



Regulatory Insights

December 2024



Anti-Money Laundering (1)

EBA report finds competent authorities have made significant progress in their approaches to counter money laundering and terrorist financing

EBA published on 13 December 2024 its [findings](#) from the fourth and final round of reviews assessing how competent authorities address money laundering and terrorist financing (ML/TF) risks within the banking sector. This round marks the completion of the EBA's assessment of all authorities responsible for AML/CFT supervision in thirty EU/EEA member states.

Key findings

The EBA's findings reveal that AML/CFT supervisors have made significant progress in implementing a risk-based approach to combat ML/TF risks. Since the first review round in 2018, the EBA has observed substantial improvements in the approaches of competent authorities to supervision. The report highlights several good practices, particularly related to cooperation and risk assessments, which reflect positive changes in supervisory methodologies.

Areas of concern

However, despite these advancements, the EBA identified several ongoing issues:

1. Weaknesses in risk assessment methodologies: some authorities still show gaps in their methods for assessing risks.
2. Ineffective enforcement: enforcement actions were not always effective or sufficiently deterrent.
3. Divergent approaches: there were inconsistencies in how prudential supervisors address ML/TF risks.
4. Limited cooperation: cooperation between AML/CFT supervisors and other key bodies, like tax authorities, remained insufficient, particularly in the absence of dedicated AML/CFT colleges for cross-border cooperation.

Recommendations and conclusion

The EBA has made tailored recommendations for each competent authority to address these gaps and improve their AML/CFT approaches. Despite the remaining issues, the progress observed since the first review round indicates that the effectiveness of AML/CFT supervision is strengthening. The efforts made by competent authorities in response to the EBA's recommendations are expected to play a crucial role in the successful implementation of the new AML/CFT package.

Asset Management

ESMA consults on open-ended loan originating alternative investment funds

ESMA published on 12 December 2024 a [consultation paper](#) on draft regulatory technical standards (RTS) for open-ended loan-originating Alternative Investment Funds (AIFs) under the revised Alternative Investment Fund Managers Directive (AIFMD).

Key points :

- ❑ The draft RTS outline requirements for loan-originating AIFs to maintain an open-ended structure.
- ❑ According to the revised AIFMD, loan-originating AIFs must generally be closed-ended unless their managers demonstrate to their National Competent Authority (NCA) that their liquidity risk management system aligns with their investment strategy and redemption policy.
- ❑ These rules aim to harmonise practices across the EU, providing clarity for fund managers and regulators

Next steps: The consultation is open until **12 March 2025**, and ESMA plans to finalise the draft RTS by Q3/Q4 2025.

ESMA puts forward Q&As on the application of the Guidelines on funds' names

ESMA released on 13 December 2024 a Q&A document providing practical guidance on applying the [Guidelines](#) for fund names that include ESG or sustainability-related terms.

Key topics addressed:

- ❑ [Green bonds](#): Investment restrictions tied to company exclusions do not apply to European Green Bonds. For other green bonds, fund managers may use a look-through approach to evaluate activities relevant to exclusions.
- ❑ [“Meaningfully investing in sustainable investments”](#): Funds with less than 50% sustainable investments are unlikely to qualify as “meaningfully investing in sustainable investments.”
- ❑ [Controversial weapons](#): Exclusions for controversial weapons should align with SFDR principal adverse impact indicator 14.

These clarifications aim to ensure consistent understanding and application of the Guidelines across the EU, especially in light of the recently introduced European Green Bonds Regulation.

Banking & Finance (1)

EU banks' liquidity coverage ratio increased in June 2024, underpinned by growth in banks' holdings of liquid assets

EBA published on 13 December 2024 a [Report](#) on liquidity measures, which monitors and evaluates the liquidity coverage requirements currently in place across the EU banking sector. The report tracks changes from June 2023 to June 2024 and presents key findings regarding banks' liquidity coverage ratio (LCR), the composition of funding sources, and other liquidity measures.

Key findings

1. Liquidity Coverage Ratio (LCR) improvement:

- Between June 2023 and June 2024, EU banks' average LCR increased by 3 percentage points, reaching 167%.
- During this period, both the LCR in USD and GBP improved, exceeding 100% by June 2024.

2. Changes in funding deposits and liquid assets:

- Banks saw a steady increase in their holdings of liquid assets.
- The composition of funding deposits changed, with net outflows declining sharply in the second half of 2023, mainly due to shifting retail deposits to categories exempt from the LCR calculation.
- In the first half of 2024, net outflows increased, partially reversing the earlier gains in liquid assets, leading to a slight decline in the average LCR.

3. Composition of liquidity buffers:

- The composition of High-Quality Liquid Assets (HQLAs) shifted, with Level 1 securities (primarily sovereign bonds) increasing, while Level 1 cash and central bank reserves decreased.
- Banks in the euro area that repaid targeted longer-term refinancing operations (TLTRO) loans in early 2024 reported a sharp decline in LCRs by 4 percentage points on average. Conversely, banks without such repayments saw their LCR increase by 0.64 percentage points on average.

