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Regulatory Newsletter

The Financial Services Compliance and Regulation practice of Kroll provides updates from the EBA, ESMA, and AMF, as well as from the ACPR and CSSF in July 2025.

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Regulatory Developments

AMF Regulatory Developments

Resilient but Volatile: AMF Unveils 2025 Market Risk Map

01 July 2025

In its 2025 Risk and Market Mapping, the AMF presents a mixed picture: markets have shown resilience but remain vulnerable to ongoing volatility and rising global uncertainty.

Key findings:

Global Uncertainty and Market Resilience

Despite geopolitical tensions and U.S. trade actions dampening growth forecasts, markets have rebounded since April.

Persistent Volatility Across Asset Classes

Volatility has intensified across all asset classes, including crypto assets, which are increasingly reactive to macroeconomic and geopolitical developments. The AMF anticipates this elevated volatility to persist amid ongoing uncertainty.

Asset Management: Stable but Under Watch

The French asset management sector remains stable, supported by positive net inflows into money market funds. However, equity, bond, and diversified funds saw limited activity. Two points warrant closer supervision:

- Commercial real estate and illiquid asset funds require closer oversight due to potential liquidity risks.
- Systemic Interconnections and stress testing.

In parallel, the AMF, ACPR, and Banque de France are finalizing a system-wide stress test across banks, insurers, and investment funds to assess contagion risks.

Cybersecurity and Operational Resilience

The EU's DORA regulation, effective January 2025, strengthens operational resilience through enhanced incident reporting and risk management to counter cyber threats.

Read the report here

AMF Aligns with EU Guidelines on Governance of Crypto-Asset Entities

03 July 2025

On July 3, 2025, the AMF announced it will apply EU guidelines under MiCA to assess the suitability of managers and key shareholders of crypto-asset service providers and token issuers. These rules establish common standards across the EU, focusing on competence, integrity, time commitment, and internal governance.

Entities are also required to implement internal policies to ensure continuity and oversight. The objective is to harmonize supervision and strengthen trust in the crypto-asset sector.

Read the article here

French Regulators Warn of Criminal Insider Trading Threat

09 July 2025

France's financial and anti-corruption authorities are raising red flags over organized criminal networks targeting insiders for confidential market information. These groups bribe professionals, including bankers, lawyers, and IT staff, to access privileged data and profit from early trades.

The AMF and Agence Française Anticorruption (AFA) urge companies to tighten controls, train exposed staff, and update anti-corruption policies to prevent private corruption and protect market integrity.

Read the article here

Regulatory Developments

AMF Regulatory Developments

Fund Distribution in France: AMF Strengthens Reminder on Marketing Rules

10 July 2025

The AMF has reiterated its expectations for financial product distributors regarding the marketing of collective investment schemes aimed at retail clients.

Key takeaways:

- Distributors must verify that a fund is authorized for marketing in France before offering it to clients or engaging in marketing activity. Only UCITS and AIFs with AMF authorization or a notification of marketing in France (if the product benefits from the European passport) may be marketed to non-professional investors.
- Retail clients must be provided with the PRIIPs Key Information Document (KID) prior to any recommendation or subscription.
- The concept of marketing goes beyond advertising. It encompasses investment advice, promotional initiatives, and listing the product on a digital platform with subscription access.
- Distributors remain fully accountable for compliance, even when relying on external providers, including data providers, to check fund eligibility.
- ETFs are also covered under these rules, as they are considered collective investment vehicles.

Read the article here

Summary of SPOT Inspections on Asset Managers' Voting and Engagement Policies

10 July 2025

The AMF published a detailed summary of its SPOT inspections on five asset management companies, focusing on their voting and shareholder engagement policies. These inspections were part of the AMF's 2024 supervisory priorities in sustainable finance and followed previous reviews on socially responsible investing and SFDR compliance. The AMF assessed how firms structure, implement, and monitor their voting and engagement strategies, which are key tools for influencing corporate behaviour and advancing ESG objectives.

