KPMG

Regulatory Insights

March 2025

Anti-Money Laundering

EBA Consults on new AML/CFT rules	The EBA launched on 6 March 2025 a public consultation on four draft Regulatory Technical Standards (RTS) that will define the EU's new Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) framework. Key areas of focus: ✅ **Direct supervision by AMLA** Defining criteria for selecting institutions that will fall under the direct supervision of the new EU Anti-Money Laundering Authority (AMLA), with a focus on cross-border activities and a harmonised risk assessment approach. ✅ **Risk assessment methodology** Introducing a standardised framework for assessing Money Laundering and Terrorist Financing (ML/TF) risks across Member States, ensuring consistency and reducing compliance burdens for cross-border institutions. ✅ **Customer Due Diligence (CDD)** Providing **clearer guidance** on the type and quality of customer information institutions must collect, balancing **flexibility and compliance** under the new AML/CFT rules. ✅ **Sanctions & enforcement** Establishing uniform criteria for setting financial penalties and administrative measures, ensuring consistent and effective enforcement across the EU. 📅 **Public hearing:** A virtual session will be held on **10 April 2025 at 14:00 CET** (registration open until 8 April 2025). ➢ **Feedback deadline:** Stakeholders can submit comments until **6 June 2025**. ➢ **Final submission:** The EBA will present its final technical standards to the EU Commission by 31 October 2025. These regulatory developments are part of the broader AML/CFT package published in June 2024, which introduced a Single AML/CFT Rulebook and harmonises supervision across the EU.
IOSCO launches global fraud alerts portal	On 20 March 2025, the International Organisation of Securities Commissions (IOSCO) announced the launch of the International Securities and Commodities Alerts Network (I-SCAN), a global warning system designed to help investors, online platforms, banks, and institutions identify suspicious activity flagged by financial regulators worldwide. I-SCAN is a key component of IOSCO's *Roadmap for Retail Investor Online Safety*, an initiative launched in November 2024. Its introduction marks the completion of the roadmap's second wave of initiatives, reinforcing global efforts to protect retail investors from fraud.

Banking & Finance (1)

EBA consults on risk management thresholds for CSDs

On 14 March 2025, the EBA launched a public consultation on draft Regulatory Technical Standards (RTS) under the Central Securities Depositories Regulation (CSDR). These RTS define the activity threshold at which Central Securities Depositories (CSDs) offering banking-type ancillary services must meet prudential risk management requirements.

The EBA proposes a tiered approach to prudential requirements based on a CSD's level and type of banking-type ancillary activity. This ensures the threshold remains risk-sensitive and proportionate while safeguarding market stability.

Proposed thresholds:

✅ Full prudential requirements

CSDs handling transactions above 2.5% of total securities settled against cash (EUR 6.25 billion annually) must meet full prudential risk management requirements.

✅ Reduced prudential requirements for lower activity levels

CSDs handling below 1.5% of total transactions (EUR 3.25 billion annually) would only need to comply with basic prudential standards, including:

- ❑ Creditworthiness assessment
- ❑ Liquidity risk management
- ❑ Recovery planning

Next steps

📅 Public hearing: 13 May 2025, from 10:00 to 12:00 CEST (registration deadline: 9 May 2025, 16:00 CEST).

- ➢ Consultation Deadline: Stakeholders can submit comments until 16 June 2025.
- ➢ Following the consultation, the EBA will review stakeholder input and submit its final proposal to the EU Commission.

EBA updates technical standards on internal model authorisation

EBA released on 17 March 2025 its final draft Implementing Technical Standards (ITS), revising the joint decision process for internal model authorisation under the Capital Requirements Regulation (CRR).

These updates are part of the first phase of the EBA's roadmap for implementing the EU Banking Package.

Key updates:

✅ Scope revision: Internal models for operational risk are no longer allowed under CRR III, removing references to the Advanced Measurement Approach (AMA).

✅ Supervisory framework updates: Changes to the ITS and Regulatory Technical Standards (RTS) for supervisory colleges to align with the updated framework.

