Regulatory Insights

April 2025

Anti-Money Laundering

CySEC highlights EU sanctions helpdesk for regulated entities

On 7 April 2025, the Cyprus Securities and Exchange Commission (CySEC) issued Circular C697, highlighting the launch of the EU Sanctions Helpdesk—an initiative designed to support Small and Medium-Sized Enterprises (SMEs) across the EU in understanding and complying with restrictive measures.

The Helpdesk offers personalised, free-of-charge guidance to SMEs performing sanctions due diligence. It also provides access to a comprehensive online portal featuring practical resources, country-specific insights, events, and training material related to UN and EU sanctions regimes.

CySEC encourages all regulated entities, including CIFs, ASPs, UCITS Management Companies, AIFMs, and Crypto Asset Service Providers, to leverage the Helpdesk as a best practice for sanctions compliance. The initiative also offers collaboration opportunities for entities interested in contributing to awareness and training efforts.

For more information, refer to the full circular here.

Asset Management (1)

ESMA advances rules on liquidity management tools for investment funds	ESMA published on 15 April 2025 a [draft Regulatory Technical Standards] (RTS) and a [final report on Guidelines (GL) focused on Liquidity Management Tools (LMTs) for funds]. These new provisions are designed to help EU fund managers more effectively manage fund liquidity—especially during times of market stress. Notably, the draft RTS brings greater clarity to how LMTs function across the EU, including tools like side pockets, which have until now operated under differing national rules. This initiative is a key part of the revised AIFMD and UCITS Directive, helping to ensure the consistent application of LMTs across all Member States. It also supports broader financial stability by contributing to the ongoing work on Non-Bank Financial Intermediation. What's next: ✅ The draft RTS has been submitted to the EU Commission (EC), which has up to three months (plus a potential one-month extension) to decide on adoption. ✅ ESMA will translate the Guidelines following the EC's decision. If any changes are made to the RTS, the GL will be adjusted accordingly to stay aligned. ✅ Once the translations are published, national regulators will have two months to confirm compliance intentions. 📅 The Guidelines will apply from the RTS entry into force date. Existing funds will have **12 months** to comply.
CySEC Circular C703: website and marketing compliance for CyIFMs	On 11 April 2025, the Cyprus Securities and Exchange Commission (CySEC) issued Circular C703, reminding Cyprus Investment Fund Managers (CyIFMs)—including UCITS Management Companies, AIFMs, and sub-threshold AIFMs—of their obligations concerning website content and marketing communications. CyIFMs are generally required to maintain a website that provides fair, clear, and non-misleading information. Key regulatory obligations include: ✅ **Website maintenance:** UCITS Management Companies must maintain an official website as per Article 112(3) of Law 78(I)/2012. While AIFMs and sub-threshold AIFMs are not explicitly required by law to have a website, various legal provisions imply this necessity to fulfill disclosure requirements. ✅ **Disclosure obligations:** UCITS Management Companies must upload the Key Investor Information Document (KIID) on their website (Article 63(2) of Law 78(I)/2012). AIFMs and sub-threshold AIFMs addressing retail investors must make the offering document available on their website (Article 79(2)(e) of Law 124(I)/2018). Additionally, PRIIPs manufacturers must publish a Key Information Document (KID) before making a PRIIP available to retail investors (Article 5(1) of Regulation (EU) No 1286/2014).

Asset Management (2)

(continued)

✅ **Sustainable Finance Disclosures:** Under the Sustainable Finance Disclosure Regulation (SFDR), all CyIFMs are required to publish information on their websites regarding:

- ❑ Policies on the integration of sustainability risks in investment decision-making processes (Article 3(1)).
- ❑ Consideration of principal adverse impacts of investment decisions on sustainability factors (Article 4).
- ❑ Inclusion of sustainability risks in remuneration policies (Article 5).

CySEC emphasises the importance of compliance with these requirements to enhance transparency and investor protection.
For detailed information, refer to the full circular here.

ESMA highlights leverage risks in fund sector

ESMA published on 24 April 2025 its annual assessment of leveraged alternative investment funds (AIFs) and a first-time analysis of UCITS using the absolute Value-at-Risk (VaR) model. These insights aim to identify highly leveraged funds and assess their potential impact on financial stability in the EU.

While most EU funds use modest levels of leverage, a subset of AIFs—particularly hedge funds—are significantly leveraged. Some UCITS using the absolute VaR approach also show high gross leverage and risk profiles similar to hedge funds, including exposure to complex derivatives and sensitivity to market fluctuations.
Real estate funds, although pressured in some markets, remain broadly resilient across the EU. GBP Liability-Driven Investment (LDI) funds have shown improved stability following regulatory measures to limit interest rate risk.
Notably, VaR-based UCITS make up 8% of the market, with a small segment (2%) exhibiting higher risk characteristics. These funds, though limited in number, manage more assets than EU hedge funds, highlighting the need for close regulatory oversight.
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Banking & Finance (1)

EBA highlights growing role of Non-EU bank subsidiaries in EU financial market

EBA published on 3 April 2025, two key reports examining the role of third-country bank subsidiaries in the EU and EU banks' foreign currency exposures.