The report highlighted several good practices, such as the presence of dedicated teams and committees, integrated databases for tracking engagement, and escalation mechanisms ranging from enhanced dialogue to divestment. However, the AMF also identified shortcomings, including weak formalization of policies, lack of measurable objectives, insufficient training, and inconsistent transparency toward investors. While some firms acknowledged potential conflicts of interest, none had robust procedures in place to manage them effectively.

Under French law and the European Shareholder Rights Directive, asset managers are required to publish and report on their voting and engagement policies. The AMF's findings underscore the need for stronger internal controls and more consistent practices across the industry to ensure meaningful shareholder engagement and reinforce investor trust.

Read the article here

Smart Contract Certification in DeFi: ACPR and AMF Consultation Summary

16 July 2025

The ACPR and AMF published the results of a public consultation conducted by their joint working group on smart contract certification in decentralized finance (DeFi). Initiated through the Fintech Forum, the consultation examined three key dimensions: technical standards, audit frameworks, and regulatory models. Respondents emphasized the importance of secure, transparent, and interoperable smart contracts aligned with industry best practices.

The consultation also explored certification options including public authority-led audits, third-party reviews, and self-assessments. Regulatory pathways ranged from voluntary certification to potential mandatory schemes. Twenty stakeholders participated, expressing broad support for the proposed principles while recommending clarifications.

Read the article here

Regulatory Developments

ESMA Regulatory Developments

ESMA Issues Practical Guidance to Prevent Misleading ESG Claims

01 July 2025

ESMA has published a thematic note outlining clear expectations for market participants when making sustainability-related claims, with the aim of reducing greenwashing risks and protecting investors.

The guidance is built around **four core principles:**

1. Accuracy: Claims must fairly and accurately reflect the sustainability profile, without exaggeration or omission.
2. Accessibility: Information should be clear, understandable, and easy to navigate.
3. Substantiation: Claims must be backed by clear and credible data, methodologies, and transparent comparisons.
4. Up to date: Information must reflect the latest available data and disclose any material changes.

ESMA also provides practical dos and don'ts for different types of ESG claims, including:

- **ESG credentials** (e.g. labels, ratings, awards) clarify their meaning, source, and relevance; avoid exaggeration or outdated references.
- **Industry initiatives:** explain the commitments involved and avoid cherry-picking favorable information.
- **Peer comparisons:** disclose the basis, peer group, and methodology; avoid vague or unsupported superiority claims.

This note applies to all non-regulatory communications, such as marketing materials, and aims to ensure that sustainability claims are clear, fair, and not misleading, in line with EU investor protection standards.

Read the report here

EU Supervisory Authorities Sign Cooperation Agreement with AMLA

03 July 2025

The ESAs signed a cooperation agreement with the new EU Anti-Money Laundering Authority (AMLA) to strengthen coordination in the fight against money laundering and terrorist financing.

The memorandum sets out how the four institutions will share information and collaborate to ensure consistent supervision across the EU financial sector. It aims to improve efficiency, promote supervisory convergence, and support joint efforts in risk monitoring and enforcement.

This agreement marks a key step in building an integrated European framework for AML/CFT supervision, reinforcing the role of AMLA as a central authority in overseeing high-risk financial institutions and coordinating national efforts.

Read the article here

ESMA Issues Guidelines on Staff Competence in Crypto-Asset Services

11 July 2025

ESMA published final guidelines under MiCA Regulation to assess the knowledge and competence of staff at crypto-asset service providers (CASPs). The criteria include minimum qualifications, relevant experience, and awareness of crypto-specific risks like volatility and cybersecurity. These measures aim to enhance investor protection and trust in digital finance markets. CASPs must ensure staff meet these standards when providing information or advice.

The guidelines will **apply six months** after publication in all EU languages.

Read the article here
Read the guidelines here

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Regulatory Developments

ESMA Regulatory Developments

ESAs Publish Guide on DORA Oversight Activities

15 July 2025

The ESAs published a joint guide detailing how they will oversee critical third-party ICT service providers under the DORA. The guide explains the governance framework, oversight procedures, and tools used by Joint Examination Teams (JETs). It also highlights the importance of transparency, collaboration among national authorities, and the central role of the Lead Overseer, who may issue recommendations to providers.