Banking & Finance (2)

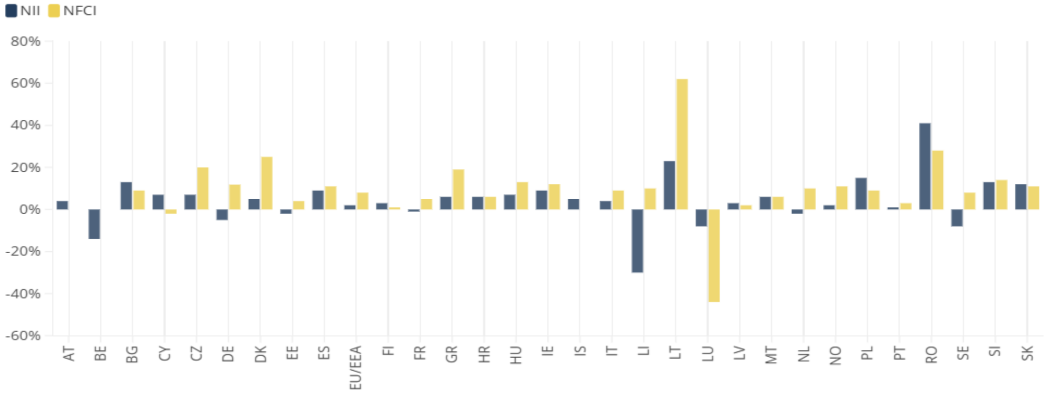
EBA Launches call for papers for 2025 policy research workshop	EBA announced on 19 March 2025 the launch of its 14th Policy Research Workshop, scheduled for 18-19 November 2025. The theme of this year's event is "*Bridging capital and growth - the role of financial structures and intermediaries*". The workshop will bring together economists, researchers from supervisory authorities, central banks, and academics to discuss policies that foster innovation while ensuring financial stability in a competitive environment. Topics of interest include: ✅ The impact of global capital flows on market efficiency and financial intermediation. ✅ Access to finance for entrepreneurs and promoting productive use of capital. ✅ Mechanisms for managing financial risks and the role of regulatory frameworks. ✅ The integration of Environmental, Social, and Governance (ESG) factors in supporting sustainable growth. ✅ Advances in digital finance and aligning regulations with evolving policies. ➢ The deadline for submitting papers is 6 June 2025, with contributors to be notified by mid-September 2025.
EBA publishes Q4 2024 risk dashboard for EU/EEA Banks	EBA published on 21 March 2025 its Q4 2024 Risk Dashboard (RDB), providing an overview of the performance of the largest EU/EEA banks. Key highlights include: ✅ Return on Equity (RoE) for 2024 was 10.5%, showing a slight increase from 2023. ✅ Net Interest Margin (NIM) decreased slightly to 1.66% due to a slowdown in net interest income (NII). ✅ Banks saw a 6.1% quarterly rise in net fee and commission income (NFCI). ✅ Loans to households and non-financial corporations increased by over 1% across most countries. ✅ Sovereign exposures rose by more than 3%, reaching EUR 3.64tn.Non-Performing Loans (NPLs) decreased by 1.1%, but commercial real estate loans showed a slight increase. ✅ Common Equity Tier 1 (CET1) ratio remained strong at 16.0%, indicating solid capitalisation. ✅ Liquidity Coverage (LCR) and Net Stable Funding (NSFR) ratios were well above the minimum requirements, with minor adjustments over the quarter. Overall, the sector remains resilient despite ongoing geopolitical tensions, with strong capitalisation and stable asset quality. Relvant documents: ❑ Risk Dashboard - Q4 2024 ❑ Credit Risk parameters annex - Q4 2024 (pdf) ❑ Credit Risk parameters annex - Q4 2024 [xlsx] ❑ Data Annex: Interactive RiskDashboard Q4 2024

Banking & Finance (3)

(continued)

YoY growth rates of Net interest income (NII) and net fee and commission income (NFCI) growth rates by country