As of December 2023, subsidiaries of non-EU banks held 10.17% of total EU banking assets, with a particularly strong footprint in the derivatives market, where they account for 33.73% of exposures. Their main income sources include fees, commissions, and interest income from credit institutions and financial corporations.

Key highlights from the reports:

✅ Third-country subsidiaries' assets are heavily concentrated in credit institutions (30.79%) and other financial firms (22.44%), with 78% of assets held outside their home country.

✅ Their market share is significant in fee-generating activities like commodities (77.34%), fiduciary transactions (48.74%), and foreign exchange (19.73%).

✅ EU/EEA banks hold nearly 30% of their exposures in foreign currencies and receive 21% of funding in foreign currencies—primarily in US dollars.

✅ Unsecured wholesale funding forms the bulk of foreign currency financing, mostly sourced from financial institutions.

✅ EU banks maintain healthy Net Stable Funding Ratios (NSFR) overall, with USD-specific buffers improving to 107.2% on average by end-2023.

These findings underline the growing importance of non-EU banking groups in key EU financial markets, particularly in derivatives and cross-border funding.

EBA assesses banks' internal models for capital requirements in 2024 benchmarking reports

EBA released on 4 April 2025 its 2024 annual reports on the benchmarking of market and credit risk internal models used by EU banks to calculate capital requirements. This year's publication also includes, for the first time, a dedicated report on the Fundamental Review of the Trading Book – Alternative Standardised Approach (FRTB ASA).

Key findings:

✅ Market risk: Dispersion in risk measures continues to decline, indicating improved data quality and methodology across banks. While Value-at-Risk (VaR) variability dropped to 14%, more complex measures like the incremental risk charge (IRC) remain more volatile at 44%.

✅ Credit risk: Overall variability in Risk-Weighted Assets (RWAs) remained stable, with gradual improvement in Probability of Default (PD) estimates. The Loss Given Default (LGD) variability shows less consistent trends but is influenced by collateralisation and prudential adjustments.

✅ FRTB ASA: The assessment suggests this newer approach delivers more consistent capital requirement calculations than internal models, though some inconsistencies remain in specific metrics like the Default Risk Charge (DRC) and Residual Risk Add-On (RRAO).

The EBA's benchmarking exercises play a critical role in promoting consistency and reliability across the EU's banking system by identifying model variability and informing supervisory action.

Banking & Finance (2)

EBA publishes peer review on stress testing by Deposit Guarantee Schemes

EBA released on 7 April 2025 its Peer Review assessing how national Deposit Guarantee Schemes (DGSs) conduct stress tests across the EU. The review evaluated seven national DGSs against benchmarks derived from the Deposit Guarantee Schemes Directive (DGSD) and the EBA's Revised Guidelines on stress tests.

Stress tests are vital for ensuring DGSs are prepared to act swiftly and effectively in the event of a bank failure, helping to preserve financial stability and protect depositors.

Key findings:

✅ All seven DGSs have established stress testing programmes aligned with the EBA guidelines, with only minor deficiencies noted.

✅ Each demonstrated effective collaboration with relevant authorities and tested the coordination mechanisms in place.

✅ However, only five of the seven fully or largely met expectations in three critical areas:

- ❑ Conducting mandatory core stress tests using realistic assumptions and objective evaluations.
- ❑ Increasing the severity and complexity of scenarios to thoroughly test operational capacity.
- ❑ Identifying areas for improvement and taking or planning follow-up actions to address them.

Broader EU context:

Beyond the focused review, the report also presents a comprehensive overview of 194 stress tests performed between 2021 and 2024 by all DGSs operating in the EU, Norway, and Liechtenstein. These findings help map trends and identify best practices across the European deposit insurance landscape.

📅 Next steps:

The EBA has issued follow-up recommendations to all EU DGSs, addressing areas such as timely stress test development, scenario design, and cooperation effectiveness. A follow-up Peer Review will take place in two years to assess progress in implementing these measures

EBA confirms institutions participating in 2025 supervisory benchmarking exercise

EBA published on 8 April 2025 an updated list of institutions required to report data for the 2025 EU supervisory benchmarking exercise. This year's assessment will cover a sample of 110 institutions from 16 countries across the European Union and the European Economic Area.

The benchmarking exercise evaluates how banks calculate risk-weighted exposure amounts using internal models. It is part of the EBA's broader effort to promote consistency, transparency, and supervisory convergence in the use of internal approaches for capital requirement calculations.

Key points:

✅ The EBA uses established data collection formats from regular supervisory reporting.

✅ The exercise supports national competent authorities in reviewing and comparing banks' internal risk models.