4. Foreign currency liquidity:

- Liquidity buffers in foreign currencies (particularly in USD and GBP) remain lower than in euros. Although the LCR in USD and GBP improved, EU banks continue to face challenges in managing liquidity mismatches in foreign currencies during market stress. The ability to access currency swaps may be constrained in volatile conditions.

5. Impact on lending and liquidity profile:

- The report also assesses the impact of the LCR on banks' lending activities and the effect of deposits exempted from the LCR calculation.
- It highlights the impact of TLTRO repayments on the liquidity profile of euro area banks and examines the effects of the ongoing reduction of central bank liquidity.

Banking & Finance (2)

(continued)

Conclusions

The report reveals that EU banks' liquidity buffers remain well above the minimum requirements, but it also underscores several ongoing issues:

- ❑ Challenges in foreign currency liquidity, which require ongoing monitoring by banks and competent authorities.
- ❑ The importance of strategies to manage liquidity during periods of market stress, particularly concerning LCRs in foreign currencies and TLTRO repayments.
- ❑ The EBA's findings suggest that while liquidity buffers are strong overall, further attention is needed to manage potential liquidity mismatches and to ensure that banks are prepared for unexpected market volatility.



Banking & Finance (3)

The EBA publishes final standards on the specification of long and short positions under the derogations for market and counterparty risks

The EBA assesses potential benefits and challenges of tokenised deposits

EBA has published on 6 December 2024 its [final draft](#) Regulatory Technical Standards (RTS) on the method for identifying the main risk driver and determining whether a transaction represents a long or short position. These RTS are part of the Phase 1 deliverables of the EBA roadmap for implementing the EU banking package in the area of market risk.

The proposed methodology for identifying the main risk driver is based on sensitivities defined under the market risk standardised approach (FRTB-SA) or on add-ons defined under the standardised approach for counterparty credit risk (SA-CCR). The RTS also align the methodology for determining whether a transaction represents a long or short position with that set out in the RTS on SA-CCR.

Additionally, a simplified method has been introduced to cover relatively simple instruments, such as fixed-rate bonds, floating-rate notes, stocks, forwards, futures, simple swaps, and plain vanilla options.

Legal basis and background

These draft RTS have been developed in accordance with Article 94(10) of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR), as amended by the revised Capital Requirements Regulation (CRR3). This regulation mandates the EBA to specify the method for identifying the main risk driver of a position and for determining whether a transaction is a long or short position as per Article 94(3), 273a(3), and 325a(2).

In preparing these draft RTS, the EBA has considered the method for determining whether a transaction is a long or short position based on the primary or most material risk driver, as developed for the RTS on SA-CCR under Article 279a(3), point (b), of the CRR.

The CRR includes derogations for calculating capital requirements for market and counterparty credit risks for small trading book business, derivative business, or business subject to market risk. The CRR3 specifies that the size of the business should be equal to the absolute value of the aggregated long position, summed with the absolute value of the aggregated short position. A position can be considered long or short depending on how movements in its main risk driver affect the market value.

EBA published on 12 December 2024 a [Report](#) aimed at increasing awareness of tokenised deposits, assessing their potential benefits and challenges, and promoting convergence in their classification, particularly in contrast to electronic money tokens (EMTs) issued by credit institutions under the Markets in Crypto-Assets Regulation (MiCAR).

As part of its 2024-25 priorities on innovative applications, the EBA has analysed the approaches to deposit tokenisation by credit institutions. Tokenising a deposit—in the sense of recording the deposit claim on a distributed ledger technology (DLT), rather than a traditional ledger—does not alter the fundamental nature of the claim, and thus, its regulatory classification as a deposit remains unchanged.

Banking & Finance (4)

(continued)

While the EBA has identified few instances of tokenised deposits so far, there is growing interest from credit institutions. The potential benefits include enhanced programmability and the automation of transfers. However, there are also significant challenges, including issues related to consumer protection, operational risk, and the application of the anti-money laundering (AML) and countering the financing of terrorism (CFT) framework. In light of these developments, the EBA will continue to monitor market trends, foster discussion on the potential benefits and challenges of tokenised deposits, and address regulatory issues related to their classification in comparison with EMTs under MiCAR.

Background and next Steps

The EBA has a statutory responsibility to monitor and assess market developments, including technological innovation and financial services, as outlined in Article 9(2) of its Founding Regulation (Regulation (EU) 1093/2010). As part of its 2024-25 priorities, the EBA is focusing on monitoring the tokenisation of deposits.