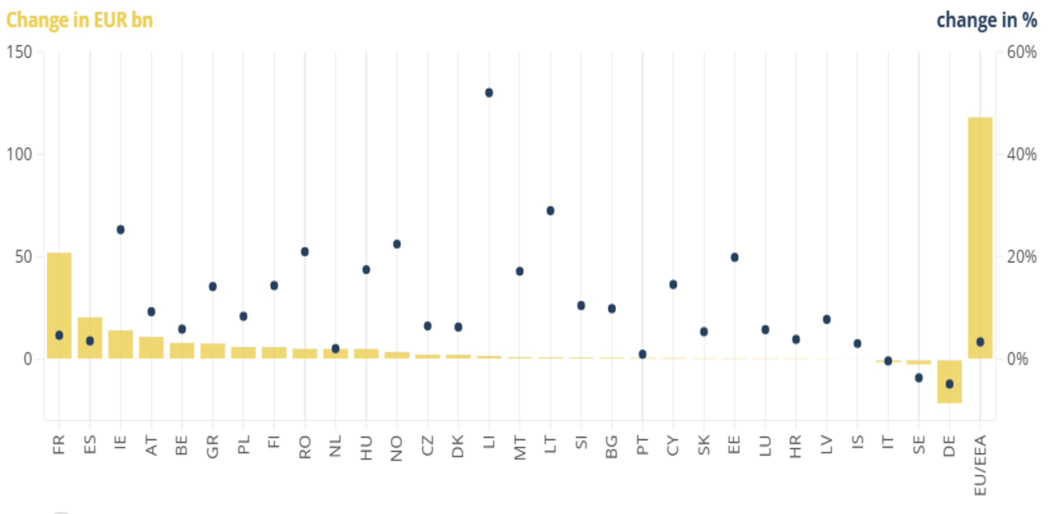
1 of 3



Source: EBA supervisory reporting data

Volume and percentage change of sovereign exposures by country Q4 vs Q2 2024

2 of 3



QoQ changes in RWA volumes

3 of 3

Source: EBA supervisory reporting data

Banking & Finance (4)

EBA updates methodology for Non-EU countries' regulatory and supervisory equivalence	On 27 March 2025, the EBA updated its methodology for evaluating the regulatory and supervisory frameworks of non-EU countries. These updates align with recent amendments to the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD). The assessment methodology follows a two-step process: ❑ **First-step questionnaire** – A preliminary screening to verify whether the core requirements and principles of the non-EU country's regulatory framework are in place. ❑ **Second-step questionnaire** – A detailed comparison of the non-EU country's provisions against the EU framework. **Key updates:** ✅ The second step of the questionnaire has been streamlined to enhance usability. ✅ The assessment process has moved to a secure online platform, enabling non-EU countries to submit responses digitally. These improvements aim to simplify the evaluation process while maintaining rigorous regulatory standards.
EBA publishes 9th Edition of biennial consumer trends report for 2024/25	EBA published on 26 March 2025 the 9th edition of its biennial Consumer trends report for 2024/25. The report identifies payment fraud, indebtedness, and de-risking as the key issues currently affecting EU consumers. It draws on information from national authorities of the 27 EU Member States, selected national and EU consumer associations, EU industry associations, national ombudsmen, and quantitative data sources. Notably, it includes the EBA's new retail risk indicators, first published in 2022, to help identify potential consumer harm. Key findings: ✅ Payment fraud: The report highlights payment fraud as the most significant issue for EU consumers, with the rise of new fraud types such as social engineering. These scams manipulate payers into making fraudulent payments and evade the EU's strong customer authentication requirements. ✅ Indebtedness: The rise of 'Buy-Now-Pay-Later' schemes and other types of accessible, short-term credit has led to growing indebtedness. Inadequate creditworthiness assessments by lenders and poor pre-contractual information disclosures are identified as key drivers of the problem. ✅ De-risking: A growing number of consumers, particularly vulnerable groups like migrants, refugees, and individuals with poor financial histories, face increasing difficulties in accessing and retaining payment accounts. This "de-risking" trend limits their participation in the EU economy. Next steps: In response to these findings, the EBA will evaluate potential actions to address these issues in 2025/26, aiming to further enhance consumer protection across the EU.

Banking & Finance (5)