Banking & Finance (3)

(continued)	✅ The 2025 exercise will provide a basis for identifying outliers, assessing model quality, and ensuring alignment with regulatory expectations. Legal basis: The exercise is mandated under Article 78 of the Capital Requirements Directive (CRD), which requires the EBA to assist supervisors in reviewing internal model performance through benchmarking. By fostering comparisons across peers and enhancing model transparency, these exercises contribute to stronger supervisory practices and harmonised application of capital requirements throughout the EU.
EBA updates risk indicator list to support more consistent risk assessments	EBA published on 16 April 2025 an updated list of risk indicators along with its methodological guide. This update aims to enhance the consistency and transparency of how key risk metrics are interpreted and used in supervisory assessments, without imposing additional reporting requirements on banks or supervisory authorities. The updated indicators reflect changes introduced in the EBA reporting framework version 4.0, and provide insights into key areas such as: ✅ Profitability ✅ Solvency ✅ Operational risk. Key enhancements: ✅ Incorporates new risk indicators introduced under the Banking Package (CRR3/CRD6). ✅ Adds indicators related to Environmental, Social and Governance (ESG) risks. ✅ Includes indicators already applied in the MREL framework. By standardising the way risk indicators are calculated and presented in EBA publications, this update enables competent authorities and stakeholders to carry out risk analysis more effectively and comparably across institutions.

Banking & Finance (4)

EBA launches ESG dashboard with key climate risk indicators for EU/EEA banks	EBA published on 25 April 2025 a new **ESG dashboard** providing a centralised view of climate-related risk indicators across the EU/EEA banking sector. Built from banks' Pillar 3 ESG disclosures, the dashboard enhances risk monitoring by offering consistent benchmarks on transition and physical climate risks, as well as green asset exposure. **Key findings:** ✅ **High exposure to carbon-intensive sectors**: Over 70% of banks' corporate exposures are in sectors with significant climate impact, implying potential transition risks as policies, technologies, and consumer preferences evolve. ✅ **Physical climate risks**: Fewer than 30% of exposures are in areas with elevated physical risk, though data granularity and methodologies vary. •**Real estate insights**: Roughly half of property-secured lending falls within higher energy efficiency categories (<200 kWh/m²), but banks often rely on proxies and estimates. ✅ **Green Asset Ratio (GAR)**: Remains low (just under 3% on average), reflecting the early stage of economic transition and methodological factors. The dashboard supports EU objectives for monitoring climate-related financial stability risks, in line with the EBA's mandate under Regulation (EU) 1093/2010. The tool will be regularly updated as data improves, and disclosure templates evolve.
EBA opens consultation on revised standards for real estate risk weights	EBA launched on 30 April 2025 a public consultation on draft amendments to its Regulatory Technical Standards (RTS) concerning the assessment of real estate risk weights. The update reflects changes introduced by CRR3 and aims to align the legal references in the RTS with the revised banking framework. The amendment is limited in scope and primarily technical. For consistency, the EBA also proposes aligning this RTS with a related standard on minimum LGD values for real estate-secured retail exposures. Consultation details: 📅 Deadline for responses: 30 May 2025 📅 Public hearing: 13 May 2025, 14:00–15:00 CEST (register by 9 May, 16:00 CEST) Contributions will be published unless confidentiality is requested. These draft RTS were developed under Article 124(11) of CRR3, in cooperation with the European Systemic Risk Board.

Banking & Finance (5)

EU Commission adopts new RTS on supervisory colleges under CRR2/CRD5	The EU Commission adopted on 23 April 2025 a Delegated Regulation updating the Regulatory Technical Standards (RTS) on the functioning of supervisory colleges, aligning them with CRD5 and CRR2. This new RTS replaces the previous framework set by Delegated Regulation (EU) 2016/98. Based on insights from the EBA's supervisory college monitoring, the updated RTS aim to strengthen cross-border banking supervision through: ✅ Improved information exchange within colleges and with observers—both in normal and emergency scenarios. ✅ Better risk identification in response to adverse events affecting a banking group's risk profile. ✅ Clarified provisions for task entrustment and delegation to enhance efficiency in the supervision of cross-border banking groups. This move supports more coordinated, proactive supervision across the EU banking sector. The Delegated Regulation will enter into force on the twentieth day following its publication in the Official Journal of the EU.
EU Commission adopts RTS for identifying 'extraordinary circumstances' in market risk framework	The EU Commission adopted on 23 April 2025, a Delegated Regulation supplementing the Capital Requirements Regulation (CRR) with Regulatory Technical Standards (RTS) that define how the EBA should determine the occurrence of extraordinary circumstances under Articles 325az(5) and 325bf(6) of the CRR, as amended by CRR3. These RTS establish a framework to guide the EBA's assessments, enabling competent authorities to allow certain temporary derogations from internal model requirements during periods of extreme stress. Such derogations may be granted when back-testing or P&L attribution results are rendered unreliable due to exceptional conditions. Key points include: ✅ Recognition of extraordinary circumstances in cases of significant cross-border financial market stress or major regime shifts (e.g., liquidity crises) ✅ A non-exhaustive list of indicators that the EBA must consider when forming its opinion ✅ The EBA must formally issue an opinion to confirm the presence of such circumstances before relief can be granted The Delegated Regulation is subject to scrutiny by the Council and the European Parliament and will enter into force on the twentieth day following its publication in the Official Journal of the EU.

