



Regulatory Insights

Financial Services

October 2025

Anti-Money Laundering (1)

EBA publishes
Final Report on
AML/CFT
supervision across
EU and EEA

EBA examines
ML/TF risks in
crypto-asset
services

EBA publishes
final report on
AML/CFT colleges

On 8 October 2025, the EBA published its [Final Report](#) assessing national competent authorities' responses to its findings and recommendations on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) supervision. The report concludes a six-year review covering all 40 EU and EEA jurisdictions.

The EBA finds that supervisory authorities have made substantial progress in implementing a risk-based approach. Most jurisdictions have developed dedicated AML/CFT strategies, targeted supervisory plans, and detailed manuals to guide supervisors and ensure consistent oversight. Cooperation among authorities, both within Member States and across borders, has strengthened, enhancing information exchange and alignment with EBA standards.

While reforms remain ongoing in some countries, the overall effectiveness and consistency of AML/CFT supervision have improved significantly. The EBA's work provides a strong foundation for the new EU Anti-Money Laundering Authority (AMLA), which will build on these developments as it assumes responsibility for AML/CFT oversight in the banking sector. This Final Report marks the completion of the EBA's multiannual review. Together with four accompanying summary reports, it forms part of the handover package to AMLA, offering a comprehensive, up-to-date view of the state of AML/CFT supervision across the EU.

Following its Final Report on AML/CFT supervision, on 9 October 2025, EBA published a [Report](#) assessing Money Laundering and Terrorist Financing (ML/TF) risks in crypto-asset services, including issuance, trading, and service provision. The Report draws on lessons from recent supervisory cases across the EU and highlights ways national authorities can enhance oversight in this fast-evolving sector.

Since 2018, the EBA has been actively shaping the AML/CFT regulatory and supervisory framework for crypto-assets. Through engagement with national supervisors, other European Supervisory Authorities, and third-country authorities, the EBA has gained insights into operational and compliance risks in crypto-asset businesses, both before and after the implementation of the Markets in Crypto-Assets Regulation (MiCA).

The Report provides guidance to strengthen supervisory approaches for authorising and overseeing Crypto-Asset Service Providers (CASPs) and issuers. It identifies vulnerabilities, highlights strategies some actors use to circumvent supervision, and explains how MiCA and the revised AML/CFT framework can mitigate these risks. By consolidating these findings, the Report supports effective MiCA implementation and promotes a forward-looking approach to reducing financial crime risks in the crypto sector.

Continuing its series of AML/CFT publications, on 22 October 2025, EBA released its fifth and [Final Report](#) on the functioning of AML/CFT colleges. The Report concludes that these colleges remain effective tools for information exchange, enhancing the overall effectiveness of AML/CFT supervision across the EU.

Anti-Money Laundering (2)

EBA publishes
Final report on
AML/CFT colleges

FATF concludes
Fourth Plenary
under Mexican
Presidency

EBA issues advice
on new EU
AML/CFT
framework ahead
of AMLA launch

Despite this progress, a key goal remains only partially achieved: ensuring coordinated action across multiple group entities. Limited advancement was observed in two areas:

- ✓ Risk-based approach: Some colleges have yet to fully adjust their operations, including the frequency and methods of information exchange, to reflect ML/TF risk levels.
- ✓ Meaningful discussions on common approaches: Many colleges still face difficulties in consistently identifying shared ML/TF risks, limiting the capacity of competent authorities to coordinate joint actions.

The fourth FATF Plenary under the Mexican Presidency of Elisa de Anda Madrazo concluded on 24 October 2025, reaffirming the organisation's commitment to disrupt the flow of illicit funds internationally. Delegates from over 200 jurisdictions, along with observers, spent three days discussing key priorities in combating money laundering, terrorist financing, and proliferation financing, with new jurisdictions participating under the FATF [Guest Initiative](#).

Key outcomes include:

- ✓ Mutual evaluations: Belgium and Malaysia were the first members assessed under the new time-bound, risk-focused evaluation framework, emphasising tangible results in addressing illicit finance.
- ✓ High-risk jurisdictions: FATF identified countries with significant strategic deficiencies in their AML/CFT/PF regimes. Members are urged to apply enhanced due diligence, with countermeasures considered in the most serious cases.
- ✓ Jurisdictions removed from monitoring: Burkina Faso, Mozambique, Nigeria, and South Africa completed their Action Plans and are no longer subject to increased monitoring.
- ✓ New asset recovery guidance: Comprehensive guidance was approved to help countries recover proceeds of crime, including cross-border cases, strengthening the ability to disrupt money laundering.
- ✓ Horizon Scan on emerging risks: FATF issued a new Horizon Scan to alert public and private sectors to emerging threats from AI and deepfakes in the illicit finance landscape.

On 30 October 2025 EBA submitted its [formal advice](#) to the EU Commission on the core regulatory components of the EU's new Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) regime. The recommendations are designed to ensure a smooth and effective start to the work of the new Anti-Money Laundering Authority (AMLA), which will take over the EU-level AML mandate at the end of 2025.

Anti-Money Laundering (3)

(continued)

Key focus areas

The advice responds to six legislative mandates from the EU Commission, covering areas such as:

- ✓ The methodology national supervisors will use to assess the money-laundering and terrorism-financing risks of supervised entities.
- ✓ The criteria AMLA will apply to determine which firms it will directly supervise.
- ✓ Customer due diligence data requirements for obliged entities.
- ✓ How supervisors will classify breaches and calculate penalties under the new regime.
- ✓ Preparatory work on rules for intra-group information sharing and the basis for financial sanctions.

Risk-based and proportionate approach

The EBA proposed a framework that prioritises efficiency, proportionality and effective supervision. The recommendations were shaped by extensive stakeholder input and close cooperation with national authorities, aiming to produce rules that are both operationally workable and aligned with AMLA's future mandate.

Next steps

Once AMLA formally adopts the technical standards and the EU Commission endorses them, they will form the regulatory backbone of the EU's new AML/CFT system. The EBA will transfer its AML/CFT supervisory mandate to AMLA on 31 December 2025, while continuing to address financial crime risks from a prudential perspective in coordination with the new authority.

MOKAS publishes 2023–2024 strategic analysis report on ML/TF trends

The Financial Intelligence Unit of Cyprus (MOKAS) released its [Strategic Analysis Report](#) covering 2023–2024, based on a thematic review of Suspicious Transaction Reports (STRs/SARs) submitted during this period. The report highlights key trends and patterns in Money Laundering and Terrorist Financing (ML/TF) activity, categorises threats, and prioritises risk-based analysis of STRs/SARs. It also aims to enhance the efficient allocation of resources to address ML/TF risks more effectively.



Asset Management (1)

ESMA finalises guidance on open-ended loan origination funds

On 21 October 2025, ESMA published its [Final Report](#) outlining proposed conditions for AIFMs managing open-ended loan origination funds. This follows a consultation held between December 2024 and March 2025. Under the upcoming EU rules effective from April 2026, loan-originating AIFs must generally be structured as closed-ended. However, open-ended structures will be permitted if AIFMs can demonstrate robust liquidity management aligned with the fund's investment strategy and redemption policy.