Although not legally binding, the guide serves as a practical reference for financial institutions and ICT providers aiming to comply with DORA. It supports efforts to strengthen operational resilience within the EU financial sector. Stakeholders are encouraged to prepare for supervisory implementation, and the framework may evolve as the authorities gain experience.

Read the article here

Read the DORA guide here

ESMA Prepares Switch to Single Volume Cap Mechanism

24 July 2025

ESMA published its final report detailing the RTS for the "Active Account Requirement" (AAR) under EMIR 3. This obliges certain EU counterparties dealing in specified OTC interest-rate derivatives to maintain an operational and representative clearing account at an EU-authorized Central Counterparties (CCP), reducing reliance on systemically important third-country CCPs.

The report simplifies operational conditions, stress-testing protocols, and reporting demands, following stakeholder feedback, and now awaits endorsement by the European Commission before scrutiny by Parliament and Council.

Read the article here

EC Regulatory Developments

EU Sets New Rules on ICT Subcontracting in Finance

02 July 2025

Starting July 2025, financial institutions in the EU will face stricter rules on how they manage their IT service providers. A new regulation, **Delegated Regulation (EU) 2025/532**, requires firms to take a closer look at the full chain of subcontractors involved in delivering critical digital services.

This regulation, which supplements the broader DORA, mandates that financial entities must now map and assess the full chain of subcontractors involved in delivering critical or important ICT functions.

Financial firms are required to maintain visibility not just over their direct ICT providers, but also over any downstream subcontractors whose failure could jeopardize operational continuity. The regulation aims to close gaps oversight and ensure that disruptions do not catch institutions off guard.

Set to take effect on **July 22, 2025**, this measure marks a significant step in the EU's strategy to harden the financial system against digital threats in an increasingly interconnected services landscape.

Read the regulation here

Other Regulatory Developments

ACPR

AI Act Takes Effect Across Europe, Transforming Regulation Landscape

01 July 2025

The European Artificial Intelligence (AI) Act introduces a regulatory framework for the development and use of artificial intelligence systems, particularly those considered high-risk. Financial institutions that provide or deploy high-risk AI systems benefit from a tailored regime that aligns with existing sector-specific legislation. In practice, this means that some AI Act requirements are incorporated into their current internal control obligations, while others are presumed fulfilled through compliance with financial sector rules. This approach aims to avoid regulatory duplication and ensure consistency with established supervisory frameworks.

The Act also emphasizes transparency, accountability, and risk management, especially for AI applications in areas like credit scoring, fraud detection, and insurance underwriting.

Read the article here

AFG

GDPR Q&A for Asset Managers

24 July 2025

The AFG published July 2025 a practical guide for asset management companies to understand and comply with the GDPR. The document emphasizes that even if asset management companies handle mostly business-related data, they are often still processing personal data such as employee information or data from individual clients and are therefore subject to the regulation.

List of Topics Covered in the Q&A:

- GDPR Applicability in Asset Management
- Internal Data Governance and Breach Management
- Legal Bases for Data Processing (Consent, Contract, Legitimate Interest)
- Consent Requirements for Marketing and Tracking Technologies
- Roles and Responsibilities: Data Controllers vs. Processors
- Appointment and Role of the Data Protection Officer (DPO)
- Rights of Data Subjects (Access, Rectification, Erasure)
- Data Retention Policies and Erasure Protocols
- Data Protection Impact Assessments (DPIAs)
- AML/CFT Compliance and Handling of Sensitive Data
- CNIL Audits and Regulatory Inspections
- Commercial Prospecting and Electronic Communications
- International Data Transfers and Legal Safeguards

Read the Q&A here

ASPIM

CSRD: Reporting of GHG Emissions Relating to Tenant Energy Consumption

24 July 2025

ASPIM and the Fédération des Entreprises Immobilières (FEI) clarified their stance on how landlords should report greenhouse gas emissions linked to tenant energy use under the CSRD framework. They advocate for reporting these emissions under Scope 3, Category 13 of the GHG Protocol, reflecting the lack of operational control landlords have over tenant energy choices.

