

A&O SHEARMAN



Regulatory monitoring

NEWSLETTER
MARCH 2025

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ECB in focus

ECB in focus is our blog dedicated to the banking supervisory activities of the European Central Bank (ECB). We report on key developments in European banking regulation led by the ECB as part of the Single Supervisory Mechanism (SSM).

SOME OF OUR RECENT POSTS

EU court's judgment sheds new light on how the ECB should apply national administrative measures

04 April 2024

The General Court of the European Union recently delivered its judgment on a dispute between an Austrian bank (BAWAG) and the ECB over the imposition of an administrative measure for breaching the large exposure limits. The case raises interesting questions about the competence of the ECB to apply national law provisions and the interpretation of national law implementing EU directives.

[Read more →](#)

Outsourcing on the rise: ECB warns of increased reliance on third party providers

07 March 2024

In its recent Supervisory Newsletter the ECB highlights the jump in the number of outsourcing contracts as banks have increased their reliance on non-EU providers for IT related services.

[Read more →](#)

Culture matters—The ECBs approach to assessing banks' culture and risk behaviour

26 September 2023

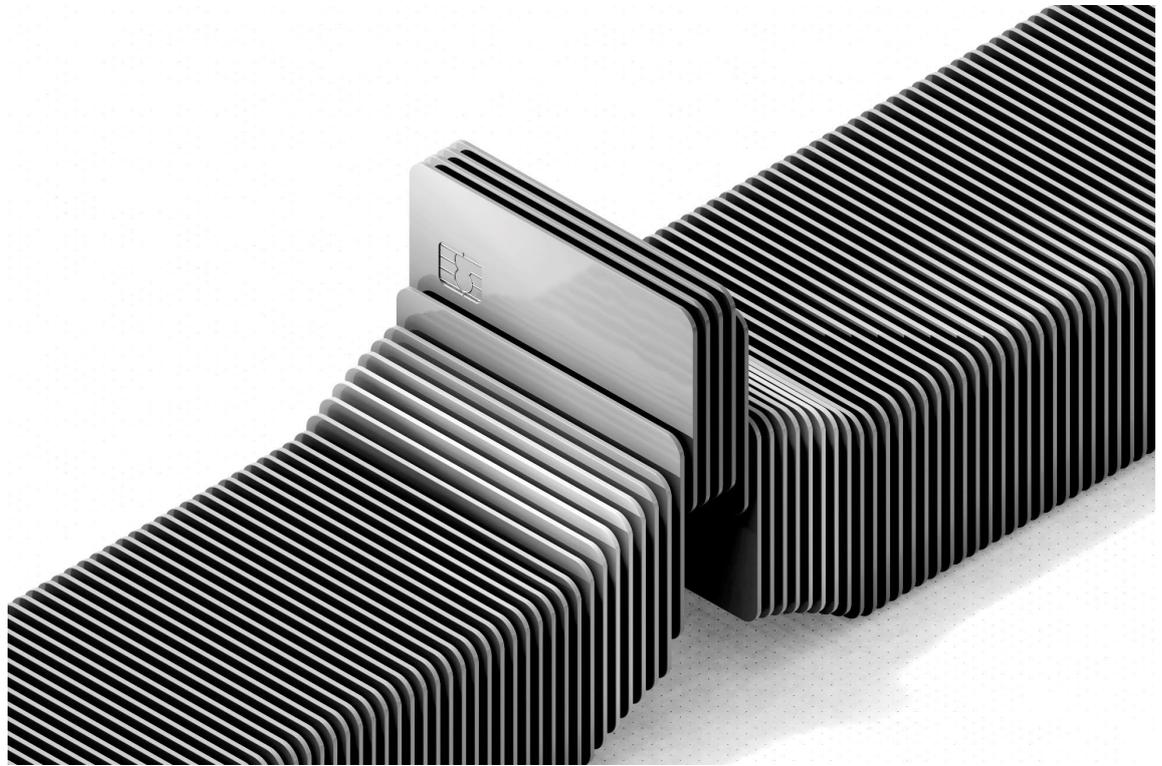
A recent speech by Frank Elderson, Vice-Chair of the ECB Supervisory Board, places culture firmly on the supervisory agenda. Mr Elderson considers how culture can drive risk behaviour in banks and how the ECB goes about assessing banks' culture.

[Read more →](#)

The blog features views and commentary from members of A&O Shearman's market-leading German financial services regulation practice.

For enquiries regarding A&O Shearman's ECB in focus blog, please contact us.





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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

EBA: Updated methodology on the regulatory and supervisory equivalence of non-EU countries

Status: Final

The EBA has published its updated methodology for the assessment of regulatory and supervisory frameworks of non-EU countries. The changes seek to reflect amendments to the revised CRR and CRD. The EBA states that it has also streamlined its questionnaire to improve the user experience.

Date of publication: 24/03/2025

(ii) International

BCBS: Basel III monitoring report

Status: Final

The BCBS has published its Basel III monitoring report. The report sets out trends in current bank capital and liquidity ratios and the impact of the fully phased-in Basel III framework, including the December 2017 finalisation of the Basel III reforms and the January 2019 finalisation of the market risk framework. It covers both large international active banks (Group 1) and other smaller banks (Group 2).

Date of publication: 26/03/2025

BCBS: Update on upcoming workstreams

Status: Final

The BCBS has published a press release providing an update on its workstreams. The BCBS states that it will publish by mid-2025 an update on the outcome of its work to prepare a suite of practical tools to support supervisors in their day-to-day work, taking into account the lessons learned from the 2023 banking turmoil. The BCBS has also committed to analysing recent developments and global practices on banks' information and communication technology risk management. The Committee plans to publish a range of practices report covering its findings in 2026. As part of the BCBS's work relating to non-bank financial intermediaries (NBFIs), the BCBS states that it will conduct a comprehensive investigation into the synthetic risk transfers from banks to NBFIs to provide an enhanced understanding of the risks and benefits of these products and the evolving nature of the transaction structures.

Date of publication: 13/03/2025

b) Solvency/Own funds issues

(i) Germany

BaFin: Updated FAQ on the Systemic Risk Buffer (*Angepasste FAQ zum Kapitalpuffer für systemische Risiken*)

Status: Final

BaFin has updated its FAQ on the Systemic Risk Buffer by adding a new question no. 8: If the CRSA is applied, how do you handle a situation where the technically relevant reporting item C 07.00.a _0180_0220 of the exposure class “Exposures secured by mortgages on immovable property and ADC exposures” or CRSA, line 40, column 220 may also contain exposures that are collateralised by residential property located abroad?

Date of publication: 13/03/2025

(ii) EU

EC: Targeted consultation on the application of the market risk prudential framework

Status: Consultation

Deadline for the submission of comments: 22/04/2025

The EC has launched a consultation to help determine the best approach for the application of the EU’s framework on market risk prudential requirements for banks. Last year, the Commission postponed by one year (until 1 January 2026) the date of fundamental review of the trading book (FRTB) application in the EU, in order to align implementation with other major global jurisdictions. Recent international developments indicate further possible delays in these jurisdictions, raising concerns on the international level playing field and the impact on EU banks. In this context, the Commission is consulting on possible action within its mandate under Article 461a of the capital requirements regulation around three potential options: (i) implementing the FRTB as currently laid down in the Banking package, from 1 January 2026; (ii) postponing the date of application by a further year (1 January 2027); or (iii) introducing temporary and targeted amendments to the market risk framework for up to three years. A list of possible temporary amendments is set out in the annex to the consultation. Combinations of the options or other alternatives could also be envisaged provided they are within the Commission’s mandate. The Commission is empowered under Article 461a to adopt a Delegated Regulation by the end of June.

Date of publication: 24/03/2025

EBA: Final report on draft ITS on amending Commission Implementing Regulation (EU) 2016/100 laying down ITS specifying the joint decision process with regard to the application for certain prudential permissions pursuant to the CRR

Status: Final

The EBA has published a final report on draft ITS amending the existing implementing regulation on the joint decision process for internal model authorisation under Articles 143(1), 151(9), 283 and 325az of the CRR. This final draft amending ITS is part of the first phase of the EBA roadmap for implementing the EU Banking Package. The key amendments include: (i) a revised scope for the use of internal models for regulatory purposes under CRR III, where the possibility of applying these models for operational risk has been removed. As a result, references to the Advanced Measurement Approach (AMA) have been deleted from the scope of the revised ITS; and (ii) updated references to the ITS and RTS on the functioning of supervisory colleges, reflecting changes in the revised supervisory colleges regulatory framework.