The acceptance of deposits and other repayable funds from the public is a characteristic activity of credit institutions in the EU, which is governed by the Capital Requirements Directive and Regulation (Directive (EU) 2013/36/EU and Regulation (EU) 575/2013). As such, activities involving tokenised deposits, which are already regulated, are excluded from the scope of MiCAR. In collaboration with other European Supervisory Authorities, the EBA is tasked with promoting convergence on the classification of crypto-assets, including those excluded from MiCAR's scope, as per Article 97 of the Regulation.



Banking & Finance (5)

The EBA releases the technical package for its 4.0 reporting framework

EBA published on 19 December 2024 the final technical package for version 4.0 of its reporting framework, which will come into effect in the first half of 2025. This update marks a significant transition to the new Data Point Model (DPM) semantic glossary and introduces the enhanced capabilities of DPM 2.0.

Key features of the technical package:

1. Standard specifications:

- ❑ The technical package provides standard specifications, including validation rules, the DPM, and the XBRL taxonomies, designed to support various reporting obligations.

2. Reporting obligations covered:

- ❑ Issuers of Asset-Referenced Tokens (ARTs) and Electronic Money Tokens (EMTs) will be required to report specific information under the new framework.
- ❑ New Implementing Technical Standards (ITS) amending the supervisory reporting framework (COREP templates) to accommodate changes driven by the EU Banking Package (Capital Requirements Regulation - CRR3 and Capital Requirements Directive - CRDVI) published on 19 June 2024.
- ❑ Minor amendments to reporting obligations for Class 2 investment firms (COREP templates), in line with the changes introduced by CRR3/CRDVI.
- ❑ Updated requirements for the registers of information under the Digital Operational Resilience Act (DORA), following the adoption of EU Commission Implementing Regulation (EU) 2024/2956, which includes standard templates for the register of information.

3. Data dictionary versions:

- ❑ The package includes versions of the data dictionary in both the DPM 1.0 format and the new DPM 2.0 format.

4. DPM Query Tool Update:

- ❑ The DPM Query Tool has been updated to reflect the new release and provide further support for users navigating the changes.

Background and next steps:

- ❑ Last year, the EBA announced the migration to DPM 2.0 methodology, and has since published relevant documentation to support this transition.
- ❑ In June this year, the EBA released the plans for migration to DPM 2.0 and the new glossary.
- ❑ Alongside the technical package, the EBA also published a set of FAQs last October to provide additional clarifications and explanations regarding the changes.

Conclusion:

The technical package for version 4.0 of the EBA's reporting framework represents an important milestone in the EU's ongoing efforts to enhance regulatory reporting standards, particularly in response to evolving regulatory requirements such as CRR3, CRDVI, DORA, and the growing presence of crypto-assets. The migration to DPM 2.0 ensures improved capabilities, enhancing the transparency and comparability of data reported by EU financial institutions.

Banking & Finance (6)

ECB supervisory priorities for 2025-2027

On 17 December 2024, the ECB outlined its updated [supervisory priorities for the years 2025-2027](#). These priorities reflect an assessment of key risks facing significant institutions under ECB supervision, taking into account progress from previous years and results from the [2024 Supervisory Review and Evaluation Process](#) (SREP).

While European banks remain strong in capital, liquidity, and profitability, the ECB stresses the need for continued vigilance. Geopolitical tensions and macroeconomic uncertainty highlight the importance of a "holistic supervisory strategy." Banks are urged to assess emerging risks, especially from geopolitical events, and to strengthen areas of previous concern, such as risk data aggregation and climate-related risks.

The ECB's three main priorities for 2025-2027 focus on:

Priority 1 – Banks should strengthen their ability to withstand immediate macro-financial threats and severe geopolitical shocks

Credit risk

- Ensure that banks promptly detect any deterioration in asset quality, reflect this in prudent provisioning and capital levels and swiftly address previously identified credit risk management deficiencies.

Operational risk

- Drive banks to fully comply with DORA requirements on ICT risk management, incident reporting, resilience testing and third-party oversight, while promptly remediating previously identified deficiencies on cybersecurity and outsourcing.

Multiple risk categories

- Special focus: Incorporating the management of geopolitical risks in supervisory priorities.

Priority 2 – Banks should remedy persistent material shortcomings in an effective and timely manner

Climate-related and environmental risks

- Drive banks to achieve full compliance with supervisory expectations and CRR3/CRD6 requirements on C&E risks—particularly in setting prudential transition plans—and to promptly address any identified shortcomings.

Governance

- Make sure banks swiftly remediate long-standing RDARR shortcomings and align with supervisory standards, in order to avoid escalation measures.

Priority 3 – Banks should strengthen their digitalisation strategies and tackle emerging challenges stemming from the use of new technologies

Business model

- Ensure that banks enhance their digitalisation strategies and execution plans to sustainably support their business models, while effectively mitigating risks associated with emerging technologies such as cloud services and AI.