Key takeaways :

- No mandatory liquid asset threshold: ESMA dropped its proposal for a fixed minimum of liquid assets, instead requiring AIFMs to ensure sufficient liquidity to meet redemptions.
- Liquidity stress testing: Frequency reduced from quarterly to at least annually, unless fund characteristics justify more frequent testing.
- No additional liquidity criteria: ESMA opted not to introduce further requirements beyond those already proposed.
- Core obligations for AIFMs Include:
 - Demonstrating alignment between liquidity risk management, investment strategy, and redemption policy.
 - Considering specific ESMA-identified factors when setting redemption policies and managing liquidity.
 - Ongoing monitoring of liquidity management systems.



Looking ahead:

Although the EU Commission has placed these RTS on the list of non-essential Level 2 acts that will not be adopted before 1 October 2027 at the earliest, ESMA's Final Report provides interim guidance to ensure continuity. National regulators may apply this framework from April 2026, when the loan-origination rules are due to be transposed into national law.



Implications:

Firms considering launching open-ended loan-originating AIFs should begin aligning their liquidity management frameworks with ESMA's guidance and monitor national implementation.

EFAMA publishes August 2025 UCITS and AIF net flows

On 24 October 2025, EFAMA published its latest [Monthly Statistical Release](#) for August 2025, showing continued strong investor confidence in long-term UCITS.

Key developments in August 2025:

- Overall net inflows: UCITS and AIFs recorded combined net inflows of EUR 100 billion, up from EUR 83 billion in July.

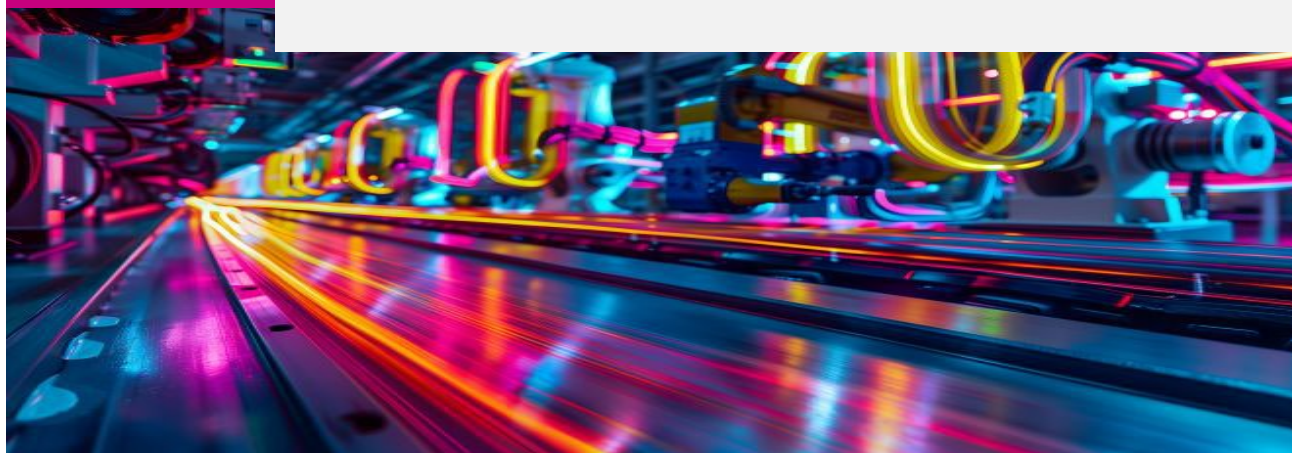
Asset Management (2)

(continued)

CySEC highlights ESMA thematic notes on sustainability claims for CyIFMs

- UCITS net inflows: EUR 87 billion (July: EUR 82 billion)
 - Long-term UCITS (excluding money market funds): EUR 71 billion (July: EUR 67 billion)
 - ETF UCITS: EUR 27 billion, stable versus July
 - Equity funds: EUR 21 billion (July: EUR 15 billion)
 - Bond funds: EUR 38 billion (July: EUR 41 billion)
 - Multi-asset funds: EUR 7 billion (July: EUR 5 billion)
 - Money market funds: EUR 16 billion (July: EUR 15 billion)
- AIFs: EUR 13 billion, up from EUR 1 billion in July
- Total net assets: UCITS and AIFs reached EUR 24.2 trillion, a 0.5% increase from July.

With Circular [C734](#) issued on 14 October 2025, CySEC has drawn the attention of Cyprus Investment Fund Managers (CyIFMs) to ESMA's series of thematic Notes on making clear, fair, and not misleading sustainability-related claims. These Notes aim to educate market participants and set expectations for sustainability claims through examples of good and bad practices. The [first Thematic Note on ESG Credentials](#), published on 1 July 2025, addresses claims regarding ESG credentials, industry initiatives, labels, awards, and peer comparisons. It follows four main principles: accuracy, accessibility, substantiation, and timeliness of information, and focuses on claims made in non-regulatory documents. A second note is expected by the end of 2025. CySEC encourages CyIFMs to stay informed of these publications and to consider the guidance when complying with ESG obligations.



Banking & Finance (1)

CRR supplemented by two new Delegated Regulations

On 14 October 2025, two Delegated Regulations supplementing the Capital Requirements Regulation (CRR) were published in the Official Journal of the EU (OJEU), introducing new Regulatory Technical Standards (RTS) relevant to risk modelling and internal model governance.

Key publications:

✓ [Commission Delegated Regulation \(EU\) 2025/1265](#)

Specifies the method for identifying the main risk driver of a position and determining whether a transaction represents a long or short position, as referenced in Articles 94(3), 273a(3), and 325a(2) CRR.

✓ [Commission Delegated Regulation \(EU\) 2025/1311](#)

Sets out the conditions for assessing materiality of:

- ☐ Extensions and changes to the use of alternative internal models.
- ☐ Changes to the subset of modellable risk factors.

Both regulations were adopted by the EU Commission in July 2025 and will enter into force on 3 November 2025, twenty days after their publication in the OJEU.

! Implications:

These RTS provide greater clarity and consistency in the application of internal models under CRR, supporting more robust risk management and supervisory convergence across the EU.

ECB updates supervisory financial reporting requirements

On 17 October 2025, the European Central Bank (ECB) published [Regulation \(EU\) 2025/1958](#) (Amending Regulation) in the OJEU, amending its existing framework on the reporting of supervisory financial information under the Single Supervisory Mechanism (SSM).

Key highlights:

✓ Updates to existing reporting framework: The Amending Regulation revises ECB Regulation (EU) 2015/534, which governs supervisory reporting obligations for credit institutions and the transmission of data from national competent authorities to the ECB.

✓ Alignment with CRR reporting requirements: The Regulation also supplements Commission Implementing Regulation (EU) 2024/3117, which specifies financial reporting obligations under the Capital Requirements Regulation (CRR).

✓ Enhanced oversight of Less Significant Institutions (LSIs): While LSIs remain subject to reduced reporting requirements, the Amending Regulation allows the ECB to collect additional data points, improving oversight, ensuring consistent supervisory standards, and enhancing the comparability of SREP (*Supervisory Review and Evaluation Process* - the ECB's assessment of banks' risk profiles, capital adequacy, and governance) outcomes across the euro area.

📅 Next steps:

- ☐ The Amending Regulation entered into force on 6 November 2025.
- ☐ It will apply from 30 December 2025, giving institutions time to adapt to the updated reporting requirements.

