsleitern gemäß KWG, ZAG und KAGB*); and (ii) Guidance notice on the members of administration and supervisory bodies pursuant to the German Banking Act and Investment Code (*Merkblatt zu den Mitgliedern von Verwaltungs- und Aufsichtsorganen gemäß KWG und KAGB*). It thereby intends to modernise the communication of information regarding BaFin’s administrative practice, while implementing the latest EU requirements and taking into account requirements from German law to reduce risks and strengthen proportionality in the banking sector (*Risikoreduzierungs-gesetz – RiG*).

Date of publication: 14/05/2025

g) Deposit protection

(i) EU

EBA: Observation that EU Deposit Guarantee Scheme funds to protect depositors against bank failures have reached €79bn

Status: Final

The EBA has published end-2024 data related to two key concepts and indicators in the Deposit Guarantee Schemes Directive (DGSD), namely financial means available to, and covered deposits protected by, national deposit guarantee schemes. The EBA publishes this data for each Member State, on a yearly basis to enhance the transparency and public accountability of DGSs across the EU to the benefit of depositors, markets, policymakers, DGSs and Members States. Following a ten-year build-up phase, the EU DGS funds have reached €79bn of available means in aggregate.

Date of publication: 21/05/2025

h) Qualifying holdings

(i) Germany

BaFin: Consultation 12/2025 on a Regulation simplifying holder control procedures and specific disclosure of individuals (*Konsultation 12/2025 über eine Verordnung zur Vereinfachung von Inhaberkontrollverfahren und bestimmter Personenanzeigen*)

Status: Consultation

Deadline for the submission of comments: 05/06/2025

BaFin has launched a consultation on the Regulation simplifying the holder control procedures and specific notification of individuals. In particular, it amends the Holder Control Regulation (*Inhaberkontrollverordnung*). The simplification e.g. foresees that indirect acquirers that are not the ultimate parent of a group no longer need to provide supporting documentation beyond the notification of their intent to acquire a qualifying holding and a reduction in terms of supporting documentation required for individuals in relation to their suitability. Interested parties can now express their opinion on the planned relaxations.

Date of publication: 20/05/2025

i) Disclosure

(i) EU

EBA: Consultation on draft ITS amending Commission Implementing Regulation (EU) 2024/3172, as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities

Status: Consultation

Deadline for the submission of comments: 22/08/2025

The EBA has launched a consultation proposing amendments to Commission Implementing Regulation (EU) 2024/3172 on the EBA Pillar 3 disclosure framework, aligning it with the requirements of CRR III on ESG-related risks, equity exposures and aggregate exposure to shadow banking entities. The consultation also seeks to finalise the implementation of prudential disclosure requirements included in the EU banking package published in 2024. Through the amendments, the EBA aims to improve the transparency and consistency of disclosures while also simplifying the reporting process for institutions.

The EBA also intends to provide an updated mapping tool to help institutions align Pillar 3 disclosures with supervisory reporting requirements. The final ITS are expected to be submitted to the EC by Q4 2025.

Date of publication: 22/05/2025

1.2 RECOVERY AND RESOLUTION

(i) EU

EBA: Final report on draft ITS on the provision of information for the purposes of resolution plans pursuant to the BRRD and repealing Commission Implementing Regulation (EU) 2018/1624

Status: Final

The EBA has published its final report on the draft ITS on resolution planning reporting. Firms must provide necessary information to resolution authorities, as mandated by the BRRD, to develop resolution plans. The ITS outlines procedures, standard forms and templates for the provision of information required by resolution authorities to draw up these plans. This comprehensive review of the ITS aims to achieve full harmonisation and simplification of EU reporting requirements, reducing compliance costs by avoiding duplication of data requests and eliminating data points that are either redundant or of limited value. Measures to support this in the new ITS includes: (i) relieving entities from parallel data collections based on legal obligations coming from different authorities; (ii) implementing a modular core-plus-supplement approach that reduces the scope of reporting obligations for certain categories of reporting entities based on their size and complexity; and (iii) removing duplications and overlapping data points with MREL/TLAC, CoRep and FinRep, where the reporting entity has already submitted this data.

These ITS will repeal the EC's Implementing Regulation (EU) 2018/1624, with a view to making the technical standards more user-friendly for institutions. The IT solutions for supervisory reporting, including templates and instructions, have also been published on the [EBA website](#). The draft ITS will be submitted to the EC for endorsement before being published in the OJ. The EBA will also develop the data point model (DPM), XBRL taxonomy and validation rules based on the final draft ITS. The new framework will be operational in 2026, with the first reporting reference date of 31 December 2025.

Date of publication: 07/05/2025

2. Investment firms regulation

(i) Germany

BaFin: General Administrative Act on remuneration reports for investment firms
(Allgemeinverfügung zu Vergütungsanzeigen für Wertpapierinstitute)

Status: Final

BaFin has published its General Administrative Act regarding remuneration notifications by investment firms as of the reporting date of 31 December 2024 in order to take into account recent data on remuneration practices by investment firms. Since June 2021, remuneration reporting obligations for securities institutions have been regulated by the IFD and implemented in the German Investment Firms Act (*Wertpapierinstitutsgesetz – WpIG*). Among other things, this concerns the annual reporting of data on employees of securities institutions whose earnings amount to at least €1 million to the Deutsche Bundesbank. The reporting obligations regulated in the IFD are specified by EBA Guidelines.

Date of publication: 20/05/2025

3. Market regulation/ Conduct rules

3.1 BENCHMARKS

(i) EU

Regulation (EU) 2025/914 amending Regulation (EU) 2016/1011 as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country, and certain reporting requirements

Status: Published in the OJ

Date of entry into force: 08/06/2025

Date of application: 01/01/2026

Regulation (EU) 2025/914 amending the EU Benchmarks Regulation has been published in the OJ. This Regulation amends the scope of the rules for benchmarks, the use of benchmarks provided by a third-country administrator and certain reporting requirements. It will apply to benchmarks defined as critical or significant, including certain commodity benchmarks, EU Paris-aligned benchmarks and EU Climate Transition benchmarks. Other benchmarks which reach the €20 bn threshold will be subject to a voluntary supervision regime, which aims to promote the use of common standards for climate-related benchmarks.