The draft ITS will be submitted to the Commission for endorsement following which the ITS will be subject to scrutiny by the EP and the Council before being published in the OJ.

Date of publication: 17/03/2025

c) Securitisation

(i) Germany

BaFin: Circular 06/2025 on the exercise of a choice pursuant to Article 495e CRR (*Rundschreiben 06/2025 zur Ausübung des Wahlrechtes nach Art. 495e CRR*)

Status: Final

BaFin has published a Circular on the exercise of a choice pursuant to Article 495e CRR, as applicable since 1 January 2025. According to this new Article, BaFin has the option of allowing institutions to continue to use ECAI credit assessments that assume implicit government support in relation to exposures to institutions until 31 December 2029, in derogation from Article 138(1)(g) CRR. With this regard, BaFin decided that institutions may, when using credit assessments of designated ECAIs pursuant to Article 4(1)(99) CRR in the case of exposures to institutions, use ECAI credit assessments in which implicit government support is assumed within the meaning of Article 138(3) CRR until 31 December 2029 if they have previously notified BaFin of this once for all relevant exposures of designated ECAIs. Copies of the notifications must also be submitted to the Deutsche Bundesbank. Furthermore, BaFin can prohibit the use of ECAI credit assessments in which implicit government support is assumed in certain cases.

The Circular applies to institutions to all LSI pursuant to Article 6(4) of Regulation (EU) No. 1024/2013 (SSM Regulation). It also applies to all institutions that are treated as if they were CRR credit institutions pursuant to Section 1a of the German Banking Act (*Kreditwesengesetz – KWG*), provided they are not exempt from Part 3 of the CRR.

Date of publication: 31/03/2025

(ii) EU

ESAs: Joint Committee report on the implementation and functioning of the Securitisation Regulation (Article 44)

Status: Final

The ESAs have published a report on the implementation and functioning of the Securitisation Regulation (Article 44). This report puts forward recommendations to strengthen the overall effectiveness of Europe's securitisation framework through simplification, while ensuring a high level of protection for investors and safeguarding financial stability. It identifies areas where the regulatory and supervisory framework can be enhanced, supporting the growth of robust and sound securitisation markets in Europe.

Date of publication: 31/03/2025

ESMA: Peer review report on the implementation of the STS securitisation requirements

Status: Final

ESMA has published a peer review report on NCAs' supervision of simple, transparent and standardised (STS) securitisations. The report looks into and provides recommendations on the supervisory approaches adopted by

selected NCAs when supervising STS securitisation transactions and the activities of their originators, sponsors, and securitisation special purpose entities. The PRC recommends relevant NCAs scale up their approach to STS supervision, so that risks arising from these transactions are adequately identified, assessed, and addressed. NCAs are encouraged to continue monitoring the evolution of their STS markets and to adapt their supervisory approach and resource allocation as needed. This is said to be particularly relevant in light of the ongoing fundamental review of the securitisation regulatory framework, with the aim to revive the securitisation market in the EU. ESMA expects to carry out a follow-up assessment in the future to evaluate progress made against the recommendations and track developments in STS supervision across jurisdictions.

Date of publication: 27/03/2025

d) Liquidity

(i) EU

EC: Proposal for a Regulation amending the CRR on prudential requirements for credit institutions as regards requirements for securities financing transactions under the NSFR

Status: Draft

The EC has published a proposal for a Regulation amending the CRR on prudential requirements for credit institutions as regards requirements for securities financing transactions under the NSFR. It aims to maintain the current transitional approach to the NSFR requirement which would otherwise come to an end. This requirement is part of the Basel III international standards and aims to ensure that banks have stable funding sources to fund their activities and reduce their dependency on short-term wholesale funding. The current transitional treatment of this requirement has proven to be prudentially sound since the entry into application in mid-2021 and does not seem to have raised any financial stability concerns. Therefore, maintaining the current treatment, in line with the approach retained by other jurisdictions, may support the development of a liquid and attractive sovereign debt market and a deep securities financing transactions (SFT) market for EU collateral instruments.

Date of publication: 31/03/2025

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

(i) Germany

BaFin: Protocol of the MaRisk expert meeting (Protokoll der MaRisk Fachgruppensitzung)

Status: Final

BaFin has published a protocol from its latest expert meeting on topics regarding the Minimum requirements for the risk management (*Mindestanforderungen an das Risikomanagement – MaRisk*). In particular, the meeting deliberated on EBA Guidelines in the context of MaRisk, ECB Guidelines on governance and risk culture, the scope of application of MaRisk regulations under DORA, the application of the MaRisk of payment institutions under the Payment Services Oversight Act (*Zahlungsdiensteaufsichtsgesetz – ZAG*) as well as several questions on the interpretation of the MaRisk.

Date of publication: 28/03/2025

(ii) EU

ECB: Updated FAQ on the SREP of tomorrow

Status: Final

The ECB has updated its FAQ on the so-called SREP of tomorrow. The FAQ explain why and with which aim the SREP has been reviewed and how the SREP and its implementation timeline have been changed. They also set out how the SREP decision templates have been improved, how the methodology for Pillar 2 requirements has been simplified and when this methodology will be implemented.

Date of publication: 11/03/2025

f) Cyber security

(i) EU

ESAs: Joint Committee update on risks and vulnerabilities in the EU financial system

Status: Final

The ESAs have updated their report on risks and vulnerabilities in the EU financial system, which focuses on the challenges linked to geopolitical tensions and cyber risks. They warn that growing geopolitical tensions and rising cyber risks present significant challenges to financial stability. These include trade disputes, rapidly shifting policies, ongoing international conflicts and the prospect of economic fragmentation which are reshaping global markets, requiring heightened vigilance and adaptability from supervisors and financial entities alike. The ESAs, therefore, emphasise the need for proactive risk management, stronger cyber resilience and a close monitoring of global financial linkages.

Date of publication: 31/03/2025

EC: Announcement that Member States should fully transpose DORA

Status: Final

The EC has announced that it has opened infringement procedures by sending a letter of formal notice to 13 Member States (Belgium, Bulgaria, Denmark, Greece, Spain, France, Latvia, Lithuania, Malta, Poland, Portugal, Romania and Slovenia) for failing to fully transpose the DORA Directive. Member States had to transpose the DORA Directive into national law by 17 January 2025. The Member States concerned now have two months to respond and to complete their transposition and notify their measures to the Commission. In the absence of a satisfactory response, the Commission may decide to issue a reasoned opinion, the second stage of the formal infringement procedure.

Date of publication: 27/03/2025

Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to RTS to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements

Status: Published in the OJ

Date of entry into force: 13/04/2025

The Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to RTS to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements, has been published in the OJ.

Date of publication: 24/03/2025

EC: Commission Delegated Regulation (EU) .../... supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions

Status: Adopted by the EC

The EC has adopted a draft Commission Delegated Regulation supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions. Articles 1 and 2 establish the rules on proportionality and group application. Article 3 sets out rules on due diligence and risk assessment regarding the use of subcontractors supporting critical or important functions. Article 4 establishes the description and the conditions under which ICT services supporting a critical or important function may be subcontracted. Articles 5 and 6 contain the rules on material changes to subcontracting arrangements of ICT service supporting critical or important functions and the provisions on the termination of the contractual arrangement.

The Delegated Regulation will enter into force 20 days after its publication in the OJ.

Date of publication: 24/03/2025

ESAs: Translations of joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents under DORA

Status: Final

Date of application: 19/05/2025

The ESAs have published translations of the joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents. The Guidelines supplement the DORA which requires that financial entities report on request to their national competent authorities an estimation of aggregated annual costs and losses caused by major ICT-related incidents. The Guidelines indicate how those estimations should be arrived at and include a related reporting template.

Date of publication: 18/03/2025

ESAs: Opinion on the draft RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions under Article 30(5) of DORA

Status: Draft

The ESAs have published an Opinion on the EC's rejection of the draft RTS on subcontracting. The RTS specified further elements that financial entities must determine and assess when subcontracting ICT services that support critical or important functions under DORA. The EC rejected the draft RTS on the grounds that certain elements exceeded the powers given to the ESAs by DORA. The ESAs' Opinion acknowledges the EC's assessment and confirms that the proposed amendments ensure the draft RTS is now in line with the DORA mandate. The ESAs encourage the EC to finalise the adoption of the RTS without further delay.