Banking & Finance (7)

(continued)

A key theme in the ECB's new priorities is the special focus on **geopolitical risks**, which is highlighted in the first priority. The ECB points to specific areas of concern, such as deficiencies in credit risk management, operational resilience (including DORA compliance, IT outsourcing, and cybersecurity), and the incorporation of geopolitical risk management into supervisory priorities. This focus will be closely assessed, particularly in how banks handle credit and operational risks. The ECB also indicates that geopolitical risks will be a key part of the 2025 EU-wide stress test.

For the **second priority**, the ECB highlights the need to address ongoing weaknesses that have persisted from previous years. Two main areas of focus are the management of climate-related risks and the improvement of risk data aggregation and reporting (RDARR) capabilities. The ECB has made it clear that banks should expect stricter enforcement, including penalties and sanctions, for non-compliance in these areas.

Finally, the **third priority** continues the focus on digitalisation and the challenges of adopting new technologies, including AI. The ECB stresses the importance of developing targeted supervisory strategies to understand how banks are adapting to these emerging technologies



Digital assets (1)

ESAs provide Guidelines to facilitate consistency in the regulatory classification of crypto-assets by industry and supervisors

The ESAs published on 10 December 2024 joint [Guidelines](#) to streamline the regulatory classification of crypto-assets under the Markets in Crypto-Assets Regulation (MiCAR). These include:

- ❑ Standardised classification test: ensures a consistent approach to categorising crypto-assets across the EU.
- ❑ Templates for market participants: facilitate communication with supervisors regarding crypto-asset classifications.

Key areas addressed:

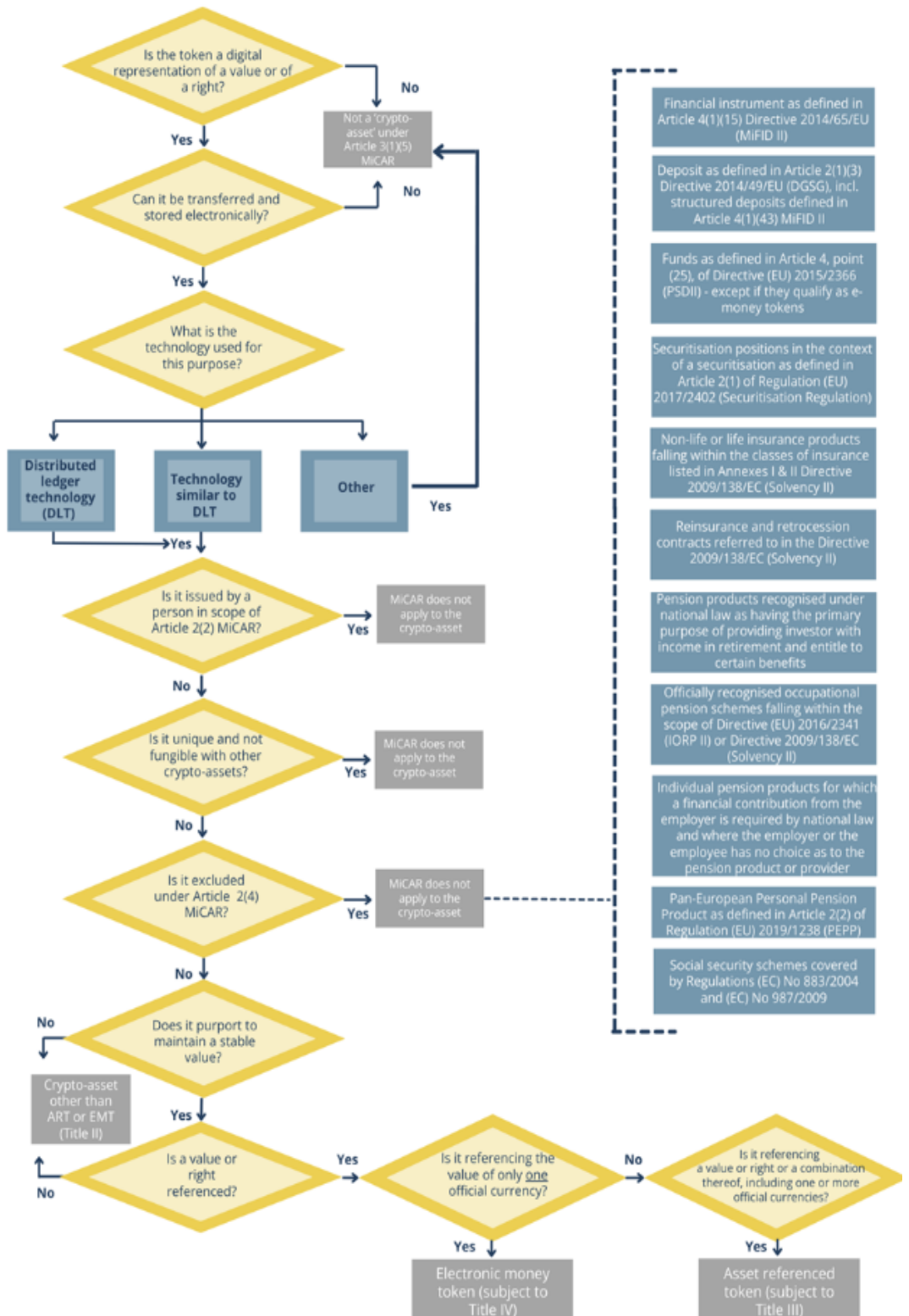
- ❑ Asset-Referenced Tokens (ARTs): white papers must include legal opinions confirming that the crypto-asset is not an electronic money token (EMT) or outside MiCAR's scope.
- ❑ Other Crypto-Assets: white papers must explain how the asset is classified and confirm it is not an ART, EMT, or excluded under MiCAR.