Date of publication: 19/05/2025

3.2 CAPITAL MARKETS UNION

(i) EU

ECON: Draft report on safeguarding and promoting financial stability amid economic uncertainties

Status: Final

The ECON has published a draft report on safeguarding and promoting financial stability amid economic uncertainties. The draft report emphasises the importance of financial stability as a cornerstone of the EU's economic resilience, particularly in the face of geopolitical uncertainty, heightened market volatility, and structural changes. It calls for a well-integrated CMU to enhance investment flows and economic resilience while balancing these benefits with adequate safeguards to mitigate potential risks. There are several macro-financial risks identified, including rising sovereign debt levels, exposure to external shocks, and vulnerabilities in the non-bank financial intermediation (NBFIs) sector. To address these concerns, it stresses the need for robust crisis preparedness mechanisms, enhanced financial supervision, effective coordination between macro-prudential supervisors, access to granular data, and an ability to respond quickly to emerging risks. It also advocates for stronger cooperation with international financial bodies to manage cross-border risks and ensure a coordinated response to financial instability.

Date of publication: 30/04/2025

3.3 CONSUMER PROTECTION RULES

(i) Germany

BaFin: Results of comprehensive market study on investment certificates (*Ergebnisse der umfassenden Marktstudie zu Anlage-Zertifikaten*)

Status: Final

BaFin has published the results of its market investigation into interest rate and express certificates. BaFin has not found any systematic or serious deficiencies in the production and distribution of the investment certificates examined. However, there were deficits at some institutions. Deficiencies in product governance were evident at individual institutions. This affected interest rate and express certificates. In addition, it turned out that banks and savings banks had not uniformly reported the margins in the cost information. BaFin is in contact with the institutions concerned.

BaFin's market survey also showed that almost half of the consumers surveyed had problems following the explanations about interest rate and express certificates in the consultations. In addition, some customers did not fully understand the functionality and risks of Express Certificates. Nevertheless, many customers stated that they were satisfied with the consultations and the recommended products and that they trusted their advisors to a high degree.

Date of publication: 21/05/2025

(ii) EU

ESMA: Request towards social media companies to tackle unauthorised financial ads

Status: Final

ESMA has announced that it has issued written letters to several major social media and platform companies – including X, Meta, TikTok, Alphabet, Telegram, Snap, Amazon, Apple, Google and Reddit – urging them to take proactive steps against the promotion of unauthorised financial services on their platforms. ESMA suggests that the social media and platform companies could achieve this by checking ESMA's register of MiFID investment firms. This initiative seeks to combat the rising number of online scams targeting retail investors, which mislead consumers into engaging with unlicensed firms, resulting in financial losses and lack of trust in the wider financial sector and with digital platforms. ESMA's action aligns with the recent initiative by the International Organisation of Securities Commissions on combatting online harm, highlighting the global nature of the issue of financial misconduct in the digital environment. ESMA is also requesting meetings with these platform providers to develop a coordinated approach to retail investor protection from financial harm.

Date of publication: 28/05/2025

(iii) International

IOSCO: Statement on combatting online harm and the role of platform providers

Status: Final

IOSCO has issued a statement calling for platform providers to take stronger action against rising investment fraud, driven by increased retail investor activity on digital platforms. It encourages platform providers to leverage the IOSCO International Securities and Commodities Alerts Network (I-SCAN) – a database launched in March that identifies unlicensed firms or those engaging in illegal activities – to block, warn against, or remove illegal

investment offerings from their platforms. IOSCO also highlights effective measures used in some jurisdictions to combat online harm involving financial misconduct, including due diligence on unauthorised offerings, rigorous enforcement of compliance with terms of service, strong processes for detecting scams and proactive engagement with financial regulators and government authorities, including referrals of fraudulent activity.

Date of publication: 21/05/2025

IOSCO: Final reports on finfluencers, online imitative trading practices and digital engagement practices

Status: Final

IOSCO has published final reports on finfluencers, online imitative trading practices and digital engagement practices. These reports are part of IOSCO's Roadmap for Retail Investor Online Safety to enhance retail investor protection from fraud, excessive risk taking and misinformation, in the digital age. The reports are structured as follows:

- (i) the **finfluencers final report** examines the rise of finfluencers, highlighting both their potential to educate retail investors and the risks they pose. The report also identifies regulatory gaps—particularly as many finfluencers are not registered investment professionals which create difficulties for enforcement and oversight. The report proposes a set of good practices (e.g., regulatory clarity and oversight, enhanced disclosures and proactive investor and finfluencer education) and offers practical tips for retail investors that follow or engage with finfluencers;
- (ii) the **final report on online imitative trading practices: copy trading, mirror trading and social trading** explores the regulatory considerations, benefits and potential risks of imitative trading practices. These strategies allow retail investors to automatically replicate the trades of other, typically more experienced, traders. The report also highlights the growing overlap between imitative trading and influencer activity, which can blur the line between regulated financial advice and general information, increasing risks for retail investors. In response to these challenges, the report identifies good practices as guidance to strengthen investor protection; and
- (iii) the **final report on digital engagement practices (DEPs)** identifies both the benefits and risks associated with DEPs (such as notifications, nudges and gamification) which can enhance investor engagement but also potentially lead to investor harm. IOSCO calls for a common understanding of DEPs, a review of emerging techniques and associated conduct and retail investor protection issues and an understanding of the impact of increased use of DEPs on retail investors.