Digital assets

ESMA issues guidelines to combat market abuse in crypto under MiCA	ESMA released on 29 April 2025, new supervisory guidelines aimed at helping national regulators detect and prevent market abuse in crypto markets under the Market in Crypto Assets Regulation (MiCA). Drawing from its experience under the Market Abuse Regulation (MAR), ESMA's guidance provides both high-level principles and practical approaches tailored to the crypto landscape. The guidelines emphasise a risk-based and proportionate supervisory approach, taking into account the distinct features of crypto trading—such as its global reach and the role of social media in influencing markets. ESMA encourages collaboration between national authorities and industry stakeholders to develop a consistent supervisory culture for crypto assets across the EU. The guidelines will officially apply three months after being published in all EU languages. In the meantime, ESMA advises national regulators to begin implementing the principles. Authorities must notify ESMA within two months of the official publication as to whether they plan to comply.
EBA sets out criteria for when CASPs must appoint a central contact point	EBA published on 25 April 2025, new draft Regulatory Technical Standards (RTS) detailing when crypto-asset service providers (CASPs) must appoint a central contact point (CCP) to support anti-money laundering and counter-terrorist financing (AML/CFT) efforts. This update reflects recent regulatory changes extending AML/CFT requirements to CASPs across the EU. The central contact point is designed to enhance AML/CFT supervision in cross-border cases—such as when CASPs operate crypto ATMs or other local facilities in Member States other than those where they are headquartered. Key elements of the RTS: ✅ Conditions under which CASPs must appoint a CCP. ✅ Defined roles and responsibilities of the CCP. ✅ Neutrality on the CCP's legal form or location within the EU. This revision updates the 2018 RTS (initially applicable only to EMIs and PSPs) to align with Regulation (EU) 2023/1113, which extends AML/CFT obligations to crypto firms from 30 December 2024.

Securities & Markets (1)

ESMA enhances access to public register data with new tools

ESMA has taken a major step in improving data accessibility by publishing on 1 April 2025, its first code package on GitHub. This initiative supports ESMA's mission to make its public register data more accessible and easier to use.

The newly released code package offers users tools to search and download data from several of ESMA's public registers, making it easier to navigate and work with previously complex datasets.

This launch follows the introduction of ESMA's first interactive dashboards, which provide clear, visual insights based on MiFID data from the registers. These dashboards present key figures on trading venues and financial instruments, categorised by market type and country.

Together, the code packages and dashboards help users better visualise, interpret, and repurpose granular ESMA register data, contributing to ESMA's broader goal of delivering useful, machine-readable information to the market.

These initiatives are part of the ESMA Data Strategy 2023–2028, which aims to expand the use of ESMA data, including for retail investors.

Preparing for the bond Consolidated Tape Provider (CTP) – ESMA issues clarifications

ESMA is urging all market participants to start preparing for the upcoming launch of the Consolidated Tape Provider (CTP) for bonds—a major step toward enhanced market transparency in the EU.

In response to industry questions, ESMA has clarified key aspects of the process:

✅ Timing: The delegated acts related to the CTP and bond transparency regime are expected to come into force soon.

✅ Transition period: ESMA may grant a short transitional period to the authorised CTP for bonds—if requested—but advises stakeholders not to rely on this and to proceed with preparations.

✅ What's in the RTS?

The draft Regulatory Technical Standards (RTS), published in December 2024 and now under review by the EU Commission (EC), set out critical requirements for data contribution and connectivity. These include:

✅ Data input/output requirements for the CTP

✅ Synchronisation of business clocks

✅ Bond transparency standards.

ESMA encourages market participants to use the draft RTS as the basis for preparation while awaiting formal adoption.

Next steps in the CTP Process:

✅ Selection process: Launched in January 2025, with a decision on the successful applicant expected by early July 2025.

✅ Authorisation: The selected entity will be invited to apply for authorisation immediately.

✅ Preparation: Once selected, contributors should proactively engage with the CTP to arrange connectivity, licensing, and other operational needs.

Reminder: Once authorised, the CTP will operate for a five-year term and be directly supervised by ESMA.

