



Regulatory Insights

February 2025

Anti-Money Laundering (1)

CySEC publishes practical guide on sanctions screening systems

The Cyprus Securities and Exchange Commission (CySEC) issued a [press release](#) on 27 February 2025, announcing a [practical guide](#) to enhance the effectiveness and efficiency of sanctions screening systems among regulated entities. This initiative follows thematic inspections conducted between April and November 2024, which assessed compliance across various sectors, including CIFs, ASPs, Funds and Fund Managers, and CASPs. The inspections focused on adherence to United Nations Security Council Resolutions and European Union Council Decisions and Regulations concerning sanctions. While some best practices were identified, CySEC noted that overall improvements are necessary.

Key points from the guide include:

- Identified weaknesses/deficiencies: thematic inspections revealed limited understanding of third-party screening systems' functionalities, insufficient testing and tuning of these systems, and inadequate internal policies and procedures for sanctions screening.
- Poor practices: some entities relied solely on manual screening methods without automated tools, lacked regular updates to sanctions lists, and had inadequate staff training on sanctions compliance.
- Best practices: effective entities implemented automated screening systems with regular tuning, maintained comprehensive internal policies, conducted ongoing staff training, and performed regular system testing to ensure optimal performance.
- Common reasons for ineffectiveness: factors such as outdated systems, lack of resources, inadequate understanding of regulatory requirements, and absence of a risk-based approach contributed to ineffective sanctions screening.

Supervisory expectations: CySEC expects entities to have robust screening systems, regularly test and tune these systems, maintain up-to-date sanctions lists, and ensure staff are adequately trained in sanctions compliance.

FATF consultation on proliferation financing and sanctions evasion

The Financial Action Task Force (FATF) launched a [consultation](#) on 26 February 2025 to enhance understanding of proliferation financing (PF) risks among countries and private sector entities.

This study examines methods used to bypass financial sanctions designed to prevent the funding of weapons of mass destruction. The consultation seeks insights on best practices to mitigate PF risks and identifies products and services most susceptible to misuse. Responses are due by **21 March 2025**.



Anti-Money Laundering (2)

FATF seeks feedback on updated Guidance for AML/CFT measures and financial inclusion

The FATF is seeking input on its [proposed updates](#) to the FATF Guidance on Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) measures, with a focus on financial inclusion. These updates are part of FATF's work to address the potential unintended consequences of AML/CFT measures.

The revised Guidance reflects the latest amendments to the FATF Standards, emphasising proportionality and simplified measures in a risk-based approach. It also updates the concept of financial inclusion and its importance for financial integrity, while providing new guidance and best practices on implementing the risk-based approach, especially in lower-risk situations.

FATF is particularly interested in feedback on the following areas:

- ✓ The comprehensiveness of the discussion on financial inclusion and its link to financial integrity.
- ✓ Whether the guidance on simplified measures in lower-risk scenarios is clear and balanced.
- ✓ The adequacy of the explanation on recent Standards revisions regarding proportionality and risk-based approaches.
- ✓ The need for further guidance on tailoring measures for financial inclusion in higher-risk situations.
- ✓ The clarity of the roles of supervisors and regulated entities in promoting financial inclusion through the risk-based approach.
- ✓ The need for additional guidance on risks related to non-face-to-face transactions and mitigating measures.
- ✓ Whether the examples provided in the Guidance are detailed enough for a range of risk-based approaches.

Interested parties are invited to submit their comments by Friday, 4 April 2025 to FATF. The FATF will consider all feedback before finalising the updated Guidance.

FATF seeks feedback on proposed revisions to recommendation 16

The FATF initiated a second [public consultation](#) to revise Recommendation 16 (R.16), its Interpretive Note (INR.16), and related glossary terms. Launched on 24 February 2025, these revisions aim to ensure that FATF Standards remain technology-neutral and align with evolving payment business models and messaging standards.

The goal is to enhance cross-border payments by making them faster, more affordable, transparent, and inclusive, while maintaining security - a priority outlined in the G20 Action Plan.

FATF is particularly seeking feedback from stakeholders in the payment industry. The updated proposals, along with an Explanatory Memorandum detailing key changes and how feedback from the initial consultation (February-May 2024) has been incorporated, are available for review.