Date of publication: 19/05/2025

3.4 MARKET ABUSE

- (i) EU

ESMA: Final report on technical advice concerning MAR and MiFID II SME growth market

Status: Final

ESMA has published its final report providing technical advice to the EC on changes made by the Listing Act to the MAR and the MiFID II in relation to small and medium enterprise (SME) growth markets. The Listing Act seeks to promote better access to public capital markets for EU companies, in particular SMEs, by simplifying requirements and reducing the administrative burden. ESMA consulted on the advice in December 2024 and this final report

includes feedback received in response to the consultation. Much of the MAR technical advice concerns the rules for disclosing inside information during a protracted process. It also covers the approach for identifying trading venues with a significant cross-border dimension under the new cross market order book mechanism (Article 25a MAR). The MiFID technical advice concerns the category of multilateral trading facilities (MTF) labelled SME growth markets and the requirements that such an MTF (or MTF segment) must comply with under Article 33 MiFID II. In giving its technical advice, ESMA suggests amendments to Commission Delegated Regulation 2017/565 (known as the MiFID Org Reg) or otherwise confirms its view where no amendments would be needed.

The EC will adopt the Delegated Acts for which the technical advice was requested by July 2026.

Date of publication: 07/05/2025

3.5 MIFID/MIFIR

(i) Germany

BaFin: Results of comprehensive market study on investment certificates (*Ergebnisse der umfassenden Marktstudie zu Anlage-Zertifikaten*)

Status: Final

BaFin has published the results of its market investigation into interest rate and express certificates. For more information, please see section 3.3 above.

Date of publication: 21/05/2025

BaFin: Draft product intervention measure pursuant to Article 42 MiFIR and Section 15(1)(2) of the German Securities Trading Act on turbo certificates (*Entwurf einer Produktinterventionsmaßnahme nach Art. 42 MiFIR und § 15 Abs. 1 S. 2 WpHG zu Turbo-Zertifikaten*)

Status: Draft

BaFin has published a draft product intervention measure pursuant to Article 42 MiFIR and Section 15(1)(2) of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) on turbo certificates. It aims to restrict the marketing, distribution and sale of turbo certificates to small investors based in Germany. The product intervention is based on a [market survey](#) by BaFin. In view of the results, the supervisory authority has considerable concerns for investor protection.

Date of publication: 21/05/2025

(ii) EU

ESMA: Request towards social media companies to tackle unauthorised financial ads

Status: Final

ESMA has announced that it has issued written letters to several major social media and platform companies – including X, Meta, TikTok, Alphabet, Telegram, Snap, Amazon, Apple, Google and Reddit – urging them to take proactive steps against the promotion of unauthorised financial services on their platforms. For more information, please see section 3.3 above.

Date of publication: 28/05/2025

Commission Delegated Regulation (EU) 2025/1003 supplementing MiFIR as regards OTC derivatives identifying reference data to be used for the purposes of the transparency requirements laid down in Article 8a(2) and Articles 10 and 21 MiFIR

Status: Published in the OJ

Date of entry into force: 11/06/2025

Date of application: 01/09/2025

Commission Delegated Regulation (EU) 2025/1003 has been published in the OJ, supplementing MiFIR as regards over-the-counter derivatives (OTC) identifying reference data for the purposes of MiFIR transparency requirements. The Delegated Regulation sets out the identifying reference data for OTC interest rate swaps and OTC credit default swaps to meet transparency requirements under Article 8a(2), 10 and 21 of MiFIR. The data will enable market participants and authorities to identify and distinguish these derivatives by asset class, instrument type, and notional currency, among other relevant characteristics.

Date of publication: 22/05/2025

ESMA: Call for evidence on the retail investor journey on understanding retail participation in capital markets

Status: Call for evidence

Deadline for the submission of comments: 21/07/2025

ESMA has launched a call for evidence to gather input on the retail investor journey in capital markets under MiFID II. The document aims to assess whether regulatory or non-regulatory barriers may discourage retail investor participation in capital markets. It considers: (i) retail market trends, including the growing appeal of speculative products among younger investors and the rising influence of social media on investment decisions; (ii) specific regulatory requirements under MiFID II, such as regulatory disclosures and assessment of suitability and appropriateness, that can impact retail investors; and (iii) additional areas such as the investor experience under the European crowdfunding framework and broader reflections on how to achieve the right balance between investor protection and enabling informed risk-taking.

ESMA has also published a [summary](#) of the call for evidence to facilitate responses by consumers and related organisations. ESMA will use the responses to assess, in Q3 2025, whether specific clarifications or regulatory adjustments are needed.

Date of publication: 21/05/2025

EC: Omnibus IV proposal to reduce burdens for small mid-cap companies

Status: Draft

The EC has published its Omnibus IV legislative proposal for a Directive amending the MiFID II and the Critical Entities Resilience Directive to simplify various administrative requirements for small mid-cap enterprises (SMCs), in line with the mitigating measures already available for SMEs. SMEs are currently defined as companies with under 250 employees and an annual turnover of up to €50m or a balance sheet total up to €43m, while SMCs are those that have outgrown the SME definition. The proposed amendments will simplify regulatory requirements and reduce administrative burdens for SMCs, in the interest of helping them to scale up.

The legislative proposal represents the [fourth Omnibus simplification package](#), following Omnibus I and II on simplification of sustainability reporting and due diligence rules and Omnibus III on simplification of the Common Agricultural Policy. The Omnibus IV proposals include: (i) the introduction of a new category of SMCs to capture enterprises that are up to three times the size of SMEs; (ii) simplified compliance obligations for SMCs, permitting

them to provide product information in digital format; (iii) common specifications for companies to demonstrate compliance with EU rules in the absence of harmonised standards; and (iv) a simplification of record-keeping requirements in the GDPR.

Date of publication: 21/05/2025

EC: Call for evidence on fostering integration, scale and efficient supervision in single market as part of SIU

Status: Call for evidence

Deadline for the submission of comments: 05/06/2025

The EC has launched a call for evidence on fostering integration, scale and efficient supervision in the single market as part of its savings and investments union (SIU) strategy. The SIU is a key initiative to improve the way the EU financial system channels savings to productive investments. It seeks to offer EU citizens broader access to capital markets and better financing options for companies and to foster citizens' wealth, while boosting EU economic growth and competitiveness. The EC intends to adopt a Directive and a Regulation which seek to: (i) foster deeper, more integrated and efficient EU capital markets by removing regulatory, supervisory and operational barriers hindering key market players and infrastructures; (ii) modernise and simplify EU rules in the area; and (iii) reduce administrative burden.