Securities & Markets (2)

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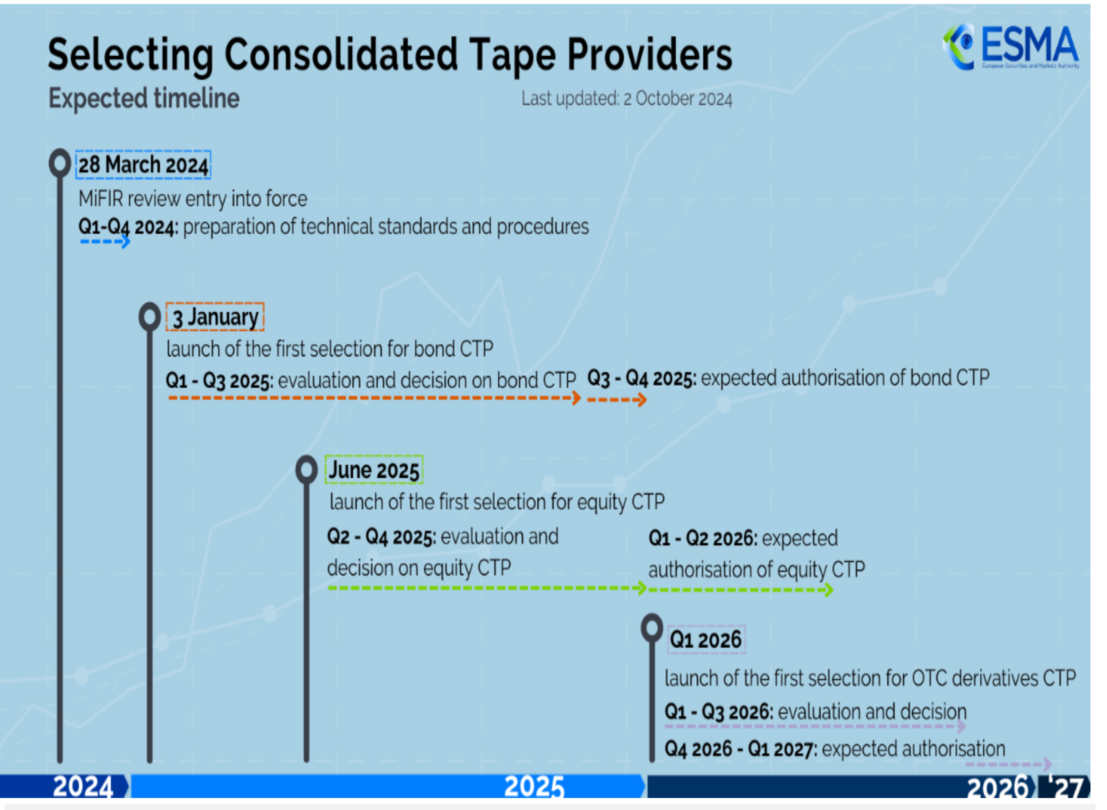

ESMA publishes annual peer review on EU CCP supervision

ESMA released on 2 April 2025, its [annual peer review report](#) assessing how national regulators supervise Central Counterparties (CCPs) across the EU.

This year's review focuses on how National Competent Authorities (NCAs) assess CCPs' compliance with EMIR requirements concerning outsourcing and intragroup governance arrangements. Overall, the findings show that supervisory practices are aligned with expectations, and the performance of CCP colleges continues to be positive.

Key takeaways:

✅ Most NCAs met expectations in their oversight of CCPs' outsourcing and governance arrangements.

✅ In areas where only partial compliance was observed, ESMA issued targeted recommendations to address identified gaps.

✅ The review also highlights the need for greater consistency in defining major risk-related activities, suggesting room for enhanced supervisory convergence.

📅 Next steps:
ESMA will monitor the implementation of its recommendations and explore additional tools to promote consistent supervisory approaches—particularly around the classification of major activities linked to risk management.

Securities & Markets (3)

ESMA launches consultation on derivatives transparency under MiFIR review

ESMA is seeking stakeholder feedback on key proposals aimed at enhancing transparency in the derivatives market. These proposals, outlined in a new consultation paper, focus on Regulatory Technical Standards (RTS) being developed under the MiFIR review.

The consultation covers three main areas:

✅ Transparency requirements for derivatives:
ESMA proposes new rules for post-trade deferrals on Exchange Traded Derivatives (ETDs) and OTC derivatives, including updated size thresholds, liquidity assessments, and deferral periods. It also seeks input on limited changes to pre-trade waivers and refinements to post-trade transparency fields and flags.

✅ RTS on package orders:
Proposals consider updated scope and methods for determining the liquidity of derivatives within package orders.

✅ RTS on input/output data for the OTC derivatives consolidated tape:
ESMA outlines data quality requirements for future Consolidated Tape Providers (CTPs) and contributors, ensuring consistent and reliable input for market transparency.

📅 Next steps:
The consultation is open until **3 July 2025**. ESMA will review all feedback before publishing a final report and submitting the draft technical standards to the EU Commission in Q4 2025.

ESMA consults on simplified insider list format under the Listing Act

ESMA launched on 3 April 2025, a public consultation on proposed changes to the format of insider lists, as part of the ongoing Listing Act amendments to the Market Abuse Regulation (MAR).
Currently, a simplified insider list format is available only to issuers on SME Growth Markets. Under the proposed changes, this simplified format would be extended to all issuers, helping to reduce the administrative workload associated with maintaining insider lists.
These revisions form part of ESMA's mandate under the Listing Act to review the Implementing Technical Standards (ITS) on insider lists.