Date of publication: 07/03/2025

g) Remuneration

(i) Germany

BaFin: General Administrative Act regarding diversity reporting (*Allgemeinverfügung zu Diversitätsanzeigen*)

Status: Final

BaFin has published a General Administrative Act regarding diversity reporting, aiming to comply with the [EBA Guidelines](#) on benchmarking of diversity practices, including diversity policies and gender pay gap under the CRD. The Guidelines specify which data must be collected to comply with the requirement for NCAs to collect data on diversity in institutions pursuant to Article 91(11) CRD. They will be applied for the first time this year, starting from 30 April 2025. In future, selected institutions will have to submit the notification every three years. The legislative process to adapt the German Banking Act (*Kreditwesengesetz – KWG*) and the Notification Regulation (*Anzeigenverordnung – AnzV*) could not be completed by these reporting deadlines. Therefore, a General Administrative Act is necessary.

The target group of these Guidelines are significant credit institutions pursuant to Section 1(3c) KWG. BaFin will inform the other participating institutions individually about their participation. In addition, the EBA has published the list of participating institutions on its [website](#).

Date of publication: 27/03/2025

(ii) EU

Decision (EU) 2025/451 by the ECB amending Decision (EU) 2024/461 on the reporting by national competent authorities to the ECB of information on remuneration, gender pay gap, approved higher ratios and high earners for the purposes of benchmarking

Status: Published in the OJ

Date of application: 24/02/2025

The Decision (EU) 2025/451 by the ECB amending Decision (EU) 2024/461 on the reporting by national competent authorities to the ECB of information on remuneration, gender pay gap, approved higher ratios and high earners for the purposes of benchmarking, has been published in the OJ.

Date of publication: 06/03/2025

h) Supervisory reporting

(i) EU

Commission Implementing Regulation (EU) 2025/379 amending the ITS laid down in Implementing Regulation (EU) 2016/2070 as regards benchmark portfolios, reporting templates and reporting instructions to be applied in the Union for the reporting referred to in Article 78(2) CRD IV

Status: Published in the OJ

Date of entry into force: 01/04/2025

The Commission Implementing Regulation (EU) 2025/379, amending technical standards published for specifying the data collection for the 2025 benchmarking exercise, has been published in the OJ. The CRD requires competent authorities to conduct an annual assessment of the quality of internal approaches used for the calculation of own funds requirements. To assist competent authorities in this assessment, the European Banking Authority calculates and distributes benchmark values to competent authorities that allows a comparison of individual institutions' risk parameters. These benchmark values are based on data submitted by institutions as laid out in Commission Implementing Regulation (EU) 2016/2070 which specifies the benchmarking portfolios, templates, and definitions to be used as part of the annual benchmarking exercises. Commission Implementing Regulation (EU) 2025/379 amends the implementing technical standards set out in Implementing Regulation (EU) 2016/2070, replacing the existing annexes IV, V, VI, VII, and X.

Date of publication: 12/03/2025

1.2 RECOVERY AND RESOLUTION

(i) EU

Council of the EU: Publication of column tables on crisis management deposit insurance trilogues

Status: Draft

The Council of the EU has published two four column tables resulting from the second round of trilogue meetings discussing the crisis management deposit insurance (CMDI) package relating to the: (i) [proposal for a Directive amending Directive 2014/49/EU \(DGSD\)](#) as regards the scope of deposit protection, use of deposit guarantee schemes funds, crossborder cooperation, and transparency; and (ii) [proposal for a Directive amending Directive 2014/59/EU \(BRRD\)](#) as regards early intervention measures, conditions for resolution and financing of resolution action.

Date of publication: 24/03/2025

(ii) Eurozone

SRB: Consultation on resolvability testing for banks

Status: Consultation

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

The SRB has launched a consultation on its operational guidance on resolvability testing for banks under the SRB's remit. It aims to ensure that European banks are regularly testing their capabilities to handle a crisis and to implement a resolution action, and promote a harmonised approach for the implementation of the multi-annual testing programme. With reference to the EBA Guidelines on improving resolvability, it defines testing areas and sub-areas, testing methods, as well as expectations for testing governance,

design, preparation and reporting. The multi-annual testing programme will define the testing exercises banks will conduct over a three-year period, with an annual review to incorporate developments from the previous year. A natural feedback loop exists between resolvability assessment and testing: resolvability assessment outcomes will shape testing priorities, while testing results will validate operational effectiveness and inform future resolvability assessments.

The consultation incorporates lessons learned from past crises and best practice. The SRB expects to publish final guidance in Q3.

Date of publication: 17/03/2025



2. Investment firms regulation

(i) EU

EC: Announcement that Member States should fully transpose DORA

Status: Final

The EC has announced that it has opened infringement procedures by sending a letter of formal notice to 13 Member States for failing to fully transpose the DORA Directive. For more information, please see section 1.1f) above.

Date of publication: 27/03/2025

Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to regulatory technical standards to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements

Status: Published in the OJ

Date of entry into force: 13/04/2025

The Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to regulatory technical standards to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements, has been published in the OJ. For more information, please see section 1.1f) above.

Date of publication: 24/03/2025

EC: Commission Delegated Regulation (EU) .../... supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions

Status: Adopted by the EC

The EC has adopted a draft Commission Delegated Regulation supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions. For more information, please see section 1.1f) above.

Date of publication: 24/03/2025

ESAs: Translations of joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents under DORA

Status: Final

Date of application: 19/05/2025

The ESAs have published translations of the joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents. For more information, please see section 1.1f) above.

Date of publication: 18/03/2025

ESAs: Opinion on the draft RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions under Article 30(5) of DORA

Status: Draft

The ESAs have published an Opinion on the EC's rejection of the draft RTS on subcontracting. For more information, please see section 1.1f) above.

Date of publication: 07/03/2025



3. Market regulation/ Conduct rules

3.1 GENERAL

(i) International

IOSCO: Launch of new alerts portal to help combat retail investment fraud

Status: Final

IOSCO has announced the launch of a new alert portal, which is aimed at strengthening the global fight against retail investment fraud. The International Securities & Commodities Alerts Network (I-SCAN) allows investors, online platform providers, banks and institutions to check if a financial regulator has a suspicious activity flag for a particular company or potential investment. I-SCAN is part of IOSCO's roadmap for retail investor online safety which sets strategic initiatives for safeguarding retail investors worldwide from fraud, excessive risk, and misinformation as digital trading and social media reshape the retail financial market.

Date of publication: 20/03/2025

IOSCO: Consultation on a report on neo-brokers

Status: Consultation

Deadline for the submission of comments: 12/05/2025

The IOSCO has launched a consultation on neo-brokers, a subset of brokers which provide online-only investment services and do not operate physical branches. Neo-brokers rely on technology to facilitate their services, mainly providing access via mobile apps and websites, and have very limited or no human interaction with their retail customers. They have grown in recent years.

The consultation report sets out a series of findings from IOSCO members who reported on the activities of neo-brokers in their jurisdictions and also includes recommendations which member jurisdictions may consider applying. Two areas which require specific action are the potential risks of conflicts of interest, mainly due to business models inducing retail clients to trade more frequently and the need for solid IT infrastructure, given neo-brokers' online-only business models. The report lists a series of questions upon which feedback is welcomed, as well as any more general comments respondents may have on the proposed guidance in the report.

Date of publication: 13/03/2025

3.2 BENCHMARKS

(i) EU

Council of the EU: Adoption of the Regulation amending the Benchmark Regulation

Status: Adopted by the Council of the EU

The Council of the EU has announced that it had adopted at first reading the financial benchmarks regulation with the aim of reducing red tape for EU companies, particularly SMEs. The regulation amends the Benchmark Regulation (BMR) to reduce the regulatory burden on administrators of benchmarks defined as non-significant by removing them from the scope of the legislation. Critical or significant benchmarks will remain within the scope of the revised BMR. EU administrators that are out of the scope will be able to opt-in, under certain conditions. Additionally, the regulation will establish a revised framework for non-EU benchmark administrators to access the EU markets by, among other things, allowing for recognition without requiring equivalence.

The ESMA is granted supervisory powers over non-EU benchmark administrators, aligning ESMA's oversight across both the recognition and endorsement regimes. The amendments also provide that administrators of EU Climate Transition Benchmarks and EU Paris-Aligned Benchmarks must be registered, authorised, recognised or endorsed to ensure regulatory oversight and prevent misleading ESG claims. EU Climate Transition Benchmarks must include the acronym "CTB" and EU Paris-aligned Benchmarks must include "PAB" in their names. The EC must assess, by 30 June 2029, the appropriateness of current ESG disclosure requirements and their alignment with other sustainability-related regulations. The EC is mandated to exempt, after consultation, spot foreign exchange benchmarks provided by non-EU benchmark administrators where the benchmark references spot exchange rates of a third-country currency, subject to certain conditions being met. This aims to ensure that benchmark users in the EU have access to hedging instruments where currency controls apply.