Banking & Finance (2)

(continued)

EBA 2026 Work Programme

! Implications:

Supervised entities, particularly LSIs, should review the new data requirements and prepare for enhanced reporting obligations to ensure compliance by the end of 2025.

On 1 October 2025, EBA published its [2026 Work Programme](#), outlining its strategic priorities and key activities for the year ahead. The Programme is structured around three core priorities:

✓ Developing a resilient and efficient rulebook:

- ☐ Continued work on the EU Banking Package.
- ☐ Contributions to PSD3, PSR, and the Financial Data Access Act (FIDA).
- ☐ Engagement in the revision of the securitisation framework, including updates to the Securitisation Regulation and CRR.

✓ Risk assessment and oversight:

- ☐ Preparations for the 2027 EU-wide stress test.
- ☐ Analysis of ICT-related incidents and cyber threats.
- ☐ Joint oversight under DORA and supervision under MiCA.
- ☐ Focus on integrated reporting.

✓ Innovation and technological capacity:

- ☐ Monitoring of AI and machine learning in financial services.
- ☐ Consumer protection initiatives addressing over-indebtedness, payment fraud, and cross-border supervision.

The Programme is supported by seven overarching activities, including policy development, supervisory convergence, and data governance.

Efficiency report:

Alongside the Programme, the EBA published a [report](#) with 21 recommendations to improve the efficiency of the EU's regulatory and supervisory framework.

Key areas include:

- ☐ Streamlining Level 2 and 3 regulatory products.
- ☐ Reducing reporting burdens.
- ☐ Enhancing internal processes.

EBA updates its list of third-country groups and branches in the EU/EEA

On 13 October 2025, EBA published its updated [list of third-country groups and branches operating in the EU/EEA](#).

This annual publication improves market transparency by providing clear information on the ownership and presence of foreign institutions in the EU/EEA. The 2025 update identifies 445 third-country groups from 50 non-EU/EEA countries. Of these, ten groups have established intermediate EU parent undertakings (IPUs) as required by EU rules, and 59 groups operate 88 branches across the EU/EEA.

Banking & Finance (3)

EBA finds white labelling widely used in banking and payments

On 14 October 2025, EBA published a [Report](#) on white labelling, a business model in which a financial institution provides products or services that are offered under another company's brand. The Report finds that over one-third of banks surveyed in 2025 use this model, highlighting the growing role of non-financial partners such as online marketplaces.

Driven by digitalisation and platformisation, white labelling allows consumers to access financial services through partners rather than directly from the provider. While this can expand access, it also introduces risks for consumers, such as less clarity on who is responsible for the product and potential difficulty in handling complaints. For supervisors, the model can limit direct oversight of some partners.

To address these risks, the EBA plans supervisory convergence actions in 2026, including:

- ✓ Raising supervisory awareness and integrating white labelling into competent authorities' priorities.
- ✓ Improving consumer disclosures so users know which firm is responsible and how to make complaints.

A [factsheet](#) accompanies the report, providing key features, use cases, and guidance for both supervisors and market participants.

EBA publishes 2024 report on supervisory convergence

EBA released its [annual report on supervisory convergence for 2024](#), detailing efforts to align supervisory practices across the EU. The Report covers prudential supervision, resolution, consumer protection, digital finance, and, until the end of 2025, Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT). It also represents a first step in implementing recommendations from the EBA's Efficiency Report, with a stronger focus on consistent supervisory outcomes going forward.

Key Highlights:

- ✓ Prudential supervision: The 2024 European Supervisory Examination Programme (ESEP) focused on liquidity and funding risk, interest rate risk and hedging, and recovery operationalisation. Risk levels remain stable, though challenges persist in data quality, stress testing, and modelling assumptions.
- ✓ Resolution and crisis management: Progress continues in operationalising resolution tools, including the cross-border bail-in mechanism, with improved coordination and enhanced management information systems.
- ✓ Digital finance: Preparations for the EU's Markets in Crypto-Assets Regulation (MiCA) focused on supervising asset-referenced and e-money token issuers. The EBA also developed an EU-wide supervisory handbook and held workshops to promote convergence.
- ✓ Consumer protection & AML/CFT: National authorities improved risk-based supervision and cooperation, with notable progress in AML/CFT college monitoring. The EBA is preparing for the handover of AML/CFT supervisory responsibilities to the new EU Anti-Money Laundering Authority (AMLA) at the end of 2025.
- ✓ Cross-Cutting Activities: Peer reviews, Q&As, breach investigations, and training strengthened supervisory skills. In 2024, the EBA delivered 23 courses to over 3,000 participants.

Banking & Finance (4)

EBA launches consultation on revised SREP and supervisory stress testing guidelines

On 24 October 2025, EBA opened a [public consultation](#) on its revised Guidelines for the Supervisory Review and Evaluation Process (SREP) and supervisory stress testing. The revisions aim to simplify and enhance the efficiency of EU banking supervision while supporting a risk-focused approach.

Key updates include:

- ✓ Changes across all main SREP elements, clarifying the ongoing nature of SREP and enhancing proportionality.
- ✓ Incorporation of new CRD VI mandates, interest rate and credit spread risk frameworks, ESG factors, and operational resilience.
- ✓ Streamlined liquidity and funding assessments, improved communication of SREP outcomes, and a high-level escalation framework for supervisory measures.
- ✓ Enhanced focus on ICT risk assessment, integrating the Digital Operational Resilience Act (DORA) framework.

 Consultation details:

- ❑ Deadline for comments: 26 January 2026
- ❑ Virtual public hearing: 4 December 2025, 10:00–12:00 CET.

The revised Guidelines, once adopted, will replace the current SREP Guidelines and the ICT risk assessment Guidelines under SREP, and will apply to all EU competent authorities.

EBA publishes final draft RTS on CVA Risk materiality for Securities Financing Transactions

On 29 October 2025, EBA released its [final draft Regulatory Technical Standards](#) (RTS) specifying the criteria and conditions to assess whether Credit Valuation Adjustment (CVA) risk exposures from fair-valued Securities Financing Transactions (SFTs) are material, and the frequency of such assessments.

The materiality assessment determines whether fair-valued SFTs can be exempted from own funds requirements for CVA risk. The draft RTS introduces a quantitative threshold approach, using a ratio to measure the relative increase in CVA own funds requirements when including fair-valued SFTs. Assessments are expected to be conducted quarterly to align with institutions' regular calculation and reporting cycles.

These draft RTS form part of Phase 2 of the EBA roadmap on implementing the EU Banking Package for market risk.

SRB launches consultation on communication guidance for banks in resolution

On 17 October 2025, the Single Resolution Board (SRB) launched a public consultation on its [Operational Guidance on Banks' Communication](#) and a [related communication testing supplement](#) to its [Operational Guidance for Resolvability Testing for Banks](#). The guidance elaborates on Principles 6.1 and 6.2 of the SRB's [Expectations for Banks](#) (EfB), setting supervisory expectations for how banks plan, coordinate and execute communication before, during and after resolution. The draft guidance sets out how banks should structure and operationalise communication across the pre-, in-, and post-resolution phases, aligned with their preferred and variant resolution strategies.

Banking & Finance (5)

(continued)

Effective communication is considered a key resolvability capability, as fast payment technologies and social media can accelerate contagion or bank runs during a crisis.