In the call for evidence, the EC seeks to gather the views and experience of the stakeholders to: (a) identify the barriers that prevent the EU's trading and post-trading infrastructures from benefitting from a truly frictionless single market; (b) assess whether the existing regulatory and supervisory framework is suitable for capital markets, particularly for market operators with strong cross-border activities or operating in new or emerging sectors; and (c) evaluate the European Supervisory Authorities toolbox to identify areas where their effectiveness and efficiency can be enhanced and improved.

The EC intends to adopt the legislative proposals in Q4 2025.

Date of publication: 08/05/2025

EC: Adoption of two Delegated Regulations on DRSP fines and fees

Status: Adopted by the EC

The EC has adopted two Delegated Regulations amending the rules for data reporting service providers (DRSP) fines and fees to include consolidated tape providers (CTPs) in scope. Previously, the relevant requirements had only been applied to two types of DRSPs: approved publication arrangements and approved reporting mechanisms. The amendments are in line with the changes brought in as a result of the EU MiFID/MiFIR review changes which focused on enhancing market data transparency and removing obstacles to the emergency of CTPs in the EU.

Regarding the fee changes: ESMA charges fees to DRSPs to cover its necessary expenditure relating to authorisation and supervision of DRSPs. The Delegated Regulation introduces a fixed one-off authorisation fee per CTP of €100,000, which is a higher fee than the fee applied to other DRSPs due to the complexity of the authorisation process of CTPs. That fee is lowered to €50,000 where an authorised CTP applies for authorisation to provide data reporting services in respect of a different asset class. Annual supervisory fees for CTPs will use broadly the same methodology as used for other DRSPs. ESMA will monitor CTPs' revenues on an ongoing basis to ensure a proportionate approach that does not jeopardise their business viability and is in principle in line with the full cost recovery principle.

The Delegated Regulations will enter into force on the 20th day following publication in the OJ.

- ◆ [Commission Delegated Regulation \(EU\) .../... amending Commission Delegated Regulation \(EU\) 2022/803 as regards rules of procedure for the exercise of the power to impose fines or periodic penalty payments by ESMA with respect to CTPs](#)
- ◆ [Commission Delegated Regulation \(EU\) .../... amending Commission Delegated Regulation \(EU\) 2022/930 as regards fees relating to the supervision by ESMA of CTPs](#)

Date of publication: 07/05/2025

ESMA: Final report on technical advice concerning MAR and MiFID II SME growth market

Status: Final

ESMA has published its final report providing technical advice to the EC on changes made by the Listing Act to the MAR and the MiFID II in relation to SME growth markets. For more information, please see section 3.4 above.

Date of publication: 07/05/2025

ESMA: Response to the EC commodity derivatives review

Status: Final

ESMA has published a response to the [EC's consultation](#) on the functioning of commodity derivative markets and certain aspects of spot energy markets. ESMA has provided its input on the issues identified in the consultation, including inefficiencies and overlaps in reporting under MiFIR, EMIR and REMIT. The response covers the following issues from the consultation paper: (i) data harmonisation. ESMA recalls the findings of the EC's '[Fitness Check of EU 2 Supervisory Reporting Requirements](#)' which identified inefficiencies, lack of standardisation and duplications between EMIR, MiFIR and REMIT reporting obligations. ESMA agrees there is a need for streamlining the reporting frameworks; (ii) integrated reporting and data sharing: ESMA considers whether further integration and consolidation of EMIR, MiFIR and REMIT transaction data would increase efficiencies and bring benefits to market stakeholders due to the reduction of reporting flows and duplicative data processes; (iii) ancillary activity exemption. ESMA considers that amending Article 2(1)(d) of MiFID II to apply a single provision to all asset classes would add complexity to the criteria for commodity trading derivatives. The impact on Article 2(1)(d) MiFID II is also unclear. ESMA therefore supports keeping the existing differentiation of the MiFID II authorisation exemptions; (iv) position management and reporting. ESMA makes a number of detailed observations and suggestions in relation to position reporting, position management and position limits, as well as specific feedback on the impact of the carve-out for C(6) contracts and broader implications beyond position limits; and (v) circuit breakers. ESMA refers to its recent [report](#) on circuit breakers and confirms that in line with this, trading venues not operating a central limit order book or (periodic) auction systems are not prevented by ESMA from implementing other mechanisms achieving a similar outcome as trading halts or price collars.

Date of publication: 06/05/2025

3.6 PACKAGED RETAIL AND INSURANCE-BASED INVESTMENT PRODUCTS (PRIIPS)

(i) EU

ESAs: Consolidated Q&A on the PRIIPs KID

Status: Final

The ESAs have published a consolidated Q&A on the EU PRIIPs KID. The consolidated document combines responses given by the European Commission in relation to interpretation of Union law with response given by the ESAs in relation to the application or implementation of the PRIIPs legislation. The Q&A take into account amendments to the legislation made by Commission Delegated Regulation (EU) 2021/2268. The consolidated Q&A also includes three new questions, which relate to: (i) MRM class determination; (ii) performance scenarios; and (iii) calculation of the summary cost indicators.

Date of publication: 05/05/2025

3.7 SECURITIES FINANCING TRANSACTIONS

(i) EU

ECON: Report on the proposal for a Regulation regarding a shorter settlement cycle

Status: Draft

Date of application: 11/10/2027

The ECON has adopted a proposal to amend the Central Securities Depositories Regulation (CSDR), introducing a shorter settlement cycle for transferable securities transactions within the EU. The CSDR amendment will reduce the settlement period under CSDR from two business days after trading takes place (T+2) to one business day (T+1), with the aim of promoting settlement efficiency, improving the liquidity of capital markets and eliminating costs linked to the misalignment of settlement cycles between the EU and other jurisdictions. The ECON proposal includes a requirement for the ESMA to publish a report on settlement efficiency during the move to T+1 and on the feasibility of further shortening the settlement cycle to T+0.