Objective: The Guidelines promote uniform application of MiCAR, enhancing consumer protection, creating a level playing field, and reducing regulatory arbitrage risks. The Guidelines take effect three months after publication in all EU languages.

Digital Assets (2)

(continued)

Standardised test for crypto-assets



Digital Assets (3)

ESMA releases last policy documents to get ready for MiCA

ESMA published on 17 December 2024 the last package of final reports, including regulatory technical standards (RTS) and guidelines, in preparation for the full application of the Markets in Crypto Assets Regulation (MiCA). Over the past 18 months, ESMA has developed over 30 technical standards and guidelines, often in cooperation with the European Banking Authority (EBA).

Key Highlights:

- ❑ [RTS on Market Abuse](#): specifies systems to detect and prevent market abuse in crypto-assets and coordination procedures between authorities for cross-border cases.
- ❑ [Guidelines on reverse solicitation](#): clarifies that the reverse solicitation exemption is narrowly framed and should only apply when the client exclusively initiates the service.
- ❑ [Guidelines on suitability](#): ensures crypto-asset service providers (CASPs) give suitable advice and investment decisions, aligning with MiFID II requirements.
- ❑ [Guidelines on Crypto-Asset transfer services](#): aims to protect investors during crypto-asset transfers by specifying the necessary policies and procedures for CASPs.
- ❑ [Guidelines on qualification of Crypto-Assets as financial instruments](#): provides clarity on the delineation between MiCA and other regulatory frameworks, like MiFID II.
- ❑ [Guidelines on ICT systems and security access](#): establishes principles for managing ICT risks for entities not subject to the same operational resilience standards as CASPs and issuers.

Next Steps:

- ❑ ESMA will continue working with national authorities during the transitional period to ensure MiCA's provisions are fully implemented.
- ❑ The guidelines will be translated into all official EU languages and published on the ESMA website. They will apply three months after the translations are published.
- ❑ The final reports with the draft RTS have been submitted to the European Commission for adoption.

EU publishes new Implementing Regulation on DORA

On 2 December 2024, the Official Journal of the EU published Commission Implementing Regulation (EU) 2024/2956, which sets out technical standards for the implementation of the Digital Operational Resilience Act (DORA) in the financial sector. This regulation, dated 29 November 2024, focuses on standard templates for the information register under DORA. The regulation came into force on 22 December 2024, which was 20 days after its publication.

Digital Assets (4)

The ESAs' Dry Run exercise shows the goal of reporting of registers of information under DORA in 2025 within reach

EBA proposes criteria to appoint a central contact point for crypto-asset service providers to strengthen the fight against money-laundering and terrorism financing in host Member States

The ESAs published on 17 December 2024 a [summary report](#) of the 2024 Dry Run exercise on reporting the registers of information under the Digital Operational Resilience Act (DORA). This exercise, involving nearly 1,000 financial entities across the EU, provided valuable feedback on data quality and preparations for the official reporting starting in 2025.

Key findings:

- ❑ The data quality from the registers met expectations, with 6.5% of the submissions passing all data quality checks. 50% of the remaining registers passed more than 95% of the checks.
- ❑ The ESAs believe that achieving sufficient data quality for the designation of critical third-party service providers (CTPPs) by 2025 is achievable with further industry efforts.

Industry support: to aid preparations, the ESAs provided tools such as templates, data models, reporting guidelines, and workshops. They also responded to queries through an email-based hotline and published a list of validation rules and the data model for 2025.

Next steps: the ESAs will continue with Dry Run workshops, with the final one held on 18 December 2024. They also emphasized that the feedback from the Dry Run exercise should be used to continue improving data quality ahead of the 2025 official reporting.

Background: since April 2024, the ESAs have supported financial entities in preparing for the DORA registers, which are essential for the oversight of ICT third-party service providers and the designation of CTPPs. The 2025 reporting will play a critical role in ensuring the resilience of the EU's financial sector.