The regulation now needs to be adopted by the EP at second reading (currently scheduled for 8 April) before it can be published in the OJ and enter into force. The proposed application date of the amending regulation is 1 January 2026. There are various transitional provisions to smooth the transition of these revisions, including that all authorised, registered or recognised, or as endorsing administrators as at 31 December, will retain that status until 30 September 2026.

Date of publication: 24/03/2025

3.3 CAPITAL MARKETS UNION

(i) EU

ECON: Draft report on facilitating the financing of investments and reforms to boost European competitiveness and create the CMU

Status: Final

The ECON has published a draft report on facilitating investments and reforms to boost European competitiveness and creating a Capital Markets Union. The report identifies challenges facing the EU, including the risk of economic decline and its perceived inability to protect itself from territorial threats highlighted by the Russia-Ukraine war, as well as the strategic realignment of the US. The EU is therefore exploring ways to improve its budgetary headroom and mobilise private capital for investment to provide financing for defence capacities, while continuing to support the green reindustrialisation and to invest in education and research. It is noted that businesses are turning outside the EU to gain access to finance and resources and often scale up in foreign markets.

The draft report proposes measures designed to address the challenges facing the EU and to promote the integration and efficiency of capital markets in the EU. This includes mobilising private investment and easing access to finance, including through: (i) the creation of an EU-wide capital market; (ii) repatriation of clearing services to the EU; (iii) aligning Member States' legislative frameworks as part of the simplification agenda; and (iv) the development of proposals aimed at creating instruments to help channel household investments towards productive investments. It also recognises the need for substantial public sector investment, recommending the establishment of a dedicated instrument within the European Stability Mechanism and recommending the European Commission publishes a report on the future design of an EU safe asset. It welcomes the European Commission's upcoming proposal for a new €150bn financial instrument to boost EU defence capabilities and proposes the establishment of an economic intelligence unit to identify European industrial needs and market opportunities.

Date of publication: 17/03/2025

3.4 CONSUMER PROTECTION RULES

(i) EU

EBA: Report on consumer trends 2024/2025

Status: Final

The EBA has published its biannual report on consumer trends for the years 2024 and 2025. The report has identified payment fraud, indebtedness, and de-risking as the most important issues affecting EU consumers. It is based on information provided by the NCAs of the 27 EU Member States, selected national and EU consumer associations, EU industry associations, national ombudsmen, as well as quantitative data from a variety of sources, including for the first time the EBA's new Retail Risk Indicators, which the EBA has published separately since 2022 with a view to identify potential consumer harm.

Date of publication: 26/03/2025

3.5 MIFID/MIFIR

(i) Germany

BaFin: Supervisory note on systematic internalisation (*Aufsichtsmitteilung über systematische Internalisierung*)

Status: Final

BaFin has published a supervisory note on systematic internalisation. It sets out that BaFin will not pursue violations of the reporting obligation under Section 79(1) of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) if investment services providers fail to calculate the systematic internaliser (SI) thresholds. By way of background, throughout the thorough revision of MiFID II and MiFIR, the EU amended, among others, the rules on systematic internalisation. For example, the publication obligations regarding OTC post-trade transparency were shifted to the newly introduced "Designated Publishing Entity" (DPE).

As of 3 February 2025, DPEs will assume the post-trade transparency obligations from SIs. On 24 January 2025, ESMA announced that it will no longer provide the aggregated data required to calculate the SI thresholds. It no longer considers the calculations by investment firms to be necessary. Until the new, Europe-wide standardised SI

reporting form pursuant to Article 15(5) MiFIR is available, firms can continue to use the BaFin reporting form to register or deregister as an SI.

Date of publication: 21/03/2025

BaFin: Updated notes on applications for reduced fees as per Section 16j(2) of the Financial Services Supervision Act (Aktualisierte Hinweise zu Reduzierungsanträgen nach § 16j Abs. 2 FinDAG)

Status: Final

BaFin has updated its notes to apply for a reduction in fees as per Section 16j(2) of the Financial Services Supervision Act (*Finanzdienstleistungsaufsichtsgesetz – FinDAG*). Pursuant to Section 16j(2) FinDAG, certain institutions can apply for the deduction of certain income from the commission revenue that forms the basis of determining BaFin fees in the area of securities trading. The update comprises a technical note that from now on, these applications can be submitted via the MVP portal under the category “submission by auditors and auditor associations (*Einreichungen durch Wirtschaftsprüfer und Prüfungsverbände*).

The deduction items are only to be taken into account by BaFin if they amount in total to more than one-fifth of the total commission income and the apportionment payer has applied for non-consideration before 1 February of the calendar year following the apportionment year and has proven the existence of the prerequisites by submitting suitable documents. Facts which are submitted or proven late shall not be taken into account. The amounts of the deductions must be proven by a certificate issued by a chartered accountant, a sworn auditor or an auditing company.

Date of publication: 18/03/2025

(ii) EU

Council of the EU: Publication of column tables on draft Directive amending the UCITS Directive, Solvency II, AIFMD, MiFID II and the IDD as regards the Union retail investor protection rules

Status: Draft

The Council of the EU has published a three column table identifying the negotiating positions of the EC, EP and Council in relation to the Proposal for a Directive amending Directives 2009/65 (UCITS), 2009/138 (Solvency II), 2011/61 (AIFMD), 2014/65 (MiFID II) and 2016/97 (IDD) as regards the Union retail investor protection rules.

Date of publication: 24/03/2025

ESMA: Overview of planned consultations for 2025

Status: Final

The ESMA has published an overview of its planned consultations for 2025. The consultations relate to workstreams under the EU Listing Act, the MiFID/MiFIR package, the EMIR 3, the review of the AIFMD, sustainable finance and investor protection. ESMA states that it will update the list regularly.

Date of publication: 13/03/2025

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

(i) EU

Council of the EU: Publication of column tables on draft Regulation amending the PRIIPs Regulation as regards the modernisation of the KID

Status: Draft

The Council of the EU has published a three column table identifying the negotiating positions of the EC, EP and Council in relation to the Proposal for a Regulation amending Regulation (EU) No 1286/2014 (PRIIPs Regulation) as regards the modernisation of the key information document (KID).

Date of publication: 24/03/2025



4. Market infrastructure

4.1 CUSTODY RULES

(i) EU

EBA: Consultation on draft RTS on the determination of the threshold referred to in Art. 54(5) CSDR and accompanying appropriate risk management and accompanying prudential requirements to mitigate risks in relation to the designation of credit institutions in accordance with Art. 54(2a) CSDR

Status: Consultation

Deadline for the submission of comments: 16/06/2025

The EBA has launched a consultation on draft RTS on the threshold of activity at which designated credit institutions and Central Securities Depositories (CSDs) providing 'banking-type ancillary services' to a designating CSD need to meet the prudential risk management requirements set out in Articles 54(4) and 54(4a) CSDR. Banking-type ancillary services include activities such as providing cash accounts to, and accepting deposits from, participants in a securities settlement system, and payment services involving processing of cash and foreign exchange transactions.

Article 1 of the RTS prescribes a formula to determine the threshold which takes into account: (i) the liquidity of the currencies for which commercial bank money (CoBM) settlement is offered; (ii) the number of settlement agents providing CoBM settlement to the designating CSD; (iii) the other roles that the settlement agents may have vis-à-vis the designating CSD (e.g., participants to the securities settlement systems); and (iv) the creditworthiness of the settlement agents.

Depending on the liquidity of the currencies and on the characteristics of the settlement agents, the threshold can range from a minimum of 1.5% of the total value of all securities transactions against cash settled in the books of the CSD, calculated over a one-year period, and EUR 3.75 bn, to a maximum of 2.5% and EUR 6.25 bn. Article 2 sets out basic requirements applicable to all designated credit institutions which operate below the thresholds and, as such, are exempted from applying the requirements of Art. 54(4) of the CSDR. Below 1.5% and up to 3.25bn, CSDs would only have to meet basic prudential requirements on credit worthiness, liquidity risk management policy and procedures, and a recovery plan. Article 3 prescribes advanced requirements which apply when the activity of the designated credit is below the threshold determined in Article 1 but exceeds 1.5% of the total value of all securities transactions against cash settled in the books of the CSD over one year, and EUR 3.75 bn per year. The proposed level represents a 50%-increase from the actual CSDR threshold.