Key elements of the consultation include:

- ✓ A communication plan framework covering all resolution phases (including a six-month post-resolution stabilisation period) and governance arrangements;
- ✓ stakeholder mapping and targeted messaging, requiring tailored strategies for internal and external audiences;
- ✓ use of multiple communication channels, including crisis-ready infrastructure, social media monitoring, and designated trained spokespersons;
- ✓ coordination with authorities on communication strategy, disclosure obligations, and confidentiality under MAR;
- ✓ frameworks for monitoring, responding to leaks or misinformation, and mitigating adverse market reactions; and
- ✓ expectations for training, testing, and regular plan reviews to ensure execution readiness across jurisdictions and time zones.

 The SRB emphasises that banks must develop crisis-usable, stakeholder-specific, and authority-aligned communication plans supported by strong governance, clear ownership, and robust disclosure controls. These capabilities are expected to be fully in place by 30 June 2027, with transitional arrangements possible for newly authorised institutions. Deadline for responses: 12 December 2025.

EBA analysis highlights wide gaps in loan recovery outcomes, strengthening push for EU insolvency reform

On 31 October 2025, EBA released [its second benchmarking report](#) assessing loan recovery and enforcement frameworks across the EU. The findings show persistent and significant differences in recovery rates, timelines, and costs between Member States, reinforcing the case for greater harmonisation of insolvency and loan enforcement rules at EU level.

Key findings

- ✓ The report analyses over 1.4 million loans across all 27 EU Member States, covering firms, large corporates and SMEs.
- ✓ Results show wide dispersion in recovery outcomes across countries and loan types, despite overall trends remaining broadly in line with the EBA's 2020 benchmarking exercise.
- ✓ For firms, the EU-wide gross recovery rate remains stable (42.2%), but net recovery rates have fallen (from 40.6% to 37.6%), and average time to recovery has increased from 3 years to 4.2 years.
- ✓ Judicial recovery costs fell slightly (from 4.3% to 3.5%), but the longer enforcement period suggests higher non-judicial costs in the process.

Banking & Finance (6)

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Drivers of uneven outcomes

The report finds that differences in legal frameworks and judicial capacity remain key factors affecting recovery performance. Features associated with better outcomes include:

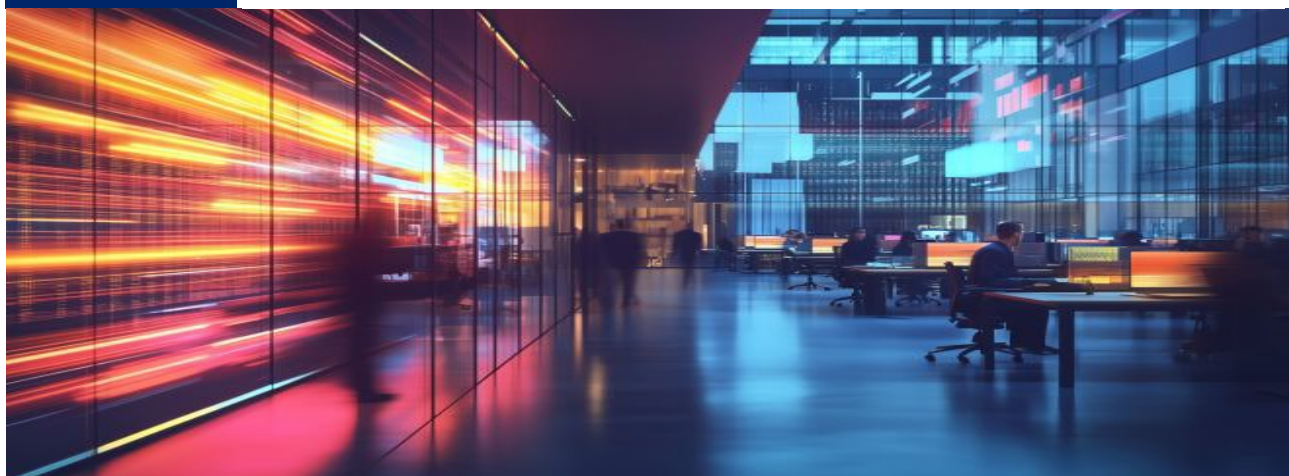
- ✓ Fast and legally supported out-of-court collateral enforcement,
- ✓ Creditor committees with influence over proceedings,
- ✓ SME restructuring tools,
- ✓ Early-trigger mechanisms for collective insolvency procedures.

However, the impact of reforms varies depending on the existing efficiency of national systems.

Background and next steps

The benchmarking exercise was carried out in response to an April 2025 EU Commission Call for Advice, as part of the Savings and Investment Union initiative. It updates earlier [work from 2020](#) and draws on enhanced data sources, including the Eurosystem Analytical Credit Dataset (“AnaCredit”) and additional non-euro area bank submissions.

The results are expected to feed into the EU Commission’s ongoing work on EU insolvency harmonisation, a long-standing policy priority aimed at reducing fragmentation in the single market for capital and credit.



Digital assets (1)

Crypto assets under scrutiny: ESRB issues report and stablecoin recommendation

On 20 October 2025, the European Systemic Risk Board (ESRB) published a [Report](#) on crypto asset risks, focusing on three key areas: stablecoins, Crypto-Investment Products (CIPs), and Multi-Function Groups (MFGs). The report reflects growing concerns over the increasing integration of crypto assets with the traditional financial system.

Key Findings:

■ Stablecoins:

The global stablecoin market has more than doubled since 2023, raising concerns about financial stability. The ESRB warns of risks from multi-issuer stablecoin schemes involving both EU and third-country entities, which may fall outside the scope of the Markets in Crypto-Assets Regulation (MiCA). The ESRB recommends:

- ❑ The EU Commission to clarify that such schemes are not permitted under MiCA by the end of 2025.
- ❑ If not clarified, regulatory safeguards should be introduced by the ESAs and other authorities, with most measures implemented by end-2025 and the remainder by 2027.

■ Crypto-Investment Products (CIPs):

The ESRB notes rapid growth in CIPs and increasing involvement of major financial institutions. Key concerns include:

- ❑ Market concentration in crypto custody services.
- ❑ Data gaps on non-bank financial institutions' crypto exposures and counterparty risks.

■ Multi-Function Groups (MFGs):

These groups, offering crypto services alongside other financial and non-financial activities, often operate through opaque structures and engage in regulatory arbitrage. The ESRB calls for enhanced supervisory cooperation and group-level reporting requirements.

Liquidity and risk issues highlighted in EBA response to MiCA draft RTS

On 10 October 2025, EBA published two Opinions in response to the EU Commission's proposed amendments to the draft Regulatory Technical Standards (RTS) on the composition and liquidity requirements of the reserve of assets under the Markets in Crypto-Assets Regulation (MiCA). The EBA finds that the EU Commission's proposed changes are inconsistent with MiCA's prudential framework.

The amendments could allow investments in non-highly liquid assets, reclassify all money market funds as highly liquid, and relax concentration limits. While the EBA supports certain clarifying drafting changes, it warns that the substantive amendments may increase liquidity risks, weaken alignment with banking liquidity rules, and create opportunities for regulatory arbitrage.