EBA publishes draft technical package for reporting framework 4.1	On 27 March 2025, the EBA published a draft technical package for version 4.1 of its reporting framework. This early release provides standard specifications—including validation rules, the Data Point Model (DPM), and XBRL taxonomies—to support reporting entities ahead of the final version, expected by the end of May 2025. Key updates in version 4.1: ✅ Pillar 3 reporting – integration of templates from the comprehensive ITS on Pillar 3 disclosures into the Pillar 3 data hub. ✅ MiCAR reporting guidelines – Own-initiative guidelines on data reporting required by competent authorities for supervisory tasks and significance assessments. ✅ Instant payments reporting ITS – integrated into the DPM and XBRL taxonomy. ✅ ESG data collection – additional validation rules introduced in the ad-hoc ESG module. Background and next steps: The final version of the technical package for version 4.1 will be published at the end of May 2025 and will incorporate corrections based on stakeholder feedback. This update continues the transition to DPM 2.0, following the EBA's implementation plan announced in June 2024. The draft package includes data dictionary contents in both DPM 1.0 and DPM 2.0 formats, ensuring a smooth transition to the new glossary. For additional guidance, stakeholders can refer to the FAQs published by the EBA in December 2024, which provide further explanations on the transition to DPM 2.0 and the new glossary. The deadline for submitting feedback on the draft technical package is **15 April 2025**. Input on the DPM glossary will be accepted continuously until the final revision is completed.
EU Commission seeks input on market risk rules for banks	On 24 March 2025, the EU Commission launched a consultation on the application of the EU's market risk prudential framework for banks to determine the most appropriate approach. The Fundamental Review of the Trading Book (FRTB), introduced under the Basel III framework, enhances risk measurement techniques to better align capital requirements with actual market risks faced by banks. Initially scheduled to take effect on 1 January 2026, its implementation was postponed to align with other global jurisdictions. However, further international delays have raised concerns about the competitiveness of EU banks. To address this, the EU Commission is considering three options: 1️⃣ Proceeding with the current FRTB framework as planned from 1 January 2026. 2️⃣ Delaying implementation by one year to 1 January 2027. 3️⃣ Introducing temporary, targeted amendments to the market risk framework for up to three years. Stakeholders are invited to submit their comments by **22 April 2025**.

Digital assets (1)

ESAs acknowledge EC's amendments to subcontracting rules under DORA	The ESAs issued on 7 March 2025 an Opinion on the EU Commission's (EC) amendments to the draft Regulatory Technical Standard (RTS) on subcontracting under the Digital Operational Resilience Act (DORA).The EC previously rejected the original draft RTS, citing that certain elements exceeded the ESAs' mandate under DORA. The revised version, reflecting the EC's proposed changes, aligns with the regulatory framework. As a result, the ESAs do not recommend any further modifications. The ESAs now urge the EC to finalise the adoption of the RTS without further delay to ensure clarity and consistency in the implementation of subcontracting requirements for financial entities.
ESAs warn of rising geopolitical and cyber risks	The ESAs released on 31 March 2025 their Spring 2025 Joint Committee update on risks and vulnerabilities in the EU financial system. The report highlights the impact of escalating geopolitical tensions and increasing cyber risks on financial stability. Key concerns include: ✅ Growing trade disputes, shifting policies, and ongoing conflicts are reshaping global markets, requiring heightened vigilance from financial entities. ✅ Financial institutions face uncertainties related to international market exposure, liquidity risks, and the evolving role of AI. ✅ Proactive risk management and strengthened cyber resilience are crucial to navigating these challenges. Recommendations: ✅ Supervisors and financial entities should prepare for continued market volatility and potential liquidity risks. ✅ Cyber and digitalisation risks must be addressed through robust data governance and compliance with the AI Act. ✅ Financial institutions should ensure timely implementation of the Digital Operational Resilience Act's (DORA) provisions. These insights were presented at the Financial Stability Table of the EU's Economic and Financial Committee (FST-EFC) in March 2025 highlighting the importance of global coordination and strong regulatory measures.
EU publishes RTS on ARTs and EMTs under MiCA	On March 2025, the following four Delegated Regulations setting out RTS relating to asset-referenced tokens (ARTs) and e-money tokens (EMTs) under the Markets in Crypto Assets (MiCA) regulation have been published in the EU Official Journal. The RTS include: ✅ Delegated Regulation (EU) 2025/415 specifying adjustment of own funds requirement and minimum features of stress testing programs of issuers of ARTs or of EMTs;

Digital assets (2)

(continued)

✅ Delegated Regulation (EU) 2024/418 specifying the minimum content of the governance arrangements on the remuneration policy of issuers of significant ARTs or EMTs;
✅ Delegated Regulation (EU) 2025/419 specifying the procedure and timeframe for an issuer of ARTs or EMTs to adjust the amount of its own funds; and
✅ Delegated Regulation (EU) 2025/421 specifying the data necessary for the classification of crypto-asset white papers and the practical arrangements to ensure that such data is machine-readable.

The Regulations shall enter into force on 13 April 2025.