📅 Next steps:
The consultation is open until **3 June 2025**. Following the review of stakeholder feedback, ESMA will finalise the ITS and submit them to the European Commission in Q4 2025.

Securities & Markets (4)

ESMA consults on new rules for external reviewers of European green bonds	ESMA launched on 7 April 2025, a public consultation on the remaining Regulatory Technical Standards (RTS) for external reviewers under the European green bonds regulation. The proposed standards aim to strengthen the oversight and credibility of external reviews, ensuring they provide reliable, high-quality assessments of green bonds. Key areas covered include: ✅ Robustness of internal systems, resources, and procedures. ✅ Competence and independence of compliance functions. ✅ Administrative, accounting, and internal control mechanisms. ✅ Reliability of information sources used in reviews. ✅ Content and format of recognition applications. ✅ Notifications of material changes post-registration. These measures are expected to improve transparency and investor confidence, reinforcing the role of European green bonds in financing the green transition. 📅 Next steps: The consultation is open until **30 May 2025**. ESMA will publish its Final Report and submit the draft RTS to the EU Commission by 21 December 2025. The standards will then be subject to non-objection by the European Parliament and Council.
ESMA launches consultation on new clearing thresholds under EMIR 3	ESMA is seeking feedback on proposed clearing thresholds as part of the ongoing review of the European Market Infrastructure Regulation (EMIR 3). This consultation supports ESMA's work to develop Regulatory Technical Standards (RTS) on clearing thresholds and focuses on three key areas: ✅ Revised clearing thresholds for over-the-counter (OTC) derivatives ✅ Hedging exemptions for non-financial counterparties ✅ A trigger mechanism to periodically reassess thresholds The updated methodology shifts focus to the level of uncleared OTC derivatives activity, assessing the systemic risk posed by entities with significant open positions that are not centrally cleared. The goal is to ensure a proportionate and risk-based clearing obligation, targeting only those counterparties with substantial activity. 📅 Next steps: The consultation is open until **16 June 2025**. ESMA will review all submissions and plans to publish a final report and submit the draft RTS to the EU Commission by the end of 2025.
ESMA recommends simplifying ESG disclosure rules for benchmark administrators	ESMA released, on 9 April 2025, the findings of its 2024 Common Supervisory Action (CSA) on ESG disclosures under the Benchmarks Regulation (BMR). This marks ESMA's first CSA conducted jointly with National Competent Authorities (NCAs) in its supervisory role over Benchmark Administrators.

Securities & Markets (5)

(continued)

Based on the assessment, ESMA has put forward two key sets of recommendations:

✅ To the EU Commission, suggesting possible amendments to BMR Level 2 measures aimed at easing the regulatory burden on benchmark administrators.

✅ To benchmark administrators, aimed at improving the transparency and comparability of ESG data for end users.

The report also highlights the importance of aligning ESG disclosure requirements across the EU's broader sustainable finance framework to ensure regulatory coherence and clarity.

📅 Next steps
ESMA will continue collaborating with national authorities and the EU Commission to follow up on these recommendations. Future efforts will focus on strengthening supervisory practices across the EU and promoting consistent, high-quality oversight of ESG disclosures.

ESMA finalises draft rules on volume caps, Systematic Internalisers (SI), and circuit breakers

ESMA published on 10 April 2025, a final report outlining three draft technical standards under the ongoing Market in Financial Instruments Regulation (MiFIR) Review.
This package of measures is designed to simplify existing rules and reduce administrative burden, and includes:
✅ Single volume cap & transparency calculations: Proposes ending daily transparency data reporting for trading venues and Approved Publication Arrangements (APAs), streamlining processes and easing compliance.
✅ Systematic Internalisers (SIs): Introduces a harmonised, qualitative regime with clearer requirements for notifications and procedures for investment firms acting as SIs.
✅ Circuit breakers: Updates rules to align with the Digital Operational Resilience Act (DORA), enhancing legal clarity and standardising how trading venues implement and disclose circuit breakers.
The overarching aim is to ensure consistent application of MiFIR reforms across the EU, while making compliance more efficient and less burdensome.
📅 Next steps
The report has been submitted to the EU Commission, which now has up to three months to decide on endorsing the proposed technical standards.

ESAs release Joint Annual Report for 2024

The Joint Committee of the ESAs published on 17 April 2025, its 2024 Annual Report, highlighting key cross-sectoral work and initiatives from the past year.