Date of publication: 14/03/2025

ESMA: Statement on non-application of cash penalties under the CSDR due to major incident affecting T2S and T2

Status: Final

ESMA has published a statement confirming that national competent authorities do not expect central securities depositories (CSDs) to impose cash penalties under the Central Securities Depositories Regulation for settlement fails in EEA CSDs that occurred on 27 and 28 February 2025, in the wake of the T2S and T2 incident on 27 February. The incident meant that no settlement instructions, payment, ancillary system instructions or liquidity transfers between TARGET services could be processed for a number of hours. The incident had significant knock-

on effects on the total number and value of settlement fails. Given this was a failure of infrastructure (which was a circumstance independent of the involved participants), it would not be justified to impose cash penalties.

Date of publication: 14/03/2025

ESMA: Letter notifying the EC on delay of certain deliverables

Status: Final

The ESMA has published a letter addressed to the EC on the prioritisation of ESMA's 2025 deliverables. ESMA's letter sets out specific items which ESMA intends to delay or which have been cancelled. In some instances the delays are made with the purpose of aligning ESMA's work with other initiatives. For example, the technical standards on buy-in under the Central Securities Depository Regulation Review are delayed until T+1 implementation is complete. The EU has committed to moving to T+1 by 11 October 2027. ESMA identifies the following as being included in its highest priority workstreams: (i) implementation of the latest amendments to the European Market Infrastructure Regulation, known as EMIR 3; (ii) the Markets in Financial Instruments Directive and Regulation Review; (iii) the Listing Act; (iv) the Central Securities Depository Regulation Review; (v) the T+1 project; and (vi) the review of the Alternative Investment Fund Managers Directive. ESMA is also prioritising new supervisory responsibilities relating to Consolidated Tape Providers, Green Bond verifiers, ESG Rating providers and oversight powers under the Digital Operational Resilience Act.

Date of publication: 06/03/2025

4.2 EMIR

(i) EU

ESMA: Extension of the tiering and recognition of the three UK-based CCPs

Status: Final

Following the extension of EU equivalence for UK CCPs to 30 June 2028 under EMIR, ESMA has now announced the extension of the tiering and recognition of the three UK CCPs – ICE Clear Europe, LCH Ltd and LME Clear. The Bank of England published a [press release](#) on the same day welcoming ESMA's decision to ensure that EU market participants can continue to access the clearing services of the UK CCPs. In addition, ESMA and the Bank have agreed an [amended Memorandum of Understanding](#) governing cooperation and information sharing regarding UK CCPs, which take account of the changes brought in by EMIR 3.

Date of publication: 17/03/2025

ESMA: Overview of planned consultations for 2025

Status: Final

The ESMA has published an overview of its planned consultations for 2025. For more information, please see section 3.5 above.

Date of publication: 13/03/2025

EBA: Discussion paper on EBA's response to the provisional request of the EC for a technical advice on a possible Delegated Act specifying the method for the determination of the amount of the fees, and the modalities of the payment of such fees, to be paid by financial and non-financial counterparties requiring the validation of pro forma models under the EMIR

Status: Consultation

Deadline for the submission of comments: 07/04/2025

The EBA has published a discussion paper on fees to validate pro forma models under the EMIR 3. This regulation requires that counterparties apply for authorisation to their competent authorities before using, or adopting a change to, a model for initial margin calculation used as a risk-mitigation technique for OTC derivative contracts not cleared by a CCP. The EBA is charged with establishing a central validation function for the elements and general aspects of pro forma models, and changes to those, and must charge an annual fee, per pro forma model, to counterparties using the pro forma models it validates. The EBA's discussion paper is intended to assist it in responding to a request from the European Commission for technical advice for preparing the delegated act setting out the method for the determination of the amount of the fees and the modalities of the payment of the fees.

In the discussion paper, the EBA outlines its approach to budgeting, the expected costs it will incur in carrying out this new role, expected fees per counterparty including the calculation methods and the modalities of payment. The EBA is seeking feedback on the (i) scope of the new tasks and corresponding costs; (ii) calculation of the monthly average outstanding notional amount of non-centrally cleared OTC derivatives over the past 12 months; (iii) fee calculation methods; and (iv) payment modalities. Responses to the discussion paper may be provided until 7 April. The EBA intends to provide its technical advice by 30 June.

Date of publication: 05/03/2025

5. Anti-money laundering

(i) Germany

BaFin: Supervisory note on the prevention of ML/TF (*Aufsichtsmitteilung zur Prävention von Geldwäsche und Terrorismusfinanzierung*)

Status: Final

BaFin has published a supervisory note on the prevention of ML/TF, raising awareness among supervised entities and explaining common circumvention schemes. A particular focus is placed on transactions related to Iran. Circumvention transactions in the financial sector are transactions that deliberately aim to circumvent legal, regulatory, or contractual requirements. They undermine transparency and control mechanisms by concealing the actual economic or country-specific background. This hinders obliged entities from properly fulfilling their due diligence obligations under the Money Laundering Act (*Geldwäschegesetz – GwG*).

Date of publication: 27/03/2025

BaFin: Amended Interpretative guidance on the German Money Laundering Act (*Angepasste Auslegungs- und Anwendungshinweise zum Geldwäschegesetz*)

Status: Final

BaFin has supplemented its Interpretative guidance on the Money Laundering Act (*Geldwäschegesetz – GWG*). This was based on the announcement of the Law on the digitalisation of the financial market (*Finanzmarktdigitalisierungsgesetz – FinmadiG*) of 27 December 2024, replacing the previous version. Among other things, information on increased due diligence obligations for crypto-asset transfers from or to self-hosted addresses was added. The instructions apply to all those obliged under the Money Laundering Act supervised by BaFin. A comparison document showing all changes to the previous version from October 2021 is available on BaFin's website.

Date of publication: 06/03/2025

(ii) EU

EBA: Consultation on proposed RTS in the context of the EBA's response to the European Commission's Call for advice on new AMLA mandates

Status: Consultation

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

The EBA has published a consultation on proposed RTS under the EU's 2024 AML package. The AML package consists of a Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AML Regulation), a Regulation establishing the Anti-Money Laundering Authority (AMLA) and the Sixth Money Laundering Directive (MLD6). The EBA is consulting on draft RTS that will inform its response to the EC's call for advice, which it intends to submit to the EC on 31 October. The draft RTS on which the EBA is consulting, which are relevant to the financial sector, are:

- ♦ Draft RTS on the assessment of the inherent and residual risk profile of obliged entities under Article 40(2) of MLD6. The EBA is proposing a methodology for national supervisors to apply when assessing an institution's inherent risks, the quality of controls and the residual risks that remain after the controls have been applied.

- ◆ Draft RTS on the risk assessment for the purpose of selection of credit institutions, financial institutions and groups of credit institutions for direct supervision under Article 12(7) of the AMLA Regulation. The EBA is proposing that AMLA considers the cross-border activities of institutions and the money laundering/terrorist financing risk assessment methodology.
- ◆ Draft RTS under Article 28(1) of the AML Regulation on customer due diligence. The EBA is proposing a framework that gives institutions the ability to choose the appropriate approach, for example, by providing a list of types of documents and sources of information that institutions should consult, instead of specifying the documents and sources.
- ◆ Draft RTS under Article 53(10) of MLD6 on pecuniary sanctions, administrative measures and periodic penalty payments. The EBA is proposing a list of indicators that supervisors should consider when assessing the significance of a breach of a firm's AML requirements.

The EBA is holding an online public hearing on the proposals on 10 April and invites interested stakeholders to register by 8 April if they wish to join.

Date of publication: 06/03/2025

6. Payments

6.1 PAYMENT SERVICES/E-MONEY

(i) EU

EC: Announcement that Member States should fully transpose DORA

Status: Final

The EC has announced that it opened infringement procedures by sending a letter of formal notice to 13 Member States for failing to fully transpose the DORA Directive. For more information, please see section 1.1f) above.

Date of publication: 27/03/2025

Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to regulatory technical standards to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements

Status: Published in the OJ

Date of entry into force: 13/04/2025

The Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to regulatory technical standards to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements, has been published in the OJ. For more information, please see section 1.1f) above.

Date of publication: 24/03/2025

EC: Commission Delegated Regulation (EU) .../... supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions

Status: Adopted by the EC

The EC has adopted a draft Commission Delegated Regulation supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions. For more information, please see section 1.1f) above.

Date of publication: 24/03/2025

ESAs: Translations of joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents under DORA

Status: Final

Date of application: 19/05/2025

The ESAs have published translations of the joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents. For more information, please see section 1.1f) above.