IOSCO publishes report on AI in capital markets, examining use cases, risks, and regulatory challenges

On 12 March 2025, IOSCO released a new report on the increasing use of Artificial Intelligence (AI) in capital markets and its impact on investors, market integrity, and financial stability. While AI adoption in financial markets is well established, recent advancements, particularly in generative AI, have accelerated innovation and investment in the sector. As AI continues to evolve, financial firms are integrating these technologies into their operations, creating both opportunities and regulatory challenges.
The report, "Artificial Intelligence in Capital Markets: Use Cases, Risks, and Challenges“, was developed by IOSCO's Fintech Task Force (FTF) to enhance regulatory understanding of AI applications in financial services. It examines potential risks and industry responses while providing insights to help regulators develop appropriate oversight measures.

Key findings:
✅ AI is widely used in financial markets, including in robo-advising, algorithmic trading, investment research, sentiment analysis, and compliance functions such as Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT).
✅ Firms are increasingly applying AI to internal processes, such as task automation, enhanced communication, and risk management.
✅ Key risks include AI-driven fraud, model biases, data integrity concerns, third-party dependencies, and challenges in human-AI interaction.
✅ Industry practices are evolving, with financial firms integrating AI into existing risk management frameworks or developing AI-specific governance structures.
✅ Regulatory approaches vary, with some authorities applying existing rules to AI activities and others considering new frameworks to address AI-specific risks.

Next steps :This report marks the end of the second phase of IOSCO's Roadmap for Retail Investor Online Safety, which focuses on addressing technological risks in financial markets.
IOSCO is seeking feedback from financial firms, AI developers, academics, and policymakers on AI risks and regulations to guide future developments. Public comments can be submitted by **11 April 2025.**

Securities & Markets (1)

ESMA clarifies settlement failures under CSDR penalty mechanism	ESMA released on 14 March 2025 a statement addressing the treatment of settlement fails under the Central Securities Depositories Regulation (CSDR) penalty mechanism, following last month's major disruption to TARGET Services (T2S and T2). In its clarification, ESMA confirms that National Competent Authorities (NCAs) do not expect Central Securities Depositories (CSDs) to apply cash penalties for settlement fails which may have occurred on 27 and 28 February 2025.The incident, caused by an infrastructure failure, significantly impacted T2S and T2 on 27 February 2025, preventing the processing of settlement instructions, payments, ancillary system instructions, and liquidity transfers for several hours. As outlined in an existing CSDR Q&A, cash penalties should not be applied when settlement fails occur due to factors beyond the control of the involved participants.
ESMA publishes peer review on STS securitisation supervision	ESMA released on 27 March 2025 its Peer Review Report on how National Competent Authorities (NCAs) supervise Simple, Transparent, and Standardised (STS) securitisations. The report evaluates the supervisory approaches of selected NCAs and offers recommendations to enhance oversight in this crucial financial sector. The review examined the supervisory practices of four NCAs: AMF (France), BaFin (Germany), CMVM (Portugal), and DNB (the Netherlands). Key findings include: ✅ Effective supervision should integrate both transaction-based and entity-based approaches, tailored to each country's securitisation market. ✅ NCAs should expand their current efforts to ensure risks from STS securitisation transactions are properly identified, assessed, and addressed. ✅ Some NCAs would benefit from a more structured supervisory framework, a risk-based approach, and additional resources to support STS supervision. ESMA will continue to drive supervisory convergence across the EU and plans to conduct a follow-up assessment to track progress on its recommendations. This effort aligns with the broader objective of revitalising the EU's securitisation market and strengthening investor confidence.
ESMA extends recognition of UK-based CCPs	ESMA announced on 17 March 2025 a temporary extension of recognition decisions for three UK-based Central Counterparties (CCPs) under Article 25 of the European Market Infrastructure Regulation (EMIR). On 30 January 2025, the EU Commission adopted a new equivalence decision for the UK's CCP regulatory framework. ESMA has extended the tiering and recognition decisions for ICE Clear Europe Ltd, LCH Ltd (Tier 2), and LME Clear Ltd (Tier 1) until 30 June 2028 to align with the new equivalence decision. A revised Memorandum of Understanding (MoU) has been signed with the Bank of England as required by EMIR 3. This extension ensures regulatory stability and facilitates ongoing international cooperation in the CCP sector.