The final text will be subject to negotiations with the European Council, which has already adopted its position.

Date of publication: 20/05/2025

ECB: Survey on euro-denominated securities financing and OTC derivatives

Status: Final

The ECB has published the results of its latest survey on credit terms and conditions in euro-denominated securities financing and over-the-counter (OTC) derivatives. The survey is a qualitative survey conducted every three months among large banks and dealers active in the relevant euro-denominated markets. The results are from the March 2025 survey, which covered changes in credit terms between December 2024 and February 2025. Key findings include: (i) overall credit terms remained largely unchanged during the relevant period; (ii) financing rates/spreads and haircuts in securities financing transactions decreased across most asset classes; and (iii) demand for funding secured against domestic government bonds decreased for the first time since 2021.

The survey also highlights there were no net changes to price terms, with only minor net changes to non-price terms, as well as a slight increase found in hedge funds with regard to the use of financial leverage. For the various types of non-centrally cleared OTC derivatives, few changes were recorded for initial margin requirements, credit

limits and liquidity. However, respondents pointed out a change with regard to the duration and persistence of valuations disputes, which decreased across all types of derivative.

Date of publication: 02/05/2025



4. Market infrastructure

4.1 CUSTODY RULES

(i) EU

Council of the EU: Agreement on position on shorter settlement cycle

Status: Draft

The Council of the EU has approved its position on the EC's proposal regarding a shorter settlement cycle, shortening the settlement period for transactions in transferable securities from two business days (T+2) to one business day after the trade date (T+1). For more information, please see section 3.7 above.

Date of publication: 07/05/2025

ECON: Draft report on amendment of CSDR as regards a shorter settlement cycle in the Union

Status: Draft

ECON has published a report proposing amendments to the EC's proposal to amend the CSDR on shortening the securities settlement cycle in the EU from T+2 to T+1. For more information, please see section 3.7 above.

Date of publication: 02/05/2025

4.2 EMIR

(i) EU

Corrigendum to Regulation (EU) 2024/2987 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country CCPs and improve the efficiency of Union clearing markets

Status: Published in the OJ

A corrigendum to EMIR 3 has been published in the OJ. Among others, EMIR 3 amended the MMF Regulation by adjusting the rules addressing counterparty risk in financial derivative transactions to take account of whether a transaction is cleared by an EU authorised or recognised CCP. The corrigendum makes a change to those adjusted rules by clarifying that in Article 17 of the MMF Regulation, it is the cash provided, rather than the cash received, by an MMF as part of each reverse repurchase agreement that must not exceed 15% of the assets of the MMF.

Date of publication: 26/05/2025

ESMA: Response to the EC commodity derivatives review

Status: Final

ESMA has published a response to the EC's consultation on the functioning of commodity derivative markets and certain aspects of spot energy markets. For more information, please see section 3.5 above.

Date of publication: 06/05/2025

5. Anti-money laundering

(i) International

FSB/FATF: First meeting of the forum on Cross-Border Payments Data

Status: Final

The FSB and FATF have published notes on the first meeting of the forum on Cross-Border Payments Data. The forum, established in March 2025 by the FSB, with the contribution of the FATF and the OECD, will work to strengthen cooperation on data-related issues in cross-border payments, such as the way data is collected, stored and managed across borders. It will also provide useful inputs on the use of technology and cross-sector collaboration to strengthen alignment of AML/CFT measures with data protection objectives, for example, by making sure that data is available quickly when it is needed by investigators, in line with principles such as data minimisation.

Date of publication: 23/05/2025

6. Payments

6.1 PAYMENT SERVICES/E-MONEY

(i) EU

ECB: Postponement of the amendment to the TARGET Guideline

Status: Final

The ECB has announced that the amendment to the TARGET Guideline, which would allow non-bank payment service providers (non-bank PSPs) to participate in TARGET, is postponed. This is reported to result from delays in some euro area countries in transposing the required amendments to the Settlement Finality Directive and revised Payment Services Directive (PSD2) into their national legislation. The amendment, outlined in [Decision ECB/2025/222](#), is now expected to enter into force in October.

Date of publication: 15/05/2025

(ii) International

FSB/FATF: First meeting of the forum on Cross-Border Payments Data

Status: Final

The FSB and FATF have published notes on the first meeting of the forum on Cross-Border Payments Data. For more information, please see section 5 above.

Date of publication: 23/05/2025

6.2 PAYMENT ACCOUNTS

(i) Germany

BaFin: Supervisory statement on the expectations regarding PSD2 account access interfaces (*Aufsichtsmittteilung über die Erwartungshaltung zu PSD2-Kontozugangsschnittstellen*)

Status: Final

BaFin has published a supervisory statement (*Aufsichtsmittteilung*) setting out more details on the expectations regarding PSD2 account access interfaces for payment service providers. The supervisory statement contains explanations on three specific issues: (i) the time period for publishing statistics on the availability and performance of interfaces; (ii) “screen scraping” of redirection pages; and (iii) reports of problems with dedicated interfaces. BaFin has thus clarified how payment service providers should implement the requirements of PSD2 and Delegated Regulation (EU) 2018/389 with regard to PSD2 account access interfaces.

Date of publication: 19/05/2025

7. Institutional supervisory framework

(i) EU

EBA: 2024 annual report on Work Programme Achievements – Part 1

Status: Final

The EBA has published part 1 of its 2024 annual report, reflecting on key regulatory and supervisory achievements under its work programme over the past year. These include: (i) progress in the implementation of the Basel III reforms; (ii) the further integration of ESG considerations into regulatory frameworks via the issuance of guidelines and reports on ESG risks, greenwashing and scenario analysis; (iii) the assessment of financial stability amid high interest rates and geopolitical uncertainties, supported by two risk assessment reports; (iv) the enhancement of regulatory data infrastructure through the EUCLID platform; (v) the development of oversight and supervisory capacity for firms subject to the DORA and the MiCA Regulation; and (vi) an enhanced focus on innovation and consumers (including access to financial services) while preparing for the transition to the new AML/CFT framework.