Date of publication: 18/03/2025

ESAs: Opinion on the draft RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions under Article 30(5) of DORA

Status: Draft

The ESAs have published an Opinion on the EC's rejection of the draft RTS on subcontracting. For more information, please see section 1.1f) above.

Date of publication: 07/03/2025

(ii) International

FSB: Announcement of establishing a forum on cross-border payments data

Status: Final

The FSB has announced the establishment of a forum on cross-border payments data, a key outcome from the FSB's recommendations for data frameworks related to cross-border payments published in December 2024. The forum seeks to bring together experts in payments, anti-money laundering and countering terrorist financing, sanctions, and data privacy and protection, to strengthen cooperation on data-related issues in cross-border payments. Working with international organisations, including with the Financial Action Task Force (FATF) and the Organisation for Economic Cooperation and Development (OECD), the forum will serve as a platform for dialogue, information exchange, and research, helping to identify and address inconsistencies in global data frameworks. An advisory body comprised of private sector representatives will also be created to provide industry perspectives and expertise to the forum. Its first meeting will be held in May.

Date of publication: 27/03/2025

6.2 PAYMENT AND SETTLEMENT SYSTEMS

(i) EU

ECB: Report on card schemes and processors

Status: Final

The ECB has published a report on card schemes and processors. The report provides an updated analysis of the development of card schemes and processing entities in EU member states. In the report, the ECB considers whether changing market conditions allows national card schemes to remain sustainable and considers the distribution of processors across EU countries, including the extent to which non-EU ownership may lead to EU dependence. The ECB concludes that the EU is highly reliant on non-EU solutions to operate card payments. This includes both card schemes and processors. According to the ECB, it is important for an EU solution to be developed at the point of interaction to secure operational resilience and autonomy of EU payment systems.

Date of publication: 28/02/2025

7. Institutional supervisory framework

(i) EU

Decision (EU) 2025/507 of the ECB on the total amount of annual supervisory fees for 2024

Status: Published in the OJ

Date of application: 01/04/2025

The Decision 2025/507 of the ECB on the total amount of annual supervisory fees for 2024 has been published in the OJ. The decision states that the total amount of annual supervisory fees for 2024 shall be EUR 680 564 120, calculated as shown in the Annex. Significant supervised entities and significant supervised groups shall pay EUR 651 368 183. Less significant supervised entities and less significant supervised groups shall pay EUR 29 195 937.

Date of publication: 27/03/2025

(ii) International

IOSCO: 2025 Work Programme

Status: Final

The IOSCO has published its 2025 Work Programme, setting out its ongoing and planned initiatives for 2025. These include: (i) prioritising issues related to non-bank financial intermediation; (ii) developing measures to mitigate risks associated with pre-hedging practices employed by market intermediaries; (iii) conducting a series of targeted actions to tackle new risks to retail investors, including imitative and copy trading, poor digital engagement practices and influencer activities; (iv) launching a pilot crypto and digital assets implementation monitoring initiative to understand policy implementation among IOSCO member jurisdictions; (v) continuing work to strengthen the operational resilience of financial market infrastructures; and (vi) assisting with capacity building for jurisdictions that are seeking to adopt or apply the International Sustainability Standards Board standards, as well as those seeking to develop carbon markets in their jurisdictions.

Date of publication: 12/03/2025

8. Investment funds

8.1 PRODUCT REGULATION

a) AIF

(i) Germany

BaFin: Updated Guidance Notice on approval process for AIF management companies pursuant to Section 22 Capital Investment Code (*Angepasstes Merkblatt zum Erlaubnisverfahren für eine AIF-Kapitalverwaltungsgesellschaft nach § 22 KAGB*)

Status: Final

BaFin has updated its Guidance Notice on the approval process for AIF management companies pursuant to Section 22 of the Capital Investment Code (*Kapitalanlagegesetzbuch – KAGB*). These companies are capital management companies pursuant to Section 17 KAGB that manage or intend to manage at least one AIF.

Date of publication: 24/03/2025

(ii) EU

Council of the EU: Publication of column tables on draft Directive amending the UCITS Directive, Solvency II, AIFMD, MiFID II and the IDD as regards the Union retail investor protection rules

Status: Draft

The Council of the EU has published a three column table identifying the negotiating positions of the EC, EP and Council in relation to the Proposal for a Directive amending the UCITS Directive, Solvency II, AIFMD, MiFID II and the IDD. For more information, please see section 3.5 above.

Date of publication: 24/03/2025

ESMA: Overview of planned consultations for 2025

Status: Final

The ESMA has published an overview of its planned consultations for 2025. For more information, please see section 3.5 above.

Date of publication: 13/03/2025

b) UCITS

(i) Germany

BaFin: Updated Guidance Notice on approval process for UCITS management companies pursuant to Section 21 Capital Investment Code (*Angepasstes Merkblatt zum Erlaubnisverfahren für eine OGAW-Kapitalverwaltungsgesellschaft nach § 21 KAGB*)

Status: Final

BaFin has updated its Guidance Notice on the approval process for UCITS management companies pursuant to Section 21 of the Capital Investment Code (*Kapitalanlagegesetzbuch – KAGB*). These companies are capital management companies pursuant to Section 17 KAGB that manage or intend to manage at least one UCITS.

Date of publication: 24/03/2025

(ii) EU

Council of the EU: Publication of column tables on draft Directive amending the UCITS Directive, Solvency II, AIFMD, MiFID II and the IDD as regards the Union retail investor protection rules

Status: Draft

The Council of the EU has published a three column table identifying the negotiating positions of the EC, EP and Council in relation to the Proposal for a Directive amending the UCITS Directive, Solvency II, AIFMD, MiFID II and the IDD. For more information, please see section 3.5 above.

Date of publication: 24/03/2025

8.2 PRUDENTIAL REGULATION

a) Compliance

(i) Germany

BaFin: Consultation 08/2025 on a draft Guidance Notice regarding the scope of influence of investors on investment funds permissible under supervisory regulation (*Konsultation 08/2025 über den Entwurf eines Merkblatts zum Umfang der aufsichtsrechtlich zulässigen Einflussnahme von Anlegern in Investmentvermögen*)

Status: Consultation

Deadline for the submission of comments: 31/03/2025

BaFin has launched a consultation on a draft Guidance Notice regarding the scope of influence of investors on investment decisions taken by asset management companies that is permissible under supervisory regulation. According to Section 17 of the German Investment Code (*Kapitalanlagegesetzbuch – KAGB*), asset management companies are responsible for the management of their investment funds. Excessive investor influence contradicts this principle. This draft Guidance Notice specifies the regulatory limits on the extent to which investors can influence these investments and divestments.

Date of publication: 14/03/2025

(ii) EU

EC: Communication on savings and investments union strategy to enhance financial opportunities for EU citizens and businesses

Status: Final

The EC has unveiled its strategy for the Savings and Investments Union (SIU), an initiative to improve the way the EU financial system channels savings to productive investments. Implementing the SIU requires a range of policy measures, which are grouped under four headings: (i) Citizens and savings – encouraging and incentivising retail customers to hold more of their savings in capital market instruments; (ii) Investments and financing – promoting investment in equity and certain alternative assets, namely venture capital, private equity and infrastructure; (iii) Integration and Scale – removing sources of fragmentation in EU capital markets, whether regulatory, supervisory or political, to allow for the possibility of market-driven consolidation; and (iv) Efficient Supervision in the Single Market – harmonised supervision is an objective of the SIU. All financial market operators should receive the same supervisory treatment irrespective of their location across the Union.

Among the specific proposals, in Q2 the Commission will set up a dedicated channel for all market participants to report on encountered barriers within the single market and will step up enforcement action to accelerate their removal. In Q4, the Commission will publish what it describes as ‘an ambitious package of legislative proposals’ including rules on central securities depositories, financial collateral and settlement and on the trading market structure and consider replacing Directives with Regulations. It also proposes legislation to remove remaining barriers to the distribution of EU-authorized funds across the EU. The Commission will also come forward with measures to reduce operational barriers affecting cross border groups, with a view to simplifying operations of asset managers, both large and more specialised, and ensuring a more efficient access and servicing of clients. Alongside the communication, the Commission also published an accompanying press release and questions and answers. A factsheet includes a summary timetable for key proposed measures. In Q2 2027, the Commission will publish a mid-term review of the overall progress in achieving the Savings and Investments Union.