The two Opinions are:

- ✓ Opinion 1 – [Liquidity requirements of the reserve of assets](#)
- ✓ Opinion 2 – [Specification of Highly Liquid Financial Instruments \(HLFI\)](#)

The EBA uses these Opinions to strengthen oversight of MiCA, addressing liquidity, credit, and concentration risks in asset reserves to protect financial stability.

Digital assets (2)

IOSCO reviews implementation of recommendations for crypto and digital asset markets

On 16 October 2025, IOSCO published its [Final Report](#) on the thematic review assessing the implementation of IOSCO recommendations for Crypto and Digital Asset (CDA) markets.

In response to the rapid growth of crypto-asset markets, IOSCO and the Financial Stability Board (FSB) have developed comprehensive policy frameworks for regulating crypto-assets and global stablecoins. To encourage consistent implementation, both organisations conducted complementary thematic implementation reviews, with an accompanying [joint note](#). The IOSCO review, conducted by its fintech task force and assessment committee, focused on investor protection and market integrity. It examined how twenty jurisdictions, covering advanced and emerging economies, have implemented IOSCO's 2023 policy recommendations. These recommendations address governance, conflicts of interest, fraud and market abuse, cross-border cooperation, custody, retail client protections, and disclosures. The review highlights progress in regulating crypto-asset markets while identifying areas for further work, including consistent implementation, reducing regulatory arbitrage, and strengthening enforcement. It also underscores ongoing risks to investor protection and market integrity and calls on jurisdictions to monitor emerging risks and fully implement the CDA recommendations as soon as possible.

Given the global reach of most Crypto-Asset Service Providers (CASPs), the review stresses the need for enhanced international cooperation. IOSCO plans to strengthen its capacity-building programme to support knowledge sharing and assist jurisdictions in implementation efforts. It will also monitor developments in cross-border cooperation and consider improvements to information-sharing mechanisms beyond enforcement.

Digital operational resilience framework

CySEC adopts ESAs guidelines on ICT incident costs

On 22 October 2025, the Cyprus Securities and Exchange Commission (CySEC) issued [Circular C735](#) to inform financial entities under its supervision that it has adopted the [Joint Guidelines](#) of the European Supervisory Authorities (ESAs) on estimating aggregated annual costs and losses caused by major ICT-related incidents, as required under Article 11(11) of the DORA Regulation (EU 2022/2554).

These guidelines, originally issued on 17 July 2024, aim to:

- ❑ Provide a common methodology for estimating costs and losses from major ICT disruptions.
- ❑ Specify a standardised template for reporting aggregated annual costs and losses.
- ❑ Ensure consistent and comparable reporting across EU financial entities in line with DORA's digital operational resilience framework.

The guidelines are issued under the ESAs' mandates in Articles 16 of Regulations (EU) 1093/2010, 1094/2010, and 1095/2010, supporting harmonised supervisory practices across the EU.



Securities & Markets (1)

ESMA releases 2024 sanctions report

On 16 October 2025, ESMA published its [second consolidated report on administrative sanctions and measures](#) imposed by national competent authorities in 2024.

Key highlights:

■ Across the EU, over 970 sanctions and measures were applied, with the highest numbers under the Market Abuse Regulation and MiFID II/MiFIR.

■ Market Abuse Regulation (MAR):

- 377 sanctions in 24 Member States.
- Italy led with 80 sanctions, followed by Sweden (48).
- Ireland issued the highest MAR settlement fine (€1.225 million).

■ MiFID II and MiFIR:

- 294 sanctions in 20 Member States.
- Greece (84), Hungary (49), and Romania (30) issued the most sanctions..
- Notably, Ireland has not imposed any MiFID/MiFIR sanctions since 2018, despite having a mid-sized investment firm market.

The report shows significant differences between Member States in both the number and size of sanctions imposed. However, it also notes that sanctions are only one of several supervisory tools. ESMA will continue to work toward more consistent enforcement so that similar breaches result in similar consequences across the EU

EBA and ESMA issue joint advice on Investment Firms prudential framework

On 15 October 2025, EBA and ESMA jointly issued their [technical advice](#) to the EU Commission on possible changes to the Investment Firms Regulation (IFR) and Investment Firms Directive (IFD) frameworks.

■ Background:

The advice responds to a 2023 call for advice from the EU Commission under Articles 60 IFR and 66 IFD, requiring a review of the prudential framework for MiFID investment firms.

■ Key conclusions:

- The current framework is robust and risk-sensitive, appropriately tailored to the size, activities, and complexity of investment firms.
- However, 49 recommendations have been made to enhance proportionality, improve consistency, and ensure a level playing field across the EU and internationally.

■ Key areas of focus:

- Firm categorisation:
Recommendations to refine thresholds for CRR application and improve definitions and calculation methodologies.
- Small and non-interconnected firms:
Clarifications on qualifying conditions to ensure consistent application.

Securities & Markets (2)

(continued)

❑ Banking package implications:

- Analysis of how the Fundamental Review of the Trading Book (FRTB) may apply to investment firms.
- Liquidity requirements:
Suggestions to improve risk sensitivity of liquidity rules based on specific activities.
- Prudential consolidation:
Proposals to align IFR rules more closely with CRR, including potential extensions to crowdfunding and crypto service providers.

❑ MiCA interaction:

Recommendations on how to address overlaps between MiCA and the IFR/IFD for firms offering crypto-related services.

■ Improvements proposed:

❑ Greater consistency:

Clarifying key terms and harmonising methodologies to ensure uniform application across member states.

❑ Enhanced proportionality:

Adjusting thresholds for risk and remuneration committees and refining categorisation criteria.

❑ Level playing field:

Ensuring fair competition among EU investment firms and with global peers, without compromising prudential soundness.

📅 Next steps:

The EBA and ESMA have submitted the advice to the EU Commission, which will use it to inform its upcoming report to the European Parliament and Council for potential legislative action.

EU settlement cycle shortened to T+1 under new CSDR regulation

On 14 October 2025, [Regulation \(EU\) 2025/2075](#) was published in the Official Journal of the EU (OJEU), amending the Central Securities Depositories Regulation (CSDR) to introduce a shorter settlement cycle for securities transactions. Key change:

■ The Regulation reduces the standard settlement cycle for transferable securities (e.g. shares and bonds) traded on EU trading venues from T+2 to T+1 (i.e. settlement one business day after the trade date).

■ This change follows the political agreement reached by the European Council and Parliament in June 2025.

📅 Next steps:

❑ The Regulation will enter into force on 3 November 2025.

❑ The T+1 settlement cycle will apply from 11 October 2027, allowing market participants time to adapt systems and processes.

! Implications:

The move to T+1 aligns the EU with global efforts to enhance market efficiency and reduce counterparty risk. Firms should begin assessing operational readiness for the transition ahead of the 2027 implementation date.

Securities & Markets (3)

ESMA publishes 2026 Work Programme

On 3 October 2025, ESMA published its [2026 Annual Work Programme](#), aligned with its 2023-2028 multi-annual strategy. The Programme reflects ESMA's evolving role in supporting the Savings and Investment Union (SIU) and adapting to broader economic, geopolitical, and technological shifts.