Date of publication: 20/05/2025

8. Investment funds

8.1 PRUDENTIAL REGULATION

a) Compliance

(i) Germany

BaFin: FAQ on the ELTIF Regulation (FAQ zur ELTIF-Verordnung)

Status: Final

BaFin has published an update on its FAQ on the amended ELTIF Regulation and its relation to the German Investment Code (*Kapitalanlagegesetzbuch – KAGB*). The ELTIF financial instrument was introduced by the EU in 2015 to promote long-term investments in the European real economy. With the new rules, since 10 January 2024, private investors have also been able to make long-term, unrestricted investments in infrastructure projects or tangible assets such as wind turbines.

Date of publication: 21/05/2025

BaFin: Application of ESMA Guidelines on stress test scenarios under the MMF Regulation (Anwendung der ESMA Leitlinien für Stresstestszenarien nach der Geldmarktfondsverordnung)

Status: Final

BaFin has announced that it is now applying the [ESMA Guidelines on stress test scenarios under the MMF Regulation](#). These Guidelines apply to competent authorities, MMFs and managers of MMFs in relation to Article 28 of the MMF Regulation. In particular, and as specified in Article 28(7) of the MMF Regulation, they establish common reference parameters of the stress test scenarios to be included in the stress tests.

Date of publication: 05/05/2025

(ii) EU

Corrigendum to Regulation (EU) 2024/2987 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country CCPs and improve the efficiency of Union clearing markets

Status: Published in the OJ

A corrigendum to Regulation (EU) 2024/2987, known as EMIR 3, has been published in the OJ. For more information, please see section 4.2 above.

Date of publication: 26/05/2025

ECON: Draft report on access to finance for SMEs and scale-ups

Status: Draft

The ECON has published a draft report and motion for an EP resolution on improving access to finance for SMEs and scale-ups. The motion for a resolution is in regard to various recent EC communications, including on the Savings and Investment Union (SIU) and competitiveness compass, and other key publications and reports such as the Draghi report and Letta report. It calls on the EC to take action in a number of areas, including: (i) reducing bureaucratic and regulatory burdens: to reverse the trend of many start-ups and scale-ups relocating outside the European Union, the EU must go beyond current simplification efforts. The EC is urged to ease regulatory burdens – especially for SMEs – by reassessing frameworks like sustainable finance and introducing proportionality thresholds; (ii) unlocking private capital and savings: the EC's plan for an SIU must balance EU-level action with support for national initiatives, including tools and best practices. To boost capital markets, it should enhance investor protection and access to information, promote simplified retail products and improve financial literacy. The EC is urged to introduce flexibility in implementing Basel III so as to ensure more lending is made available to SMEs and scale-ups. The report notes that appropriate flexibility could free up financing capacity and boost competitiveness vis-à-vis other jurisdictions in this regard. In addition, ECON requests flexibility in the securitisation framework to allow credit institutions to provide further funding to companies and support their growth; (iii) bridging the funding gap for scale-ups: many EU businesses turn to non-EU venture capital and markets to scale, while SME failures are rising. To address this, the EU must mobilise institutional investors and expand venture capital. The EC is called to strengthen co-investment platforms and promote simple retail investment channels. Building a connected innovation ecosystem is also key to supporting scale-ups; and (iv) reinforcement of a competitive ecosystem in the EU: the EC is urged to create voluntary and complementary frameworks that support Member States in respect of subsidiarity, clarify what the proposed 28th legal regime consists of, and develop practical EU-wide guidelines to help SMEs and scale-ups navigate varying legal systems across the EU.

Date of publication: 14/05/2025

EC: Call for evidence on fostering integration, scale and efficient supervision in single market as part of SIU

Status: Call for evidence

Deadline for the submission of comments: 05/06/2025

The EC has launched a call for evidence on fostering integration, scale and efficient supervision in the single market as part of its savings and investments union (SIU) strategy. For more information, please see section 3.5 above.

Date of publication: 08/05/2025

(iii) International

IOSCO: Revised recommendations for liquidity risk management for collective investment schemes

Status: Final

IOSCO has published its final report containing revised recommendations for liquidity risk management for collective investment schemes (CIS). The updated recommendations, which revise [IOSCO's 2018 report](#), aim to enhance the resilience of open-ended funds in both normal and stressed market conditions by strengthening liquidity management practices across the product lifecycle. The report includes revised recommendations across six key areas: (i) the CIS design process; (ii) liquidity management tools and measures; (iii) day-to-day liquidity management practices; (iv) stress testing; (v) governance; and (vi) disclosures to investors and authorities. Key revisions to the recommendations include clarifications on the definitions of common components of open-ended

funds structure, the introduction of new liquidity management measures such as “soft closures” and “deferral of redemptions” and enhanced governance and disclosure requirements, among other things. The implementation guidance should be read alongside the revised recommendations, as it provides more detailed guidance and practices for effective implementation. IOSCO expects securities regulators to actively promote the implementation of these recommendations and will review progress by the end of 2026.

Date of publication: 26/05/2025

FSB: Remarks on leverage in non-bank financial intermediation (NBFI)

Status: Final

The FSB has published remarks by Martin Moloney, its deputy secretary general, in particular discussing consultation responses on the following topics: (i) the recognition of trade-offs as used for risk management and arbitraging away differences between markets in a way that contributes to the very constitution of the global financial system; (ii) clarification of the targeted core markets; (iii) clarification on how to measure leverage; (iv) specification of the focus on a particular kind of trading, irrespective of whether it affects large highly leveraged funds or not; (v) the need of an analysis on a market-by-market basis with requirements regarding the need for data, public disclosure and bilateral disclosure; (vi) the consideration of margins and collateral haircuts in another publication; and (vii) the timing of the discussed consultation.