Date of publication: 19/03/2025

9. Special topics

9.1 FINTECH/DIGITAL FINANCE

(i) Germany

Accompanying Regulation on the transition of the existing legal framework on crypto-assets to the MiCA Regulation (*Begleitende Verordnung zur Überführung des bestehenden Rechtsrahmens in Bezug auf Kryptowerte auf die MiCA Verordnung*)

Status: Published in the Federal Gazette

Date of entry into force: 07/03/2025

The Accompanying Regulation on the transition of the existing legal framework on crypto-assets to the MiCA Regulation has been published in the Federal Gazette. Germany already had an advanced legal framework for regulating the crypto market. The MiCA Regulation now creates a comprehensive EU-wide framework for primary and secondary markets for crypto-assets. A key aspect of this framework is the creation of an authorisation requirement for the provision of crypto-asset services, applying since 30 December 2024. The implementation of the MiCA Regulation has been ensured with the German Law on the digitalisation of the financial market (*Finanzmarktdigitalisierungsgesetz – FinmadiG*). This accompanying Regulation aims to specify provisions in the FinmadiG that are intended to enable existing companies and new market participants to provide their services throughout Europe from “day 1” of the MiCA Regulation's application. To this end, it specifies the “simplified procedure” for the transfer of existing companies provided for in the MiCA Regulation and the FinmadiG. The accompanying Regulation also transfers the issuing of further technical regulations to the BaFin.

Date of publication: 06/03/2025

(ii) EU

Publication of six Delegated and Implementing Regulations supplementing the MiCA Regulation

Status: Published in the OJ

Date of application: 20/04/2025

The following five Delegated Regulations and one Implementing Regulation supplementing the MiCA Regulation with regard to asset-referenced tokens (ARTs) and crypto-asset service providers (CASPs) have been published in the OJ:

- ◆ Commission Delegated Regulation (EU) 2025/300 supplementing the MiCA Regulation with regard to RTS on information to be exchanged between competent authorities
- ◆ Commission Delegated Regulation (EU) 2025/305 supplementing the MiCA Regulation with regard to RTS specifying the information to be included in an application for authorisation as a CASP
- ◆ Commission Delegated Regulation (EU) 2025/413 supplementing the MiCA Regulation with regard to RTS specifying the detailed content of information necessary to carry out the assessment of a proposed acquisition of a qualifying holding in an issuer of an ART
- ◆ Commission Delegated Regulation (EU) 2025/414 supplementing the MiCA Regulation with regard to RTS specifying the detailed content of information necessary to carry out the assessment of a proposed acquisition of a qualifying holding in a CASP

- ◆ Commission Delegated Regulation (EU) 2025/422 supplementing the MiCA Regulation with regard to RTS specifying the content, methodologies and presentation of information in respect of sustainability indicators in relation to adverse impacts on the climate and other environment-related adverse impacts
- ◆ Commission Implementing Regulation (EU) 2025/306 laying down ITS for the application of the MiCA Regulation with regard to standard forms, templates and procedures for the information to be included in the application for authorisation as a CASP

Date of publication: 31/03/2025

EC: Announcement that Member States should fully transpose DORA

Status: Final

The EC has announced that it has opened infringement procedures by sending a letter of formal notice to 13 Member States for failing to fully transpose the DORA Directive. For more information, please see section 1.1f) above.

Date of publication: 27/03/2025

ESMA: Official translations of Guidelines on certain aspects of the suitability requirements and format of the periodic statement for portfolio management activities under the MiCA Regulation

Status: Final

Date of application: 25/05/2025

ESMA has published official translations of the Guidelines on certain aspects of the suitability requirements and format of the periodic statement for portfolio management activities under the MiCA Regulation. These Guidelines apply to competent authorities and crypto-asset service providers (CASPs) where they provide advice on crypto-assets or portfolio management of crypto-assets. They specify the suitability requirements under Article 81(1), (7), (8), (10), (11) and (12) of the MiCA Regulation and the requirements applicable to the format of the periodic statement to be provided by CASPs in accordance with Article 81(14) of the MiCA Regulation.

Competent authorities must notify ESMA by 25 May whether they (i) comply, (ii) do not comply, but intend to comply, or (iii) do not comply and do not intend to comply with the Guidelines, with their reasons for not complying. Financial market participants are not required to report whether they comply with these Guidelines.

Date of publication: 26/03/2025

Publication of four Delegated Regulations supplementing the MiCA Regulation

Status: Published in the OJ

Date of entry into force: 13/04/2025

The following four Delegated Regulations supplementing the MiCA Regulation with regard to RTS in the context of asset-referenced tokens (ARTs) and e-money tokens (EMTs) have been published in the OJ:

- ◆ Commission Delegated Regulation (EU) 2025/415 supplementing the MiCA Regulation with regard to RTS specifying adjustment of own funds requirement and minimum features of stress testing programmes of issuers of ARTs or of EMTs
- ◆ Commission Delegated Regulation (EU) 2025/418 supplementing the MiCA Regulation with regard to RTS specifying the minimum content of the governance arrangements on the remuneration policy of issuers of significant ARTs or EMTs

- ◆ Commission Delegated Regulation (EU) 2025/419 supplementing the MiCA Regulation with regard to RTS specifying the procedure and timeframe for an issuer of ARTs or of EMTs to adjust the amount of its own funds
- ◆ Commission Delegated Regulation (EU) 2025/421 supplementing the MiCA Regulation with regard to RTS specifying the data necessary for the classification of crypto-asset white papers and the practical arrangements to ensure that such data is machine-readable

Date of publication: 24/03/2025

Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to regulatory technical standards to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements

Status: Published in the OJ

Date of entry into force: 13/04/2025

The Commission Delegated Regulation (EU) 2025/420 supplementing DORA with regard to regulatory technical standards to specify the criteria for determining the composition of the joint examination team ensuring a balanced participation of staff members from the ESAs and from the relevant competent authorities, their designation, tasks and working arrangements, has been published in the OJ. For more information, please see section 1.1f) above.

Date of publication: 24/03/2025

EC: Commission Delegated Regulation (EU) .../... supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions

Status: Adopted by the EC

The EC has adopted a draft Commission Delegated Regulation supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions. For more information, please see section 1.1f) above.

Date of publication: 24/03/2025

ESMA: Translation of Guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments

Status: Final

ESMA has published official translations of its Guidelines on the conditions and criteria for the qualification of crypto-assets as financial instruments under Article 2(5) of the MiCA Regulation. The Guidelines will now apply from 18 May to competent authorities and financial market participants including issuers, offerors, crypto-asset service providers, investors and all persons engaging in activities relating to crypto-assets. National competent authorities must notify ESMA whether they comply, do not comply but intend to comply, or do not intend to comply with the joint Guidelines by 18 May. Financial market participants are not required to report whether they comply.

Date of publication: 19/03/2025

ESAs: Translations of joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents under DORA

Status: Final

Date of application: 19/05/2025

The ESAs have published translations of the joint Guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents. For more information, please see section 1.1f) above.

Date of publication: 18/03/2025

Publication of Commission Delegated Regulation (EU) 2025/416 supplementing the MiCA Regulation with regard to RTS specifying the content and format of order book records for crypto-asset service providers operating a trading platform for crypto-assets

Status: Published in the OJ

Date of entry into force: 03/04/2025

The Commission Delegated Regulation (EU) 2025/416 supplementing the MiCA Regulation with regard to RTS specifying the content and format of order book records for crypto-asset service providers operating a trading platform for crypto-assets has been published in the OJ. The RTS set out in Articles 2 to 15 of the delegated regulation the details of each order in crypto-assets advertised through a CASP's system the relevant CASP is required to keep at the disposal of the competent authority, or give the competent authority access to, in the format laid down in Tables 2 and 3 of the Annex to the delegated regulation.

Date of publication: 14/03/2025

Publication of Commission Delegated Regulation (EU) 2025/417 supplementing the MiCA Regulation with regard to RTS specifying the manner in which crypto-asset service providers operating a trading platform for crypto-assets are to present transparency data

Status: Published in the OJ

Date of entry into force: 03/04/2025

The Commission Delegated Regulation (EU) 2025/416 supplementing the MiCA Regulation with regard to RTS specifying the content and format of order book records for crypto-asset service providers operating a trading platform for crypto-assets has been published in the OJ. The RTS set out in Articles 2 to 15 of the delegated regulation the details of each order in crypto-assets advertised through a CASP's system the relevant CASP is required to keep at the disposal of the competent authority, or give the competent authority access to, in the format laid down in Tables 2 and 3 of the Annex to the delegated regulation. The RTS specify the general principles of presentation of the information on operating rules for trading platforms, pre- and post-trade transparency requirements, real time publication of transactions, and disaggregation of pre- and post-trade data requirements.