Key priorities for 2026:

- Capital markets integration & competitiveness
 - Supporting reforms to make EU capital markets more integrated, accessible, and competitive.
 - Facilitating cross-border provision of funds, removing trading and post-trading barriers, and aligning supervisory practices across Member States.
- Regulatory simplification
 - Reducing reporting and administrative burdens through the Simplification and Burden Reduction (SBR) initiative.
 - Continuing flagship projects on integrated funds reporting, transactional reporting, and the investor journey.
- Implementation of key legislation

Ongoing work on EMIR 3, the European Single Access Point (ESAP), Retail Investment Strategy (RIS), PRIIPs, SFDR, and the Securitisation Regulation review.

- Supervisory responsibilities
 - Supervision of Consolidated Tape Providers (CTPs), ESG rating providers, external reviewers under the European Green Bond framework (EUGBR), and third-country benchmarks.
 - Joint oversight of critical third-party providers under the Digital Operational Resilience Act (DORA).
- Digital and data-driven supervision
 - Rollout of the ESMA Data Platform and development of AI-powered tools for anomaly detection and market abuse prevention.
 - Implementation of MiCA and supervisory convergence for crypto-asset service providers (CASPs).
- Settlement cycle transition

Preparing the financial sector for the transition to T+1 settlement under CSDR, effective 11 October 2027.

! Implications:

ESMA's 2026 agenda emphasises regulatory efficiency, market integration, digital innovation, and supervisory convergence. Firms should closely monitor developments in reporting, data management, ESG supervision, crypto regulation, and capital markets reforms.

Securities & Markets (4)

ESMA publishes first results under new “single” Volume Cap Mechanism

On 9 October, ESMA, the EU’s financial markets regulator, published the [first results](#) under a new rule called the “single” Volume Cap Mechanism (VCM).

This rule limits how much trading can happen using a special shortcut called the reference price waiver, which allows large trades to be executed without always showing the exact market price. Under the new system, no more than 7% of a stock’s total EU trading over the past 12 months can use this waiver.

If the 7% limit is exceeded, exchanges must pause use of the waiver for three months for that stock. Trading venues rely on ESMA’s published data to check compliance. The previous system, which had two different volume limits, has been replaced with this simpler, single cap.

ESMA proposes key reforms to support T+1 settlement

ESMA published on 13 October 2025 its [final report](#) recommending changes to the settlement discipline Regulatory Technical Standards (RTS). These reforms aim to make settlement processes more efficient, reduce administrative work, and support the EU’s move to a shorter T+1 settlement cycle by 11 October 2027.

Key proposals include:

- Completing trade allocations and settlement instructions on the same day.
- Using machine-readable formats for allocations and confirmations.
- Mandatory features like hold and release, auto-partial settlement, and auto-collateralisation.
- Updated rules for monitoring and reporting settlement fails.
- A phased implementation from December 2026 to October 2027 to ensure a smooth transition.

! ESMA encourages all market participants to make these changes a core part of their T+1 transition plans.

📅 The draft amendments have now been sent to the EU Commission, which will decide on adoption within three months.

ESMA sets key enforcement priorities for 2025 Annual Reports

ESMA published on 14 October 2025 its [European Common Enforcement Priorities](#) (ECEP) for the 2025 annual reports of listed companies. These priorities highlight areas where issuers should focus, alongside general reporting considerations.

Key areas of focus include:

- IFRS financial statements: Geopolitical risks, uncertainties, and segment reporting.
- Sustainability statements: Materiality assessments and the scope/structure of sustainability disclosures under the European Sustainability Reporting Standards (ESRS).
- ESEF digital reporting: Common filing errors, particularly in the Statement of Cash Flows.

ESMA emphasises simplification and burden reduction, while maintaining strong investor protection and market stability. The guidance also highlights the connection between financial and sustainability information, recent IFRS updates, and consistent use of alternative performance measures.

Securities & Markets (5)

(continued)

EU Commission to postpone Non-Essential Level 2 measures in financial services legislation

ESMA public statement on MiFID II/MiFIR review - Transition No. 2

Additionally, ESMA published a [fact-finding exercise](#) on 2024 sustainability reporting, analysing double materiality assessments to guide enforcement and future regulatory improvements.



Next steps: Issuers, auditors, and supervisors should consider these priorities when preparing, auditing, and reviewing 2025 annual reports, taking into account their relevance and materiality.

On 6 October 2025, the EU Commission [informed](#) the European Supervisory Authorities (ESAs) and the Anti-Money Laundering Authority (AMLA) that it will postpone adoption of non-essential Level 2 measures until 1 October 2027. These measures, which supplement EU Regulations and Directives (Level 1), provide detailed regulatory and implementing rules, but high volumes can increase compliance costs for stakeholders and demand significant resources from co-legislators for scrutiny. Where legal deadlines exist, the EU Commission plans to propose amendments or repeals as part of upcoming revisions to the relevant Level 1 acts. This de-prioritisation is a pragmatic step towards simplification, reducing complexity while supporting the Savings and Investment Union objectives and the EU Commission's broader simplification agenda.

On 10 October 2025, ESMA issued a [second Public Statement](#) providing further guidance on the transition to the revised MiFID II and MiFIR frameworks, following its [initial statement of 27 March 2024](#). Developed in coordination with the EU Commission, this update offers practical clarification on several key areas of the MiFID II/MiFIR review implementation.

Key highlights:

- **Commodity derivatives and emission allowances**
 - The position management requirements under Article 57(8) MiFID II now extend to derivatives on emission allowances. ESMA expects trading venues to apply the draft RTS on position management controls until the current RTS is formally revised.
 - The position reporting regime now includes an obligation for a second weekly report for trading venues trading options. ESMA plans to go live with the new reporting system on 1 April 2026, with technical specifications already [published](#).
- **Systematic Internaliser (SI) regime**
 - The quantitative test for SI determination has been removed. The new regime relies on qualitative criteria or voluntary opt-in. Investment firms should use the draft notification template pending final adoption of the ITS.
 - ESMA has updated or removed Q&As to align with the revised SI framework.
- **Transparency requirements**
 - Revised transparency rules for bonds, structured finance products, emission allowances, and equity instruments will apply from 2 March 2026.

Securities & Markets (6)

(continued)

- ❑ Certain RTS 1 provisions, including the treatment of give-up/give-in trades and new SI quoting obligations, will apply 20 days after the publication of the amended Delegated Regulation.
- ❑ ESMA published updated standard market size (SMS) values on 8 October 2025, setting parameters for new SI quoting obligations.

■ Volume Cap Mechanism (VCM)

- ❑ The single VCM replaced the double cap system, with the first results published on 9 October 2025. Updated Q&As reflect this new framework.

■ Discontinuation of FITRS and DVCAP Reporting

- ❑ ESMA will discontinue these reporting flows:
 - Volume cap data: last reporting day 31 December 2025
 - FITRS quantitative data: last reporting day 31 March 2026
- ❑ Reference data reporting will continue unchanged. This forms part of ESMA's burden reduction initiative.

Background:

Under Article 54(3) MiFIR, existing delegated acts remain in force until formally revised. This statement complements ESMA's prior guidance and the [EU Commission's interpretative notice](#) on transitional provisions. Additional detail is available in [ESMA's interactive Single Rulebook](#), which will be updated following entry into force of the revised provisions.