Throughout 2024, the ESAs collaborated on emerging risks impacting financial markets and the broader financial system. Their efforts focused on several strategic areas, including:
✅ Joint risk assessments
✅ Sustainable finance and SFDR-related work
✅ Operational risk and digital resilience (notably through contributions to the DORA framework)

Securities & Markets (6)

(continued)	✅ Consumer protection and financial innovation ✅ Securitisation and oversight of financial conglomerates ✅ Preparatory work for the European Single Access Point (ESAP). With ESMA chairing the Joint Committee in 2024, the ESAs worked closely with the EU Commission and the European Systemic Risk Board to ensure coherent supervisory practices and information exchange across sectors. The Joint Committee remains a critical forum for aligning supervisory efforts across banking, insurance, pensions, and securities markets.
MiFID II: ESMA finalises RTS on order execution policies	ESMA published on 10 April 2025, its final report on the draft Regulatory Technical Standards (RTS) concerning investment firms' order execution policies under the Markets in Financial Instruments Directive II (MiFID II). The finalised RTS aim to enhance investor protection and ensure consistent application of best execution obligations across the EU by setting out detailed requirements for how firms design and monitor their execution arrangements. Key elements of the RTS include: ✅ Establishment of order execution policy: Firms must define how they classify financial instruments and select execution venues for each asset class as part of their order execution framework. ✅ Monitoring and assessment: Firms are required to implement clear procedures and criteria to regularly assess the effectiveness of their execution arrangements and policies, ensuring they continue to deliver the best possible results for clients. ✅ Own account dealing: The RTS clarify how firms must handle client orders executed against their own account, with controls in place to prevent conflicts of interest and ensure fair treatment. ✅ Handling of specific client instructions: Guidance is also provided on how firms should process client orders that include specific execution instructions, ensuring compliance while maintaining transparency. The final report has been submitted to the EU Commission for endorsement, after which the RTS will be adopted and become legally binding across the EU.
MiFID II: ESMA raises Concerns on regulatory gaps in fractional share trading	ESMA Chair Verena Ross wrote to the EU Commission highlighting regulatory inconsistencies surrounding the trading of fractional shares under the MiFID II framework. In her letter, Ross points out that fractional shares are not coherently regulated across the EU, creating uncertainty around their classification and associated investor protection requirements. Notably: ❑ Neither MiFID II nor MiFIR provides a formal definition of shares or fractional shares, leading to a fragmented approach governed by national laws or case law. ❑ This lack of regulatory clarity poses challenges for investment firms offering fractional shares across multiple Member States, especially in relation to transparency obligations and investor safeguards.

Securities & Markets (7)

(continued)	Ross calls for a consistent EU-wide classification of fractional shares to eliminate legal and operational barriers, ensure a level playing field, and support innovation in retail investing. She urges the European Commission to consider targeted regulatory action to provide clarity and alignment within the existing MiFID II/MiFIR framework.
CySEC issues Circular C699 on cross-border reporting obligations for 2024	On 7 April 2025, the Cyprus Securities and Exchange Commission (CySEC) released Circular C699, outlining updated cross-border reporting requirements for Cyprus Investment Firms (CIFs) under the "freedom to provide services" (FPS) regime. CIFs are required to submit data on investment services offered to more than 50 retail clients in any EEA Member State (excluding Cyprus) during 2024. Notably, services provided via branches are excluded from the reporting scope. Clients considered inactive—those who have not received investment or ancillary services for over a year and from whom no revenue is generated—should not be included in submissions. A separate questionnaire must be completed for each relevant Member State. Access credentials will be distributed via email to qualifying CIFs, and the deadline for submission is **26 May 2025**. Upon completion, firms will receive a confirmation message with a unique contribution ID. Drafts may be saved and edited up until the deadline; however, only final submissions will be accepted as valid. The full circular is available here.
CSDR reform: ECON Committee supports transition to T+1 settlement by October 2027	The EU Parliament's Economic and Monetary Affairs (ECON) Committee published its draft report on the EU Commission's proposed amendments to the Central Securities Depositories Regulation (CSDR), supporting a move to T+1 settlement for transactions in EU transferable securities. Under the proposal, the settlement cycle would be shortened from T+2 to T+1, with the transition date set for 11 October 2027. Key highlights: The proposed deadline aims to align the EU with global settlement cycle trends, notably in the US and Canada, which are adopting T+1 earlier. The 2027 timeline is intended to provide market participants—including trading venues, CSDs, custodians, and asset managers—with adequate time to: ❑ Update operational and IT infrastructures. ❑ Develop and test harmonised processes and workflows. ❑ Coordinate market-wide efforts to ensure a smooth and orderly transition. The draft report reinforces the EU's commitment to enhancing market efficiency, liquidity, and risk reduction, while emphasising the importance of stakeholder readiness to mitigate any potential disruptions.