Interested parties are invited to submit their feedback by **18 April 2025**.

FATF will consider all responses before finalizing the revisions to R.16 and INR.16.

Asset Management

ESMA launches common supervisory action on compliance and internal audit functions

On 14 February 2025, ESMA launched a Common Supervisory Action (CSA) with National Competent Authorities (NCAs) to focus on the compliance and internal audit functions of UCITS management companies and Alternative Investment Fund Managers (AIFMs) across the EU.

The CSA, running throughout 2025, will assess whether UCITS management companies and AIFMs have effective compliance and internal audit functions in place. These functions must be properly staffed and have the authority, knowledge, and expertise needed to fulfill their obligations under the AIFM and UCITS Directives.

The aim is to ensure that appropriate internal controls are established to identify, measure, and manage risks of non-compliance with regulations, safeguarding investors and maintaining financial stability.

The action will follow a common assessment framework developed by ESMA, outlining the scope, methodology, expectations, and timeline for a consistent approach across EU markets.

Throughout the year, NCAs will collaborate and share insights to ensure alignment in the supervision of UCITS and AIFM compliance.

Next steps: ESMA plans to release a final report on the findings of this exercise in 2026.

Banking & Finance (1)

EBA published its draft final technical standards on reporting charges for credit transfers, payment accounts, and rejected transactions

EBA report: Supervisors followed recommendations on tax integrity and arbitrage

EBA published on 4 February 2025 its final [draft Implementing Technical Standards](#) (ITS) on the reporting of data related to charges for credit transfers and payment accounts, as well as the share of rejected transactions. These ITS fulfill the mandate outlined in the Instant Payment Regulation (IPR), which amends the SEPA Regulation, and aim to standardise the reporting process for banks, payment institutions, and e-money institutions (Payment Service Providers - PSPs) to their NCAs. The reported data will help ensure consumers benefit from access to instant credit transfers, which should no longer be more expensive than regular credit transfers.

Following a public consultation, the EBA has decided to postpone the first harmonised reporting from PSPs by 12 months, from April 2025 to April 2026.

EBA published on 6 February 2025 a [Peer Review](#) evaluating the effectiveness of supervision regarding tax integrity and dividend arbitrage trading schemes, following its 2020 Action Plan. This plan clarified that supervisors should ensure financial institutions have systems in place to manage tax crime risks, though they are not responsible for investigating tax crimes.

The review found that most of the supervisors reviewed have implemented the recommended benchmarks and are adequately supervising these areas. This shows the EBA's action plan has been effective in improving supervision.

The review focused on six national authorities and how they integrated tax integrity into their risk-based supervision, considering a range of tax integrity issues beyond just dividend arbitrage schemes. It did not evaluate national frameworks for identifying or investigating tax crimes, which is outside the scope of AML/CFT and prudential supervisors.

Key findings were based on four areas:

- ✓ Integration of tax integrity into risk-based AML/CFT supervision of financial institutions.
- ✓ Integration of tax integrity into sector-specific risk assessments.
- ✓ Review of tax integrity in institutions' internal governance.
- ✓ Consideration of tax integrity when assessing the reputation of management and key function holders.

The EBA has identified follow-up actions to improve supervisory consistency and effectiveness across the EU, reducing the financial system's exposure to illegal tax schemes.

Legal basis and background:

The EBA is required to periodically conduct peer reviews to enhance supervisory consistency, identifying follow-up actions and best practices. After two years, the EBA will assess the effectiveness of actions taken by authorities in response to the follow-up measures.

Banking & Finance (2)

EBA published its final draft technical standards for creating a centralised Pillar 3 data hub

EBA published on 12 February 2025 its [final draft Implementing Technical Standards](#) (ITS) for the Pillar 3 data hub, which will centralise prudential disclosures for large and other institutions. This initiative, part of the Banking Package under the Capital Requirements Regulation (CRR3) and Capital Requirements Directive (CRD6), aims to provide a single electronic access point on the EBA website for these disclosures.