EBA launched on 4 December 2024 a [public consultation](#) on draft Regulatory Technical Standards (RTS) to define the criteria under which crypto-asset service providers (CASPs) should appoint a central contact point. This appointment is required to ensure compliance with local anti-money laundering (AML) and countering the financing of terrorism (CFT) obligations in the host Member State.

CASPs can offer services in Member States through establishments that are not branches. These establishments must still comply with local AML/CFT obligations, even if they are not considered "obliged entities" themselves. The draft RTS aims to clarify when appointing a central contact point is necessary and to define the role of these points of contact.

The EBA proposes to maintain the structure outlined in Commission Delegated Regulation (EU) 2018/1108 for electronic money issuers (EMIs) and payment service providers (PSPs) while extending it to CASPs. Additional provisions specific to CASPs will also be introduced, addressing their business models and operations.

Digital Assets (5)

(continued)

The EBA provides further guidance on reporting requirements under the Markets in Crypto Assets Regulation

Consultation process: interested stakeholders can submit comments through the EBA's consultation page until **4 February 2025**. A virtual public hearing will be held on 16 January 2025 from 15:00 to 17:00 Paris time.

Legal basis and background: under Article 45(10) of Directive (EU) 2015/849, the EBA is tasked with developing these RTS. The initial version of these standards was issued in 2017, applying only to EMIs and PSPs. However, Regulation (EU) 2023/1113 extends the provisions to CASPs, which is why the EBA is updating the Commission Delegated Regulation (EU) 2018/1108.

EBA published on 18 December 2024 its final guidelines ("Guidelines") on reporting requirements under the Markets in Crypto-assets Regulation (MiCAR). These Guidelines are designed to ensure that competent authorities receive sufficient and comparable information to supervise issuers' compliance with MiCAR requirements and enable the EBA to conduct the annual significance assessment.

Key objectives of the guidelines:

1. Closing data gaps:

- ❑ The Guidelines aim to close reporting data gaps identified by the EBA and enhance supervisory convergence across EU Member States.
- ❑ They facilitate a common supervisory approach to ensure a level playing field in the Single Market.

2. Supporting supervision and assessment:

- ❑ The guidelines provide Competent Authorities with sufficient comparable data to supervise compliance with MiCAR.
- ❑ They also equip the EBA with the necessary information to conduct the significance assessment required under MiCAR.

3. Standardised templates and instructions:

- ❑ The Guidelines include common templates and instructions that issuers must use to collect data from Crypto-Asset Service Providers (CASPs), in line with the data-sharing approach set by the Commission Implementing Regulation (EU) 2024/2902.

4. Support for Issuers of ARTs and EMTs:

- ❑ Issuers of Asset Referenced Tokens (ARTs) and E-money Tokens (EMTs) must comply with the reporting requirements set by these Guidelines.
- ❑ A visual explainer has been published to guide issuers on which templates should be submitted based on the type of tokens they issue.

Digital Assets (6)

(continued)

Legal basis and background:

- ❑ MiCAR regulates the offering, admission to trading, and provision of services related to ARTs, EMTs, and other crypto-assets in the EU. It sets requirements for authorisations, conduct, and prudential obligations for issuers, including reporting specific data points to Competent Authorities under Article 22 of MiCAR.
- ❑ The Guidelines were developed under Article 16 of the EBA Founding Regulation (EU No 1093/2010), granting the EBA the power to issue guidelines addressed to competent authorities or financial institutions. These Guidelines must be complied with by the relevant authorities and financial institutions.
- ❑ The Guidelines are addressed to Competent Authorities (as defined in Regulation (EU) 2023/1114) and to issuers of ARTs and issuers of EMTs.

Conclusion:

The publication of these Guidelines represents an important step in enhancing the regulation of crypto-assets within the EU, providing clear reporting requirements for issuers and enabling effective oversight by Competent Authorities. Through these measures, the EBA aims to ensure that the EU's crypto-asset market is properly regulated and that issuers comply with MiCAR's rules.

The annexes and resources include templates, instructions, and validation rules to support issuers and service providers in meeting MiCAR's reporting requirements:

[Final report on Guidelines on reporting on ARTs and EMTs](#)

Annex I - Reporting for issuers of ARTs and EMTs - templates

Annex II - Reporting for issuers of ARTs and EMTs - instructions

Annex III - Reporting for crypto-asset service__ providers - templates

Annex IV - Reporting for crypto-asset service providers - instructions

Annex V - DPM and validation rules

Explainer - [MiCAR templates](#)

Digital Assets (7)

ESAs publish statement on DORA application

The ESAs published on 4 December 2024 a [statement](#) on the application of the Digital Operational Resilience Act (DORA).

Key points from the Statement:

1. Application date:

- ❑ DORA will apply starting 17 January 2025, and financial entities, as well as third-party providers, need to ensure they are ready for its implementation.

2. New reporting obligations:

- ❑ Financial entities will face new reporting obligations under DORA, including:
 - Maintaining registers of ICT third-party providers' contractual arrangements
 - Reporting major ICT-related incidents.