Securities & Markets (8)

Fifth ESMA data report shows expanded use and reduced reporting burden	ESMA released on 30 April 2025 the fifth edition of its report on the quality and use of data highlighting growing use of regulatory data across the EU for supervision, enforcement, market monitoring, and policy development. The report features practical examples, such as ESMA's reuse of MiFIR transaction data to streamline transparency and volume cap calculations - part of ongoing efforts to reduce reporting burdens. **Key developments:** ✅ Enhancements to the ESMA Data Platform; ✅ Improvements to data quality under EMIR REFIT; ✅ Better short-selling data monitoring; ✅ Initial steps to improve access to ESEF data. The report also reviews how national authorities are using sanctions to enforce reporting obligations. Next Steps A webinar to discuss the findings will take place on 15 May, 11:00–12:00 CET.
ESMA releases annual transparency calculations and quarterly bond liquidity data	ESMA published on 30 April 2025 its annual transparency calculations for non-equity instruments and the latest quarterly bond liquidity assessment under MiFID II and MiFIR. Key highlights: ❑ Annual transparency calculations: These include liquidity classifications and thresholds for pre- and post-trade transparency. Results apply from 2 June 2025 to 31 May 2026 and are available via the Financial Instruments Transparency System (FITRS) and register web interface. ❑ Quarterly bond liquidity assessment: A total of 1,371 bonds have been classified as liquid. Transparency requirements for these bonds apply from 19 May 2025 to 17 August 2025. Results are accessible through FITRS and the register interface. ❑ Ongoing updates: ESMA will continue to publish quarterly updates and may issue additional revisions based on new or corrected data. Two completeness indicators related to bond liquidity data are also included in this release.

Sustainable Finance

European green bonds: EU adopts key delegated regulations on disclosures, ESMA fees, and enforcement

The EU Commission adopted three Delegated Regulations under Regulation (EU) 2023/2631 on European Green Bonds, further specifying the operational framework for the voluntary green bond standard and the regulatory oversight of external reviewers.

Key provisions of the Delegated Regulations:

✅ Voluntary post-issuance disclosures:
Issuers of bonds marketed as environmentally sustainable or as sustainability-linked bonds must follow standardised templates for periodic post-issuance disclosures. The Regulations define the content, methodologies, and presentation of the information to be voluntarily provided, enhancing transparency and comparability in the sustainable bond market.

✅ ESMA fees for external reviewers:
The Delegated Acts outline the types of fees ESMA may charge to external reviewers, including:

- ❑ The scope of chargeable services.
- ❑ Fee amounts applicable.
- ❑ Payment processes and deadlines.

These measures aim to establish a clear and fair cost structure for regulatory supervision of reviewers.

✅ Enforcement measures by ESMA:
A separate Delegated Regulation sets out procedural rules for ESMA to exercise its powers to impose fines and periodic penalty payments on external reviewers for non-compliance with regulatory obligations**.**

Omnibus I package: EU Postpones CSRD and CSDDD implementation timelines

On April 17 2025, Directive (EU) 2025/794—part of the first Omnibus Simplification Package (Omnibus I)—was officially published in the EU's Official Journal. Commonly referred to as the "stop-the-clock" Directive, this legislative update provides significant adjustments to the timelines for key sustainability reporting and due diligence obligations.

- ❑ Listed small and medium-sized enterprises (SMEs).

Key changes introduced:

✅ Corporate Sustainability Reporting Directive (CSRD):
The application of CSRD requirements has been delayed by two years for:

- ❑ Large companies that have not yet commenced sustainability reporting.

✅ Corporate Sustainability Due Diligence Directive (CSDDD):
The transposition deadline and initial application phase—targeting the largest companies—have each been postponed by one year.
These extensions are intended to give companies additional time to prepare for the complex data collection, reporting, and due diligence obligations under the EU's evolving sustainability framework, while also reducing compliance pressure during the transition period.

📅 Next steps:
The Directive entered into force on 17 April 2025. Member States are required to transpose the changes into national law by 31 December 2025.

Glossary

AIF Alternative Investment Fund (EU)

AIFMD Directive 2011/61/EU on Alternative Investment Fund Managers

AIFMs Alternative Investment Fund Managers

AML/CFT Anti-Money Laundering/Countering the Financing of Terrorism

CSRD Corporate Sustainability Reporting Directive

CySEC Cyprus Securities and Exchange Commission

EBA European Banking Authority

ECB European Central Bank

EIOPA European Insurance & Occupational Pensions Authority

EFAMA European Fund and Asset Management Association

ESG environmental, social, and governance

EMIR European Market Infrastructure Regulation

ESAs European Supervisory Authorities (EBA, EIOPA and ESMA)

ESMA European Securities and Markets Authority

ESRB European Systemic Risk Board EU European Union

ICT Information and Communication Technology

MiCA Regulation of the European Parliament and of the Council on markets in crypto-assets

MiFID Markets in Financial Instruments Directive

NCA National Competent Authority

RTS Regulatory Technical Standards

SFDR Sustainable Finance Disclosure Directive

OECD Organisation for Economic Co-operation and Development

OJ Official Journal

UCITS Directive directive 2009/65/EC on Undertakings for Collective investments in Transferable Securities

UCITS Undertakings for Collective investments in Transferable Securities (EU)

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