Date of publication: 15/05/2025

9. Special topics

9.1 FINTECH/DIGITAL FINANCE

(i) EU

EBA: Release of final technical package for the 4.1 reporting framework to support identification and assessment of crypto asset providers and the Pillar 3 data hub

Status: Final

The EBA has published the final technical package for version 4.1 of its reporting framework. This package aims to support the assessment and identification of significant crypto asset providers. It will also support the centralisation of institutions' prudential disclosures in the EBA Pillar 3 data hub, which shall facilitate access and usability of this information to all users, including institutions. This framework will apply as of the second half of 2025.

Date of publication: 28/05/2025

EBA: Onboarding plan for new Pillar 3 data hub

Status: Final

The EBA has published an onboarding plan for large and other institutions to access and submit information to the new Pillar 3 Data Hub (P3DH) – a centralised platform for public disclosures under the revised CRR III. The onboarding plan includes procedural steps for institutions to follow when submitting Pillar 3 information and outlines a phased-in timeline for the process. The initiative will enable users to explore and visualise disclosures across institutions and over time, making it easier for institutions to benchmark themselves against peers and enhancing market discipline. The P3DH information will be available to the public from December. The EBA has also published a list of [FAQs](#).

Date of publication: 22/05/2025

(ii) International

IOSCO: Statement on combatting online harm and the role of platform providers

Status: Final

IOSCO has issued a statement calling for platform providers to take stronger action against rising investment fraud, driven by increased retail investor activity on digital platforms. For more information, please see section 3.3 above.

Date of publication: 21/05/2025

9.2 AI

(i) EU

ECON: Draft report on the impact of AI on the financial sector

Status: Draft

The ECON has published a draft report and motion for an EP resolution on the impact of AI on the financial sector. The report highlights the broad adoption of AI and its benefits across the EU financial services sector, including in fraud detection, anti-money laundering and personalised financial advice, among other areas. While acknowledging risks with AI-usage related to data quality and cybersecurity, ECON is of the view that these are already addressed through multiple pieces of sectoral legislation at both national and EU level, including the EU AI Act. With concerns of regulatory overlaps and legal uncertainties – which can limit the use of AI and complicate compliance for financial institutions – ECON advocates for responsible use of AI instead of new restrictive legislation.

The motion for a resolution calls on the EC to: (i) provide clear guidance on how existing financial regulations apply to AI, ensuring consistent definitions and a simplified regulatory framework to avoid duplicative requirements; (ii) refrain from introducing new sector-specific AI regulations that can add complexity and uncertainty to already established sectoral rules, potentially creating barriers in cross-border markets; and (iii) support industry measures to enhance the understanding and responsible use of AI and provide clearer guidance with regard to the EU AI Act's requirements for financial institutions to comply with AI literacy requirements.

Date of publication: 15/05/2025

9.3 SUSTAINABLE FINANCE

(i) EU

EBA: Consultation on draft ITS amending Commission Implementing Regulation (EU) 2024/3172, as regards the disclosures on ESG risks, equity exposures and the aggregate exposure to shadow banking entities

Status: Consultation

Deadline for the submission of comments: 22/08/2025

The EBA has launched a consultation proposing amendments to Commission Implementing Regulation (EU) 2024/3172 on the EBA Pillar 3 disclosure framework. For more information, please see section 1.1i) above.

Date of publication: 22/05/2025

Regulation (EU) 2025/914 amending Regulation (EU) 2016/1011 as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country, and certain reporting requirements

Status: Published in the OJ

Date of entry into force: 08/06/2025

Date of application: 01/01/2026

Regulation (EU) 2025/914 amending the EU Benchmarks Regulation has been published in the OJ. For more information, please see section 3.1 above.

Date of publication: 19/05/2025

ESMA: Consultation on draft RTS under the Regulation on the transparency and integrity of ESG rating activities

Status: Consultation

Deadline for the submission of comments: 20/06/2025

ESMA has launched a consultation on draft RTS on the transparency and integrity of ESG rating activities under Regulation (EU) 2024/3005. The Regulation introduces a common regulatory approach to enhance the integrity, transparency, comparability (where possible), responsibility, reliability, good governance and independence of ESG rating activities, and seeks to contribute to the transparency and quality of ESG ratings and to the sustainable finance agenda of the EU. ESMA is mandated to deliver draft RTS in relation to authorisation, recognition, separation of activities and disclosures. The draft RTS sets out the aspects that apply to ESG rating providers, including: (i) the information that should be provided in the applications for authorisation and recognition; (ii) the measures and safeguards that should be put in place to mitigate risks of conflicts of interest within ESG rating providers who carry out activities other than the provision of ESG ratings; and (iii) the information that they should disclose to the public, rated items and issuers of rated items, as well as users of ESG ratings.

ESMA encourages responses from prospective ESG rating providers, financial market participants, ESG ratings users or rated entities. ESMA will consider the feedback received and expects to publish a final report in Q4 2025. ESMA expects to submit the draft RTS to the EC by the end of October.

Date of publication: 02/05/2025

EC: Call for evidence for the revision of the SFDR

Status: Consultation

Deadline for the submission of comments: 30/05/2025

The EC published a call for evidence to inform the revision of the SFDR, which is planned for Q4 2025. The focus of the review will be to address burdens (including regulatory reporting burdens) and simplify and streamline requirements. This call for evidence follows a previous assessment of the SFDR, which included both a targeted and a public consultation, and will inform an impact assessment to support the review of the regulation. To date, feedback on the SFDR has identified areas for improvement, including: (i) legal certainty on key concepts; (ii) relevance of certain disclosure requirements; (iii) overlaps and inconsistencies with other sustainable finance requirements; and (iv) issues in relation to data availability.

In addition, there is broad support for a revised SFDR that would (a) cater for different types of investor and financial product; (b) facilitate retail investor understanding; (c) consider international reach and exposure; and (d) direct investment towards diverse sustainability-oriented aims while avoiding greenwashing. In terms of broader impact, by improving clarity and consistency and addressing data-availability issues, the review should reduce operational and compliance costs to achieve the objectives of the legislation and facilitate sustainable investing.