Date of publication: 14/03/2025

ESAs: Guidelines on templates for explanations and opinions and the standardised test for crypto-assets under Article 97(1) MiCA Regulation

Status: Final

Date of application: 12/05/2025

The ESAs have published Guidelines on: (i) a common approach for the regulatory classification of crypto-assets under the MiCA Regulation; and (ii) templates for certain explanations and opinions required under Articles 8(4), 17(b)(ii) and 18(2)(e) MiCA Regulation. The explanations and opinions relate to whether, or why, a crypto-asset or

asset-referenced token should not be considered to be, either, an e-money token, a crypto-asset excluded from the scope of the MiCA Regulation or (in the case of crypto-assets) an asset-referenced token.

As of their application date, national regulators, financial market participants and financial institutions must make every effort to comply with them. Within two months of publication of the Guidelines on the ESAs' websites in all official languages, national regulators should inform the ESAs whether they comply or intend to comply, or otherwise their reasons for non-compliance.

Date of publication: 10/03/2025

ESAs: Opinion on the draft RTS specifying the elements that a financial entity has to determine and assess when subcontracting ICT services supporting critical or important functions under Article 30(5) of DORA

Status: Draft

The ESAs have published an Opinion on the EC's rejection of the draft RTS on subcontracting. For more information, please see section 1.1f) above.

Date of publication: 07/03/2025

9.2 AI

(i) International

IOSCO: Consultation on AI in capital markets

Status: Consultation

Deadline for the submission of comments: 11/04/2025

IOSCO has launched a consultation on the use cases, risks and challenges of AI in capital markets. The report, which is based on feedback from IOSCO's members and industry participants, discusses: (i) AI use cases in capital markets (which have evolved since IOSCO's 2021 AI report); (ii) risks, issues, and challenges related to investor protection, market integrity and financial stability arising from AI; and (iii) steps that market participants have taken to manage risks and govern development and deployment of AI systems.

Key findings of the report include that firms are increasingly using AI to support decision-making processes (e.g., robo-advising and algorithmic trading) as well as for internal operations and processes. Commonly cited risks include malicious use of AI, concentration, outsourcing, and third-party dependency and risks arising from interactions between humans and AI systems, including a lack of accountability, insufficient oversight, and over-reliance on technology for decision-making. The report also discusses the varied regulatory responses to AI, with some regulators applying existing regulatory frameworks and others developing new frameworks to address the unique challenges posed by AI.

IOSCO is now inviting feedback on the content of the report and other potential areas of focus to inform its approach to developing tools which may help regulators combat the risks of AI in the future.

Date of publication: 12/03/2025

9.3 SUSTAINABLE FINANCE

(i) EU

Council of the EU: Agreement of position on Directive amending the CSRD and CSDDD as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements

Status: Final

The Council of the EU has announced that it had agreed its position on the ‘stop-the-clock’ mechanism to postpone the dates of application of certain corporate sustainability reporting and due diligence requirements, as well as the transposition deadline of the due diligence provisions. In particular, to postpone: (i) by two years the entry into application of the Corporate Sustainability Reporting Directive (CSRD) requirements for large companies that have not yet started reporting, as well as listed SMEs; and (ii) by one year the transposition deadline and the first phase of the application (covering the largest companies) of the Corporate Sustainability Due Diligence Directive (CSDDD).

This mechanism is intended to grant the co-legislators time to agree on substantive changes to the CSRD and CSDDD, also proposed by the Commission as part of the ‘Omnibus I’ package on sustainability. The European Parliament has scheduled 1 April for a vote on this fast-tracked proposal.

Date of publication: 26/03/2026

EU Platform on Sustainable Finance: Response to consultation on the draft Delegated Regulation amending the EU taxonomy delegated acts

Status: Draft

The Platform on Sustainable Finance, an advisory body to the EC established under Article 20 of the Taxonomy Regulation, has published its response to the consultation on the draft Delegated Regulation amending the taxonomy delegated acts. The Platform is broadly supportive of the simplification proposal but makes a number of recommendations, including: (i) introducing a mechanism for all companies to report partial alignment; (ii) clarifying the materiality threshold; (iii) gradually integrating exposures into the Green Asset Ratio; (iv) postponement of KPIs for Banks; and (v) pausing, rather than excluding, reasonable assurance for Corporate Sustainability Reporting Directive (CSRD) reporting, including the EU Taxonomy entity-level reporting.

The Platform raises concerns regarding the reduction of the Taxonomy’s scope suggested in the Omnibus proposals, as regards certain corporate sustainability reporting and due diligence requirements. The Platform recommends aligning the scope of Taxonomy reporting with the scope of the CSRD, while preserving the CSRD’s original scope. For non-SME companies below the 1,000-employee threshold, the Platform suggests that reporting should be focused on the most essential standards, including Taxonomy alignment.

Date of publication: 26/03/2025

EU Platform on Sustainable Finance: Report on streamlining sustainable finance for SMEs

Status: Final

The Platform on Sustainable Finance, an advisory body to the EC established under Article 20 of the Taxonomy Regulation, has published a report on streamlining sustainable finance for SMEs. Despite the critical role that SMEs play in the transition to a net zero, resilient, and environmentally sustainable economy, SMEs face significant challenges in accessing external financing for their sustainability efforts. To address the challenges faced by SMEs in relation to use of the Taxonomy, the Platform proposes a tailored streamlined approach – “the SME sustainable

finance standard” – to be used by banks and other financiers to classify the loans or other type of financing they provide to SMEs as sustainable (green or transition) finance and simplify any related voluntary reporting.

The standard focuses as a first stage on climate change mitigation and adaptation objectives and distinguishes between: (i) activities: consisting of activities listed in the Taxonomy Climate Delegated Act, as well as other activities not included, but which may be considered in the future. For those activities not included, they can only be considered if they are included on a list of well-recognised labels and certifications pre-defined by the European Commission, which can serve as a proxy for their climate-related sustainability credentials in line with the proposed criteria; (ii) enterprises: consisting of (a) SMEs which have recently incorporated in their business model climate-related practices that pursue the transition to a sustainable economy; or (b) an SME holding a climate-related certificate from a pre-defined list; or (iii) investments: consisting of projects and measures that target and projects and measures for which simple and robust criteria have been developed.

The Platform recommends extending the standard to the four remaining Taxonomy environmental objectives at the earliest convenience. The report does not purport to represent or anticipate any future official guidance and views issued by the ESAs or the European Commission or its services.

Date of publication: 21/03/2025

ESMA: Overview of planned consultations for 2025

Status: Final

The ESMA has published an overview of its planned consultations for 2025. For more information, please see section 3.5 above.

Date of publication: 13/03/2025

Commission Notice on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act and the EU Taxonomy Disclosures Delegated Act

Status: Final

The Commission Notice was published in the OJ on the interpretation and implementation of certain legal provisions of the EU Taxonomy Environmental Delegated Act, the EU Taxonomy Climate Delegated Act and the EU Taxonomy Disclosures Delegated Act. These Delegated Acts supplement the EU's Taxonomy Regulation. The Notice facilitates the effective application of these pieces of legislation by providing clarity on the existing provisions of the legislation. The notice provides technical clarifications in response to frequently asked questions (FAQs) on the: (i) technical screening criteria set out in the Taxonomy Climate Delegated Act and the Taxonomy Environmental Delegated Acts; and (ii) disclosure obligations for the non-climate environmental objectives set out in the amendments to the Taxonomy Disclosures Delegated Act. The Notice should be read with previous Commission Notices that have been published on the EU Taxonomy and its Delegated Acts.

Date of publication: 05/03/2025

(ii) International

NGFS: Press release following annual meeting

Status: Final

Following its 2025 Annual Plenary Meeting, the Network for Greening the Financial System (NGFS) published a press release. The NGFS, among other things, reiterated its commitment to focus on robust analysis based on scientific evidence and stated that it will continue to provide science-based tools and guidance to its members and the wider financial sector. For example, new short-term climate scenarios, which will be issued soon, will assist assessment of near-term macro-financial impacts of climate change.

Date of publication: 13/03/2025

10. German Omnibus Acts (*Artikelgesetze*)

(i) Germany

Accompanying Regulation on the transition of the existing legal framework on crypto-assets to the MiCA Regulation (*Begleitende Verordnung zur Überführung des bestehenden Rechtsrahmens in Bezug auf Kryptowerte auf die MiCA Verordnung*)

Status: Published in the Federal Gazette

Date of entry into force: 07/03/2025

The Accompanying Regulation on the transition of the existing legal framework on crypto-assets to the MiCA Regulation has been published in the Federal Gazette. For more information, please see section 9.1 above.

Date of publication: 06/03/2025

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