Securities & Markets (2)

ESAs publish evaluation report on securitisation regulation	The Joint Committee of the ESAs released on 31 March 2025 an evaluation report on the EU Securitisation Regulation (SECR). The report presents recommendations to simplify the framework while maintaining investor protection and financial stability. Key recommendations include: ✅ Clarifying SECR scope: ensuring the regulation applies when at least one party in a securitisation is based in the EU. ✅ Broadening public securitisation definition: expanding criteria to include securities issued with an approved prospectus, traded on regulated markets, or widely marketed with strict conditions. ✅ Proportionality in due diligence: simplifying due diligence for institutional investors, ensuring practical and relevant data access. Simplified transparency and reporting: streamlining reporting templates, improving data standardisation, and reducing compliance burdens for smaller entities. ✅ Enhancing the STS Framework: refining rules for Simple, Transparent, and Standardised (STS) securitisations, particularly for on-balance-sheet transactions. ✅ Clarifying risk retention rules: providing clearer guidance, especially for Collateralised Loan Obligations (CLOs).Promoting Supervisory Consistency: Strengthening coordination among EU regulators to prevent market fragmentation. Next steps: These recommendations will inform the EU Commission's review of the securitisation framework, supporting the development of a more resilient and transparent EU securitisation market.
EU Commission unveils strategy to boost savings and investments in the EU	On 19 March 2025, the EU Commission released a communication (COM(2025) 124) titled "Savings and Investments Union: A strategy to foster citizens' wealth and economic competitiveness in the EU". This strategy outlines a set of EU-wide initiatives aimed at developing capital markets and strengthening the connections between savings and investments across the EU. The communication organises the EU Commission's policy measures into four key areas: ✅ Citizens and savings ✅ Investments and financing ✅ Integration and scale ✅ Efficient supervision in the single market Key objectives include boosting retail participation in capital markets, improving capital access for businesses, reducing fragmentation in EU capital markets, and ensuring consistent supervision for all market participants. The EU Commission also proposes measures to enhance the EU banking sector's integration and competitiveness. An implementation timeline is included in the communication's appendix, with a mid-term review scheduled for **Q2 2027**.

Securities & Markets (3)

EU Council adopts proposed regulation amending the Benchmarks regulation

The EU Council adopted on 25 March 2025 a [proposed Regulation amending the Benchmarks Regulation] (EU) 2016/1011 (BMR) as regards the scope of the rules for benchmarks, the use in the EU of benchmarks provided by an administrator located in a third country, and certain reporting requirements. In a related press release, the Council notes that the proposed Regulation aims to reduce red tape for EU companies, particularly SMEs.

The main elements of the proposed Regulation include:

✅ a reduction in scope of the amended BMR such that administrators defined as non-significant in the EU will be removed from the scope of the legislation, and only critical or significant benchmarks will remain within scope;

✅ administrators outside the scope of the rules will be able to request the voluntary application of the rules under certain conditions;

✅ 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; and

✅ a specific exemption regime for spot foreign exchange benchmarks.

The proposed Regulation will enter into force and apply from 1 January 2026.

ESMA revises prioritisation of 2025 deliverables

On 6 March 2025, ESMA published a letter (dated 3 March 2025) addressed to the EU Commission's Directorate General for Financial Stability, Financial Services and Capital Markets Union. In the letter, ESMA outlines which EU Commission deliverables for 2025 could be deprioritised or postponed following its assessment of the tasks and commitments in its 2025 Annual Work Programme. This review aims to ensure resources are appropriately allocated.

The deprioritised deliverables include Regulatory Technical Standards (RTS), Implementing Technical Standards (ITS), and guidelines related to:

✅ The Markets in Financial Instruments Regulation (MiFIR) (600/2014).

✅ The Alternative Investment Fund Managers Directive (AIFMD) (2011/61/EU).

✅ The Regulation amending the Central Securities Depositories Regulation (CSDR) (909/2014) (2023/2845).

✅ EMIR 3 (Regulation (EU) 2024/2987).

Securities & Markets (4)

IOSCO publishes Consultation Report on neo-brokers

On 12 March 2025, IOSCO published a Consultation Report on neo-brokers, marking the next phase of its initiative to tackle retail investor fraud and manage risks from technological advancements in finance. This report is part of IOSCO's roadmap for retail investor online safety, launched in November 2024, following previous reports on finfluencers, copy trading, and digital engagement practices.

❑ What are neo-brokers?