3. Critical third-party providers (CTPPs):

- ❑ ICT third-party providers that may meet criticality criteria should begin assessing their operational setup to ensure compliance with DORA's requirements.
- ❑ The first designation of Critical Third-Party Providers (CTPPs) is expected to take place in H2 2025.

The ESAs are urging financial entities and third-party providers to take proactive steps now to ensure readiness for DORA's requirements, especially in terms of operational resilience and risk management related to ICT systems.



Securities & Markets (1)

ESMA's conference "Shaping the future of EU capital markets" on 5 February 2025

ESMA is hosting its flagship conference, "[Shaping the Future of EU Capital Markets](#)," on 5 February 2025 in Paris, France. This event will focus on advancing the Savings and Investments Union (SIU) to create more effective, inclusive, and globally competitive EU capital markets.

Key themes include:

- Defining a vision for EU Capital Markets: building a framework to benefit investors and businesses while delivering lasting impact.
- Filling the funding gap: Supporting SMEs and start-ups with diverse funding sources to boost competitiveness.
- Empowering retail investors: simplifying access to investments through education, protection, and incentives.

Speakers include top EU policymakers, industry leaders, and financial experts such as Maria Luís Albuquerque (European Commission), Stéphane Boujnah (Euronext), Adena Friedman (Nasdaq), and Verena Ross (ESMA).

Registration:

You need to register online by 24 January 2025 to attend virtually or to express your interest in participating in person. For more information, please visit the event page [here](#).

ESMA consults on technical advice on Listing Act implications

On **12 December 2024**, ESMA launched a [consultation](#) to gather feedback on updates to the Market Abuse Regulation (MAR) and Market in Financial Instruments Directive II (MiFID II) introduced by the Listing Act.

Key areas for feedback:

For MAR:

- Guidance on disclosing inside information during extended processes.
- Examples of disclosure delays in comparison to previous public announcements.
- Criteria for identifying trading venues with significant cross-border activity for a Cross Market Order Book Mechanism.

For MiFID II:

- Review of requirements for Multilateral Trading Facilities (MTFs) to register as SME Growth Markets under revised rules.
- Conditions for MTF segments to meet registration criteria.

Objective: ESMA's proposals aim to improve access to public capital markets, particularly for SMEs, by reducing administrative burdens while safeguarding market integrity and investor confidence.

Next Steps: Feedback is open until **13 February 2025**, and ESMA will provide its advice to the European Commission by **30 April 2025**.

Securities & Markets (2)

ESMA publishes its Final Report on bond transparency and reasonable commercial basis under MiFIR Review

ESMA released on 16 December 2024 its [Final Report](#) addressing mandates under the MiFIR Review related to bond trade transparency and the reasonable commercial basis (RCB) for market data.

Key highlights:

- ❑ Regulatory Technical Standards (RTS) updates:
 - Covers bonds, structured finance products (SFPs), and emission allowances (EUAs).
 - Refined deferral regime for bonds based on new data analysis, including metrics like average daily volumes, ensuring a balanced approach to trade transparency.
 - Pre- and post-trade transparency requirements aim to promote market transparency while protecting liquidity providers from undue risks.
- ❑ RCB mandate:
 - Ensures pre- and post-trade data fees reflect production costs and a reasonable margin.
 - Guarantees market data accessibility in a fair and non-discriminatory manner, supporting effective implementation of the MiFIR Review.

Next Steps:

- ❑ The report has been submitted to the European Commission, which has three months to decide on endorsing the proposed RTS.
- ❑ ESMA plans to publish a consultation paper on derivative transparency mandates under MiFIR in early 2025.

ESMA publishes feedback received to proposed review of securitisation disclosure templates

Market data

Securitisation

ESMA published on 20 December 2024 a [Feedback Statement](#) summarising the responses to its [Consultation Paper](#) (CP) on securitisation disclosure templates under the Securitisation Regulation (SECR).

Key findings:

- ❑ Respondents generally support improving the securitisation transparency regime but raised concerns about the timeline for revising the disclosure templates, suggesting a postponement due to the broader SECR review.
- ❑ Stakeholders emphasized the need for short-term solutions, including simplified templates for private securitisations and addressing regulatory compliance costs.
- ❑ ESMA received 35 responses from a wide range of stakeholders, including market participants, securitisation repositories, credit rating agencies, and other service providers.

Next steps: ESMA will collaborate with the European Commission to explore potential interim adjustments, especially for private securitisations, before the broader review of the Level 1 text.

Securities & Markets (3)

EMIR 3.0
published in
Official Journal

The revised [European Market Infrastructure Regulation](#) (EMIR 3.0) and [Directive \(EU\) 2024/2994](#) have been officially published in the Official Journal and introduce significant changes to the regulatory framework for central counterparties (CCPs) and centrally cleared derivatives.