New CRR technical standards on risk positions and model changes

Two Delegated Regulations under the Capital Requirements Regulation (CRR) have been published in the Official Journal of the EU. These standards are relevant to banks and investment firms using internal models for calculating regulatory capital requirements:

■ [Delegated Regulation \(EU\) 2025/1265](#) : sets out the method for identifying the main risk driver of a position and determining whether a transaction represents a long or short position under Articles 94(3), 273a(3), and 325a(2) CRR.

■ [Delegated Regulation \(EU\) 2025/1311](#) : specifies the criteria for assessing the materiality of extensions and changes to the use of alternative internal models, including modifications to the subset of modellable risk factors.

Both regulations entered into force on 3 November 2025.

ESMA releases final quarterly bond liquidity assessment

On 31 October 2025, ESMA published its latest and final [quarterly liquidity assessment for bonds traded on EU venues](#). This marks the last edition of the report, as new bond transparency rules will take effect on 2 March 2026, replacing the current assessment process.

Key highlights

■ 1,195 bonds have been classified as liquid under MiFID II transparency rules for this quarter.

Securities & Markets (7)

(continued)

CySEC issues observations and recommendations on prudential framework compliance for Investment Firms

- The assessment is based on ESMA's standard quantitative criteria, including average daily trading volumes, notional amounts, and frequency of trading.
- Any updates or corrections submitted by market participants will continue to be reflected in ESMA's [Financial Instruments Transparency System](#) (FITRS) and will take effect the day after publication.
- The full list of assessed bonds is available in FITRS via XML files dated 31 October 2025.
- ESMA has also published [two completeness indicators](#) covering bond liquidity data.

What's changing?

This will be the final quarterly liquidity assessment. From 17 November 2025 to 1 March 2026, transparency requirements for the bonds identified as liquid today, will continue to apply on an exceptional basis. After that, the revised transparency framework under RTS 2 will take over, and quarterly liquidity calculations will no longer be performed.

On 22 October 2025, CySEC issued [Circular C736](#), outlining key observations and recommendations for Cyprus Investment Firms (CIFs) on compliance with the Prudential Supervision of Investment Firms Law 165(I)/2021 and Regulation (EU) 2019/2033 (IFR). The circular highlights recurring issues identified through desk-based reviews and ongoing supervisory monitoring.

Main points

- **Timely prudential reporting:** Some CIFs submitted reports late or not at all. Entities must ensure accurate and timely reporting via CySEC's XBRL portal, using up-to-date templates.
- **Ongoing compliance:** CIFs should proactively monitor prudential requirements, immediately report breaches, and implement corrective measures.
- **Data consistency:** Material discrepancies were found between XBRL reports and other sources such as audited financial statements. CIFs must ensure all reported data are consistent and accurately mapped.
- **Remuneration policies:** Some CIFs failed to comply with rules on variable remuneration and deferrals. Class 2 CIFs must align remuneration policies with Law 165(I)/2021 and EBA guidelines.
- **Governance arrangements:** Certain CIFs lacked properly structured Risk and Remuneration Committees or failed to address conflicts of interest in governance policies.
- **Liquid assets:** Misreporting of unencumbered short-term deposits and contributions to Investor Compensation Funds was observed. Only deposits at credit institutions qualify as liquid assets under the IFR.
- **Prudential consolidation:** CIFs must reassess group structures, determine if they meet definitions of financial institutions, and apply the appropriate consolidation framework.
- **Form 165-03 reporting:** Inaccurate completion of audited financial statements sections was noted. CIFs must fully disclose auditors' opinions and Pillar III links.

CIFs are advised to review and strengthen their practices across reporting, governance, and prudential compliance.

Sustainability (1)

European Parliament rejects Omnibus Directive mandate	
ESMA reports smooth functioning of EU Carbon Markets	
ESMA finalises RTS on transparency and integrity of ESG rating activities	

On 22 October 2025, the European Parliament narrowly voted against adopting a negotiating mandate for the European Commission’s proposed Omnibus Directive. The Directive aimed to streamline sustainability reporting and due diligence obligations under the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD).

The vote (309 in favour, 318 against, 34 abstentions) highlighted significant divisions among MEPs regarding the extent of proposed simplifications. Key proposals included raising scope thresholds for CSRD and CSDDD, exempting financial holding undertakings, and softening due diligence and transition plan requirements. Critics argued the changes were either too lenient or insufficient.

The proposal will return for a full vote during the next plenary session on 11–13 November 2025. Until a mandate is adopted, trilogue negotiations with the European Commission and the Council of the EU, who have already agreed on their position, cannot proceed.

! Implications:
The delay adds to the regulatory uncertainty for companies preparing for CSRD and CSDDD compliance. Businesses are advised to monitor developments closely and prepare for multiple compliance scenarios.

On 22 October 2025, ESMA published its [annual report on EU carbon markets](#), covering developments in 2024. The analysis found no major issues with market integrity or transparency, noting that both emission allowance auctions and secondary market trading continue to operate efficiently.

The report confirms that the market structure effectively channels allowances from financial intermediaries to non-financial firms with compliance obligations and supports a variety of trading and hedging strategies. ESMA’s findings reflect the overall stability of the EU carbon market, which it monitors annually under the EU Emissions Trading System (ETS) Directive.

On 15 October 2025, ESMA published its [final report](#) on three draft Regulatory Technical Standards (RTS) under Regulation (EU) 2023/3005 on the transparency and integrity of ESG rating activities. The final RTS reflect feedback from ESMA’s May 2025 consultation, which received 57 responses, leading to clarifications and the removal of requirements considered overly burdensome.

Sustainability (2)

(continued)

- Key revisions include:
- ◆ Simplified information requirements for authorisation and recognition,
 - ◆ clarification or removal of certain separation obligations under the business separation RTS, and
 - ◆ adjustments to disclosure requirements to ensure practical implementation.

The final draft RTS will be submitted to the European Commission by the end of October 2025, with the resulting Delegated Regulations entering into force 20 days after publication in the Official Journal of the EU and applying from 2 July 2026.



ESMA finalises governance expectations for supervised entities

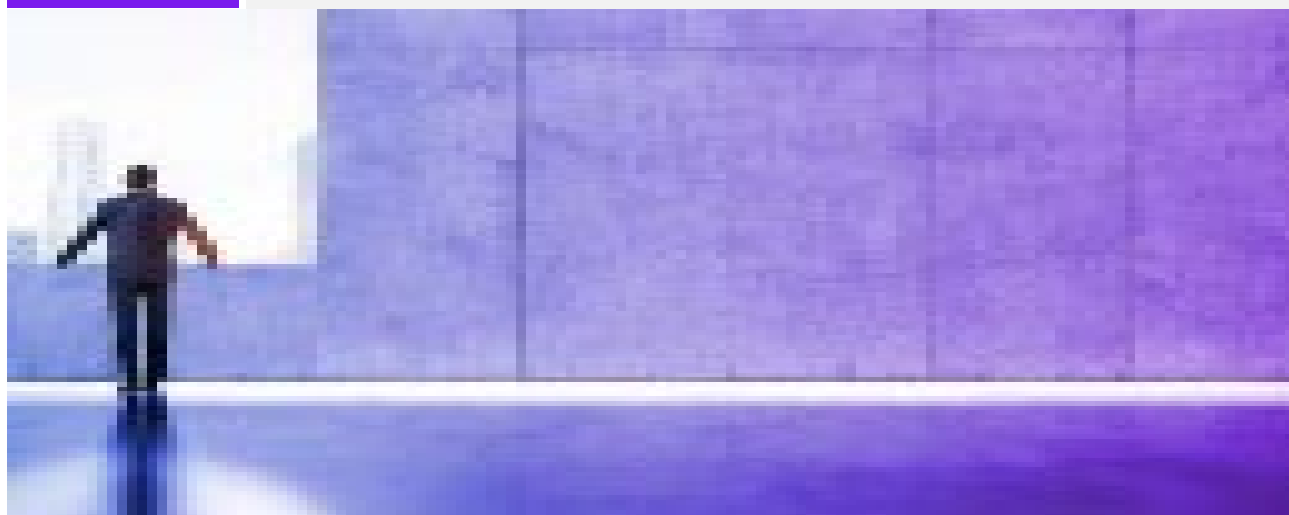
New principles-based framework applies from January 2026