ASPIM and FEI oppose reclassifying these emissions under Scope 1 or 2, warning it would distort accountability and lead to double counting. Their position aligns with international standards and long-standing industry practice, aiming to preserve comparability and transparency in sustainability reporting.

Read the article here

Regulatory Developments

CSSF Regulatory Developments

CSSF Highlights Gaps in EU Taxonomy Reporting

04 July 2025

The CSSF released a report assessing the information disclosed under Article 8 of the Taxonomy Regulation as from 1 January 2024 for 20 non-financial issuers under its supervision. This was the first full cycle under the expanded Taxonomy Environmental Delegated Act, which now includes water, circular economy, pollution, and biodiversity alongside climate goals.

The review found that all issuers in scope used the required templates and KPIs were reported more effectively. However, disclosures on CapEx and OpEx were often inconsistent, and many entities failed to clearly explain their accounting methodologies. Double-counting of activities contributing to multiple objectives was also a recurring issue.

Sector-level analysis revealed uneven reporting practices, with some industries lagging. The CSSF urged issuers to improve transparency and alignment with the Disclosures Delegated Act and called for stronger internal validation and supervisory follow-up going forward.

Read the article here

Read the report here

CSSF Highlights EU Roadmap for T+1 Securities Settlement

09 July 2025

The CSSF drew attention to the EU's High-Level Roadmap for transitioning to a T+1 securities settlement cycle by October 2027. Developed by the EU T+1 Industry Committee, the roadmap outlines key milestones, dependencies, and operational challenges across trading venues, custodians, and asset managers. A public consultation hosted by ESMA is open until August 31, 2025, inviting feedback from market participants. The shift aims to enhance efficiency, reduce risk, and align EU markets with global standards.

Read the article here

CSSF Reminder on ICT Incident Notification Requirements

25 July 2025

The Commission for the CSSF reminded all supervised entities of their obligation to report ICT-related incidents in line with Circulars CSSF 25/893 and 24/847. Entities must notify major or significant incidents within 24 hours of detection, regardless of public awareness.

The CSSF emphasized strict adherence to thresholds, timelines, and reporting procedures via the eDesk portal. This reminder aims to reinforce cybersecurity vigilance and regulatory compliance across Luxembourg's financial sector.

Read the article here

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Recent Enforcement Actions / Sanctions

AMF Sanctions Ten Individuals for Insider Trading and Disclosure Failures

11 July 2025

The AMF's Sanctions Commission imposed a total of **€1,890,000** in fines on ten individuals and entities for breaches related to insider trading and delayed disclosure of insider information. Key violations were:

- Failure by the asset management company and its CEO to promptly publish four privileged pieces of information between 2017 and 2020;
- Insider trading by eight individuals based on confidential details about the asset management's ski resort and infrastructure projects;
- Professional misconduct by a financial investment advisor and its director, both permanently banned from the profession.

Read the article here

AMF Sanctions Danish Investment Bank for Client Protection Failures

18 July 2025

The AMF imposed a **€300,000** fine on a Danish Investment Bank for multiple breaches of professional duties by its French branch. The main offences were:

- Failure to properly inform clients about changes in position closure procedures;
- Mishandling of trading incidents, affecting order execution quality;
- Significant delays in transferring PEA (equity savings plan) accounts;
- Poor communication regarding Brexit's impact on UK financial securities;
- Insufficient professionalism and lack of investor support during transitions;
- Non-compliance with conduct obligations under the Monetary and Financial Code;
- Absence of reliable, accessible investment information for clients;
- Inadequate client assistance amid regulatory changes.

These failings were deemed to be detrimental to investor protection and indicative of insufficient professionalism.