Key Points of the Revisions:

1. EMIR 3.0:

- Amendments to the existing EMIR regulation, the Capital Requirements Regulation (CRR), and the Money Market Funds Regulation (MMFR) have been introduced.
- The changes aim to mitigate excessive exposures to third-country CCPs and improve the efficiency of EU clearing markets.

2. Directive (EU) 2024/2994:

- This directive focuses on the treatment of concentration risk towards CCPs and the counterparty risk associated with centrally cleared derivative transactions.

Important dates:

- EMIR 3.0 and the Directive entered into force on 24 December 2024.
- Member States have until 25 June 2026 to transpose the Directive into their national laws.

ESMA Issues
Feedback on
criteria for
Consolidated
Tape Provider
(CTP) selection

On 16 December 2024, ESMA published a [Feedback Statement](#) outlining the criteria for assessing Consolidated Tape Provider (CTP) applicants. The statement summarises the feedback received on ESMA's initial reflections regarding the selection criteria, as specified in Article 27da(2) of MiFIR.

The feedback covers five key areas:

1. Governance and organisation requirements
2. Costs, fees, and revenue redistribution
3. Ability to process data and dissemination speed
4. Data quality, modern interface, and record-keeping
5. Resilience, cyber-risk, and energy consumption

Next Steps

ESMA has indicated that it will finalise the technical specifications for each criterion. These will be made publicly available, along with general tendering details and standardised forms, when each selection procedure is launched.

The first selection procedure for the CTP for bonds will begin on 3 January 2025.

Securities & Markets (4)

ESMA publishes 2024 market share report on Credit Rating Agencies (CRAs)

On 19 December 2024, ESMA released the [2024 edition](#) of its CRA market share report. Under Article 8d of the CRA Regulation, ESMA is required to annually publish a list of registered CRAs, detailing the types of credit ratings they issue, their revenues from credit rating activities and ancillary services, and their total market shares.

The report highlights several key sections:

- Section 7: Lists registered CRAs and their total market share.
- Section 8: Identifies the types of credit ratings offered by each CRA.
- Section 9: Breaks down credit ratings by asset class.

Article 8d also mandates that issuers or related third parties using multiple CRAs for ratings must consider appointing at least one CRA with no more than 10% market share in the EU. If no such CRA is chosen, the issuer must document the decision.

This regulation aims to promote competition by encouraging the appointment of smaller CRAs. Compliance with Article 8d is supervised and enforced at the national level by the relevant competent authorities.



Sustainable Finance

ESMA consults on proposals to digitalise sustainability and financial disclosures

ESMA launched on 13 December 2024 a [consultation](#) seeking feedback on extending the European Single Electronic Format (ESEF) to sustainability reporting. The initiative aims to simplify financial reporting while ensuring investors have access to relevant, comparable information for data-driven investment strategies.

Key Proposals:

- ❑ Sustainability reporting mark-up rules: a phased three-step implementation for ESRS sustainability statements over six years and full implementation for Article 8 disclosures.
- ❑ Revised mark-up for IFRS notes: updates to how Notes in IFRS consolidated financial statements are marked up.
- ❑ Technical standards updates: proposed changes to the Regulatory Technical Standards on the European Electronic Access Point.
- ❑ Digitalised sustainability and financial information will be integrated into the European Single Access Point (ESAP), enhancing accessibility and usability for investors.

Next Steps:

- ❑ Feedback is open until 31 March 2025. ESMA will review responses in Q2 2025, with a final report expected in Q3 2025.
- ❑ Draft technical standards will then be submitted to the EU Commission for endorsement.

Categorisation of products under SFDR - Platform on Sustainable Finance report published

In response to the EU Commission mandate, the EU platform on Sustainable Finance ("Platform") has been working on improving the Sustainable Finance Disclosures Regulation (SFDR) and ensuring alignment with the broader sustainable finance framework. On 17 December 2024, the Platform published a briefing proposing a new categorisation system for sustainable finance products. This system aims to provide clarity on the sustainability strategies of financial products.

Key proposed fund categories:

- 1.Sustainable:** Funds that contribute to sustainability through EU Taxonomy-aligned investments or other sustainable investments, without significantly harmful activities. This aligns with the EU Taxonomy's definitions.
- 2.Transition:** Funds supporting the transition to a net-zero economy and sustainable practices. These funds focus on avoiding carbon lock-ins and aligning with the EU Commission's goals for a sustainable economy.
- 3.ESG Collection:** Funds that exclude harmful investments and select or exclude assets based on ESG performance. These funds may also apply various sustainability features.
- 4.Unclassified Products:** All products that do not meet the above criteria will be classified as unclassified, with required disclosures to indicate this.

The Platform will also host a webinar on 21 **Tuesday January 2025, from 13:00 to 14:00 CET** to present the proposal in more detail. For more information, you can access the full briefing note [here](#).

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

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