Neo-brokers are online-only brokers that offer investment services without physical branches, using technology to make trading accessible. They usually target retail investors, offering low or zero-commission trading through mobile apps and websites, often with minimal human interaction. These platforms appeal to younger, less experienced investors seeking simplicity and low-cost options.

❑ Growth of neo-brokers

The growth of neo-brokers has been driven by advances in technology and shifting investor demographics. Their business models typically feature:

✅ Low or zero-commission trading, relying on alternative revenue streams.

✅ Targeting younger or less experienced retail investors who want affordable market access.

✅ Limited-service offerings, focusing on innovation, accessibility, and efficiency.

Key areas for action:

The report highlights two main concerns:

1️⃣ Conflicts of interest, especially from business models encouraging more frequent trading.

2️⃣ The need for strong IT infrastructure due to their online-only operations.

Recommendations:

IOSCO recommends that members consider the following actions:

✅ Clear disclosure of fees and charges, especially how neo-brokers advertise their services.

✅ Obtain client consent when offering additional services beyond basic trade execution.

✅ Assess the impact of non-commission revenue, like Payment for Order Flow, on the quality of trade execution.

✅ Ensure robust IT infrastructure to support the online nature of neo-brokers.

Next Steps:

IOSCO invites feedback on the report by 11 April 2025.

Sustainable Finance

Platform on sustainable finance responds to EU taxonomy regulation amendments

On 26 March 2025, the Platform on Sustainable Finance (the Platform) published its response to the European Commission's consultation on a draft delegated regulation amending three Level 2 measures under the Taxonomy Regulation:

- ❑ Disclosures Delegated Act
- ❑ Climate Delegated Act
- ❑ Environmental Delegated Act

The EU Commission's aim is to make these measures simpler and more cost-effective for companies by introducing more flexibility and reducing data requirements. The public consultation ran from 26 February to 26 March 2025, and legislative proposals for change are expected in Q2 2025.

The Platform welcomes many of the proposed amendments and acknowledges that several of its recommendations from its February 2025 report on simplifying Taxonomy reporting have been incorporated. However, it has raised concerns about the Omnibus proposals, which aim to reduce the scope of Taxonomy reporting under the Corporate Sustainability Reporting Directive (CSRD). The Platform argues that narrowing CSRD requirements weakens the availability of Taxonomy data and reduces its overall market effectiveness.

Key recommendations from the platform:

✅ Partial taxonomy-alignment reporting: All companies should be able to report partial alignment.

✅ Clarified materiality threshold: Ensure it applies to cumulative exposure, not just individual economic activities.

✅ Targeted reporting for smaller companies: Non-SME companies with fewer than 1,000 employees should focus on essential standards, including Taxonomy alignment.

✅ Delayed KPIs for banks: Postpone the inclusion of trading books, fees, and commissions as key performance indicators (KPIs) until 2027.

✅ Additional guidance: Issue further clarification to support the implementation of the Taxonomy.

✅ Real-time query mechanism: Establish a system for addressing Taxonomy-related queries in real time.

The Platform emphasises that while simplifying reporting is beneficial, changes must not compromise data availability or the integrity of sustainable finance in the EU.

EU Commission publishes notice on Taxonomy Regulation Delegated Acts

On 5 March 2025, the EU Commission published a notice (C/2025/1373) in the Official Journal of the EU regarding the interpretation and implementation of the following Taxonomy Delegated Acts: (i)Taxonomy Environmental Delegated Act ((EU) 2023/2486), (ii) Taxonomy Climate Delegated Act ((EU) 2021/2139) and (iii) Taxonomy Disclosures Delegated Act ((EU) 2021/2178).

The notice addresses various frequently asked questions (FAQs) related to these Acts, including clarifications on key objectives such as climate change mitigation and climate change adaptation as outlined in Annexes I and II of the Taxonomy Climate Delegated Act.

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)

Main Contacts

Eleni Neocleous
Board Member
Risk and Regulatory, Risk Consulting
T: + 357 22 209 023
E: eneocleous@kpmg.com

Eleni Poyiadji
Principal, MiFID and AML expert
Risk and Regulatory, Risk Consulting
T: + 357 22 209 248
E: epoyaji@kpmg.com

Marie-Hélène Angelides
Senior Associate, Asset Management expert
Regulatory Compliance, Risk Consulting
T: + 357 22 209 227
E: mangelides@kpmg.com

kpmg.com.cy