Read the article here

Glossary

ACPR - Contrôle Prudentiel et de Résolution

AIF - Alternative Investment Funds

AIFM - Alternative Investment Fund Manager

AMC - Asset Management Companies

AMF - Autorité des Marchés Financiers

AML-CTF - Anti-money laundering and counter-terrorism financing

ASPIM – Association Française des Sociétés de Placement Immobilier

CDR - Commission Delegated Regulation

CSSF – Commission de surveillance du secteur financier

CSRD - Corporate Sustainability Reporting Directive

CNIL - French Data Protection Authority

DORA - Digital Operational Resilience Act

EBA – European Banking Authority

EC – European Commission

ECB - European Central Bank

EIOPA - European Insurance and Occupational Pensions Authority

ELTIF - European long-term investment funds

EMIR - European Market Infrastructure Regulation

ESAs - European Supervisory Authorities (EBA, EIOPA and ESMA)

ESG - Environmental, social, and governance

ESMA - European Securities and Markets Authority

EU – European Union

ETF - Exchange Traded Funds

GDPR - General Data Protection Regulation

ICT - information and communication technology

MiCAR - Markets in crypto-assets Regulation

RTS – Regulatory Technical Standards

SFDR - Sustainable Finance Disclosures Regulation

SPOT - Supervision of Operational and Thematic Practices

UCITS - Collective Investment in Transferable Securities

Stay Ahead with Kroll

Enhancing value across a range of expertise

Valuation Advisory

Valuation and consulting for financial reporting, tax, investment and risk management purposes

- Valuation Services
- Alternative Asset Advisory
- Real Estate Advisory
- Tax Services
- Transfer Pricing
- Fixed Asset Advisory Services

Corporate Finance

Objective guidance to management teams and stakeholders throughout restructuring, financing and M&A transactions, including independent fairness and solvency opinions

- M&A Advisory
- Fairness and Solvency Opinions
- Transaction Advisory Services
- ESOP and ERISA Advisory
- Financial Sponsors Group
- Distressed M&A and Special Situations
- Private Capital Markets and Debt Advisory

Governance and Risk Advisory

Risk management and mitigation, disputes and other advisory services

- Forensic Investigations and Intelligence
- Financial Services Compliance and Regulation
- Compliance Risk and Diligence
- Expert Services
- Restructuring Advisory
- Information Management and Governance
- Security Risk Management
- Data Insights and Forensics

Business Services

Complex legal and business solutions through our proprietary technology and team of experts

- Prime Clerk
- Class Action Administration
- Mass Tort Administration
- Regulatory and Government Administration
- Notice Media Solutions
- Lucid Issuer Services
- Lucid Agency and Trustee Services
- Corporate Actions
- Business Technology

Cyber Risk

With unrivaled frontline experience from handling 2,700+ incidents every year, we're uniquely positioned to deliver end-to-end cyber risk solutions to support every step of the journey toward cyber resilience:

- Cyber Risk Governance
- System Assessments and Testing
- Incident Response and Litigation Support
- Notification, Call Centers, and Monitoring
- Managed Security Services

Stay Ahead with Kroll

Supporting financial services firms globally to build, manage and protect their businesses

Our FSCR practice was established upon the four pillars below which are highly valued by the industry and continue to guide our approach to all engagements. This powerful combination ensures our clients receive seamless service, relevant cross-jurisdictional advice and insight to enable them to make informed decisions.

We have a multidisciplinary team with a strong **depth of regulatory, technical and industry experience**, drawn from leading financial institutions, regulators, government authorities and professional advisory firms.

Through our **global presence in key financial services markets,** we are **closely connected** with the industry, regulators and trade associations. Clients also benefit from our **'one team'** borderless approach.

We are a **trusted, experienced partner** to all our clients, providing ongoing strategic advice and considering **regulatory obligations, operational excellence and risk and compliance** throughout our client engagements.

Our practice is **focused exclusively on financial services:** we work with a broad range of firms across the industry and provide technical advisory support and expertise across the **full spectrum of financial services regulations across the globe.**

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As the leading independent provider of risk and financial advisory solutions, Kroll leverages our unique insights, data and technology to help clients stay ahead of complex demands. Kroll's global team continues the firm's nearly 100-year history of trusted expertise spanning risk, governance, transactions and valuation. Our advanced solutions and intelligence provide clients the foresight they need to create an enduring competitive advantage. At Kroll, our values define who we are and how we partner with clients and communities. Learn more at www.kroll.com.

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