Date of publication: 02/05/2025

ESMA: Guidelines on the enforcement of sustainability information

Status: Final

Date of application: 01/01/2025

ESMA has published official translations of the Guidelines on the enforcement of sustainability information under the Transparency Directive. The Guidelines are based on Article 28d of the Transparency Directive and aim to establish consistent and effective supervisory practices for all competent authorities to ensure that sustainability information provided by issuers who have securities admitted to trading on a regulated market and who are

required to publish sustainability information under the Accounting Directive comply with the requirements of Article 24(4) of the Transparency Directive. The Guidelines cover, among other things: (i) the objective of enforcement; (ii) ensuring an effective enforcement process; (iii) sustainability information prepared under equivalent third country sustainability reporting requirements; (iv) enforcers maintaining adequate independence from all stakeholders; and (v) the choice of enforcement actions. Competent authorities must notify ESMA within two months whether they (a) comply; (b) do not comply, but intend to comply; or (c) do not comply and do not intend to comply with the Guidelines, along with their reasons for not complying.

Date of publication: 29/04/2025

(ii) International

IOSCO: Sustainable bonds report

Status: Final

The IOSCO has published its sustainable bonds report identifying key characteristics and growth trends for the sustainable bond market, which had surpassed 5.7 trillion in cumulative issuances in 2024. The report examines the characteristics of sustainable bonds, which include green, social, sustainability-linked and transition bonds. It also sets out five key considerations to assist regulators with addressing market challenges, including enhancing investor protection, ensuring fair and efficient sustainable bond markets and improving accessibility. These are to: (i) ensure greater clarity in existing or new regulatory frameworks to demonstrate alignment with internationally accepted principles and standards, support consistency, build investor confidence and support market participation; (ii) establish guiding principles to help provide clarity and consistency when categorising sustainable bond types; (iii) enhance transparency and disclosure requirements when it comes to reporting on issuers' progress toward sustainability-related goals or sustainability performance targets to promote public accountability; (iv) promote the use of independent and credible external reviewers to mitigate conflicts of interest; and (v) utilise capacity building and educational programmes to increase awareness and understanding of sustainable bonds among issuers, investors, intermediaries and regulators.

Date of publication: 21/05/2025

Contact

Financial Services Regulatory/Funds and Asset Management Capital Markets



Dr Alexander Behrens
Key contact / Partner

Tel +49 69 2648 5730
alexander.behrens@aoshearman.com



Dorothee Atwell
Partner

Tel +49 69 2648 5408
dorothee.atwell@aoshearman.com



Stephan Funck
Of Counsel

Tel +49 69 2648 5791
stephan.funck@aoshearman.com



Dr Dang Ngo
Of Counsel

Tel +49 69 2648 5836
dang.ngo@aoshearman.com



Dr Daniela Schmitt
Counsel

Tel +49 69 2648 5475
daniela.schmitt@aoshearman.com



Martina Stegmaier
Counsel

Tel +49 69 2648 5605
martina.stegmaier@aoshearman.com



Lukas Wagner
External Consultant

Tel +49 69 2648 5906
lukas.wagner@aoshearman.com



Niklas Germayer
Senior Associate

Tel +49 69 2648 5973
niklas.germayer@aoshearman.com



Valeska Karcher
Senior Associate

Tel +49 69 2648 5312
valeska.karcher@aoshearman.com



Maria-Therese Bless
Associate

Tel +49 69 2648 5844
maria-therese.bless@aoshearman.com



Suzana Cvejic
Associate

Tel +49 69 2648 5868
suzana.cvejic@aoshearman.com

**Derivatives, Structured
Finance and Financial
Services Regulatory**



Ruth Rawas
Associate

Tel +49 69 2648 5616
ruth.rawas@aoshearman.com

**Derivatives and
Structured Finance,
Debt Capital Markets**



Julius Brauer
Senior Business Lawyer

Tel +49 69 2648 5504
julius.brauer@aoshearman.com



Lisa Huber
*External Consultant
(Knowledge)*

Tel +49 69 2648 5467
lisa.huber@aoshearman.com



Dr Stefan Henkelmann
Partner

Tel +49 69 2648 5997
stefan.henkelmann@aoshearman.com



Martin Scharnke
Head of ICM Germany

Tel +49 69 2648 5835
martin.scharnke@aoshearman.com

For more information, please contact:

Frankfurt

Bockenheimer Landstraße 2
60306 Frankfurt am Main
Germany

Tel +49 69 2648 5000

Fax +49 69 2648 5800

Global presence

A&O Shearman is an international legal practice with nearly 4,000 lawyers, including some 800 partners, working in 29 countries worldwide. A current list of A&O Shearman offices is available at aoshearman.com/en/global-coverage.

A&O Shearman means Allen Overy Shearman Sterling LLP and/or its affiliated undertakings. Allen Overy Shearman Sterling LLP is a limited liability partnership registered in England and Wales with registered number OC306763. Allen Overy Shearman Sterling (Holdings) Limited is a limited company registered in England and Wales with registered number 07462870. Allen Overy Shearman Sterling LLP (SRA number 401323) and Allen Overy Shearman Sterling (Holdings) Limited (SRA number 557139) are authorised and regulated by the Solicitors Regulation Authority of England and Wales.

The term partner is used to refer to a member of Allen Overy Shearman Sterling LLP or a director of Allen Overy Shearman Sterling (Holdings) Limited or, in either case, an employee or consultant with equivalent standing and qualifications or an individual with equivalent status in one of Allen Overy Shearman Sterling LLP's affiliated undertakings. A list of the members of Allen Overy Shearman Sterling LLP and of the non-members who are designated as partners, and a list of the directors of Allen Overy Shearman Sterling (Holdings) Limited, is open to inspection at our registered office at One Bishops Square, London E1 6AD.

A&O Shearman was formed on 1 May, 2024 by the combination of Shearman & Sterling LLP and Allen & Overy LLP and their respective affiliates (the legacy firms). This content may include material generated and matters undertaken by one or more of the legacy firms rather than A&O Shearman.