On 15 October 2025, ESMA published its [final report](#) outlining supervisory expectations for governance arrangements of entities under its direct supervision, including credit rating agencies, benchmark administrators (EU critical and third-country recognised), Tier 2 CCPs, data reporting service providers, securitisation repositories, and trade repositories.

The report incorporates feedback from ESMA's July 2024 consultation, leading to revisions that address concerns around proportionality and ESMA's regulatory mandate in the area of corporate governance. The final framework is structured around 12 high-level principles, replacing the more prescriptive approach proposed earlier.

These principles set core outcome-based expectations that entities can apply proportionately according to their nature, scale, and complexity, with supporting guidance provided under each principle.

ESMA will begin applying these supervisory expectations from January 2026, three months after publication of the final report



Working programmes 2026: ESAs & EU commission (1)

European Commission publishes 2026 work programme

On 21 October 2025, the European Commission (“**Commission**”) published its work programme, (“**Programme**”) for 2026.

The Programme sets out the most important new policy and legislative initiatives that the Commission will focus on in the year ahead, building on the political guidelines document for the next European Commission 2024–2029, the mission letters sent by President Ursula von der Leyen to the Commissioners and also reflecting the ideas set out in the 2025 state of the Union address – for more information, see [FIG Top 5 at 5 dated 26 September 2024](#) and [FIG Top 5 at 5 dated 11 September 2025](#).

Simplification

The Commission previously set targets to reduce administrative burdens by at least 25%, and at least 35% for small to medium enterprises, without compromising on policy objectives. In this regard, the Commission has already published several omnibus proposals and other simplification measures aimed at delivering €8.6 billion in annual savings for European businesses and citizens.

Continuing the Commission’s focus on simplification, more than half of the legislative initiatives in the Programme are focused on burden reduction. The Commission has also stated that it will continue to assess EU laws and implementing rules in order to see whether they are necessary to fulfil policy objectives and to see where it can act to ease accumulated and undue burdens.

The Commission also [adopted](#) its first overview report on simplification, implementation and enforcement on 21 October 2025, reflecting the progress achieved so far as regards simplification.

Competitiveness

The Programme reaffirms the Commission's commitment to increasing Europe's competitiveness, stating that the implementation of the Draghi report must be accelerated. From a financial services perspective, the Programme states that the Commission will focus on “*unleashing the full potential of the Single Market by 2028*”, by, amongst other things, removing barriers in capital and making access to finance in Europe easier for all companies.

Additionally, the Commission will be putting forward the remaining proposals as regards the savings and investment union, which will include the strengthening of shareholder rights and a comprehensive analysis on competitiveness in the EU banking sector.

Annexes

The Programme contains five annexes, as follows:

Annex I: New initiatives – The table in this annex sets out the new initiatives, and the related policy objectives, that the Commission will pursue in 2026. Those with a blue background represent simplification initiatives or those with a strong simplification dimension. It also includes omnibus packages and simplification proposals, together with other initiatives to simplify legislation, such as the updates of the venture capital funds regulation and the rules on shareholder rights.

Working programmes 2026: ESAs & EU commission(2)

(continued)

ESAs Joint
Committee sets
2026 priorities

Annex II: Annual Plan on evaluations and fitness checks – This table contains 20 planned evaluation and fitness checks. From a financial services perspective, the following may be of interest: the Whistleblowing Directive and the Shareholder Rights Directive.

Annex III: Pending proposals - This annex contains proposals pending adoption. The Commission has examined all pending proposals in order to decide whether they should be maintained, amended or withdrawn in the light of their adoption date, progress in the legislative process and alignment with the EU's priorities.

Accordingly, this annex sets out 151 pending proposals where the EU Commission wants the European Parliament and the European Council to reach agreement. Some of the pending proposals listed under the section entitled “*A new plan for Europe’s sustainable prosperity and competitiveness*” in this annex, may be of interest to the financial services sector.

Annex IV: Withdrawals – This annex contains the pending legislative proposals which the Commission intends to withdraw within six months. None of them are relevant to the financial services sector.

Annex V: Envisaged repeals – This annex does not contain any proposals relevant to financial services.

On 16 October 2025, the Joint Committee (JC) of the European Supervisory Authorities (ESAs) published its [2026 Work Programme](#), outlining key cross-sectoral priorities for the year ahead. The Programme reflects the JC’s continued focus on financial stability, consumer protection, and regulatory convergence across the banking, insurance, and securities sectors.

Key priorities for 2026:

- ✔ **Digital Operational Resilience (DORA):**
The JC will focus on the implementation and supervisory convergence of the DORA framework, including new responsibilities such as incident reporting and crisis coordination.
- ✔ **Consumer protection & financial education:**
In line with the European Commission’s Savings and Investment Union strategy, the JC will work to strengthen consumer confidence in financial services. Key initiatives include updates to the PRIIPs Key Information Document and enhanced efforts in financial education.
- ✔ **Sustainable finance:**
The JC will continue to prioritise sustainable finance. It will:
 - Monitor the ongoing review of the SFDR Level 1 text.
 - Provide clarifications on the existing SFDR framework.
 - Develop joint guidelines on ESG stress testing principles.
- ✔ **Cross-sectoral risk monitoring:**
The JC will assess systemic risks and vulnerabilities across sectors and produce targeted risk analyses to support financial stability.

Working programmes 2026: ESAs & EU commission (3)

(continued)

Continued collaboration on:

- ☐ Financial conglomerates
- ☐ Innovation facilitators
- ☐ Credit assessment institutions
- ☐ Supervisory independence
- ☐ European Single Access Point
- ☐ EMIR bilateral margining.

External Credit Assessment Institutions (ECAIs):

Ongoing work under the Capital Requirements Regulation (CRR) and Solvency II to monitor the alignment of ECAL credit assessments with regulatory credit quality steps.

◆ Implications:

The JC's 2026 agenda reinforces the ESAs' role in fostering regulatory consistency and resilience across the EU financial system. Firms should pay close attention to developments in DORA implementation, SFDR clarifications, and cross-sectoral risk assessments.



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

FATF Financial Action Task Force

ICT Information and Communication Technology

INTERPOL International Criminal Police Organisation

IOSCO International Organisation of Securities Commissions

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

OECD Organisation for Economic Co-operation and Development

OJ Official Journal

RTS Regulatory Technical Standards

SFDR Sustainable Finance Disclosure Directive

UNODC United Nations Office on Drugs and Crime

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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