The ITS outline the IT solutions, data exchange formats, and technical validations that institutions must follow when submitting their Pillar 3 disclosures. The EBA will share further guidance with institutions through an onboarding communication plan, expected by the end of Q1 2025. A transition period will be available for institutions submitting data with reference dates from June to December 2025, giving them ample time to prepare for the new process.

The EBA also completed a voluntary pilot exercise to test the process, incorporating the lessons learned from this exercise and feedback from the [consultation](#) phase into the final draft ITS.

Legal basis and next steps : The new Banking Package (CRR3/CRD6) mandates the EBA to create the Pillar 3 data hub, implementing the latest Basel III reforms in the EU. The [EBA's roadmap](#) for this project was outlined in December 2023. Under CRR3 (Articles 434 and 434a), the EBA must publish all prudential disclosures for relevant institutions in a centralised, accessible format on its website. Draft ITS for small and non-complex institutions, as well as resubmission policies, will be subject to a separate consultation expected in the first half of 2025.

EBA reports progress in the availability and accessibility of data for identifying environmental, social, and governance (ESG) risks, but the data landscape is still incomplete.

EBA published on 24 February 2025 a [report](#) on the availability of data related to environmental, social, and governance (ESG) risks, and the possibility of creating a standardised method for assessing credit risks linked to these factors. While there has been progress in making ESG data more accessible, the data landscape is still incomplete. The Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) are expected to improve data availability and address some of these challenges.

Banks are increasingly evaluating ESG risks, but progress varies by type of exposure. Key challenges include data quality and availability. The most developed methodologies are in assessing transition risks in corporate portfolios, with some standardisation seen in the use of sector classifications and greenhouse gas emissions. Methodologies for mortgages are also more advanced, focusing on property location and energy efficiency. However, for other risks, like environmental, social, and governance risks, the methodologies are still developing and are mostly qualitative.

EBA found that while some progress has been made in assessing ESG risks, few institutions have specific methods for measuring the impact of ESG on credit risk, mainly focusing on climate risk. Governance assessments are also qualitative and not standardised.

Banking & Finance (3)

(continued)

EBA consults to amend data collection for the 2026 benchmarking exercise

EBA concludes that creating a standardised methodology is possible, but the complexity depends on the type of risk and exposure. More work is needed to understand how ESG risks affect credit risk, and any regulatory standardisation should take a step-by-step approach.

Legal basis: The EBA is required under the Capital Requirements Regulation (CRR) to assess: a) The availability of consistent ESG data for credit risks; b) The possibility of creating a standardised method to assess ESG credit exposures, using available sustainability frameworks and ESG scores from credit rating agencies.

EBA launched on 25 February 2025 a [consultation](#) to update the rules for benchmarking credit risk, market risk, and IFRS9 models for the 2026 exercise.

Key changes include new templates for collecting risk measures under the fundamental review of the trading book (FRTB) and expanding the exercise to include banks using the Alternative Standardised Approach (ASA) for market risk. For credit risk, only minor updates are proposed.

The benchmarking exercise helps supervisors assess internal models used to calculate capital requirements and solvency ratios. The changes in the market risk framework include new templates for risk measures like expected shortfall and stress scenario risk measures. The exercise will also include more banks due to the expansion to ASA users.

For credit risk, the changes will align asset class definitions in benchmarking portfolios with the updated supervisory reporting standards, in line with the new Banking Package (CRR3 and CRD6).

Consultation process: The consultation is open for responses until **26 May 2025**, with a public hearing on 10 April 2025. The deadline to register for the hearing is 8 April 2025.

Legal basis: These changes are based on Article 78 of the CRD, which requires the EBA to define the rules for the annual benchmarking exercises used by authorities to assess the quality of internal models for calculating capital requirements.



Digital assets (1)

ESMA consults on the criteria for the assessment of knowledge and competence under MiCA

ESAs provide roadmap for designation of critical ICT Third-Party Providers (CTPPs) under DORA

On 17 February 2025, ESMA launched a [consultation](#) on the criteria for the assessment of knowledge and competence of crypto-asset service providers' (CASPs) staff giving information or advice on crypto-assets or crypto-asset services.

ESMA is seeking stakeholder inputs about, notably:

- ✓ the minimum requirements regarding knowledge and competence of staff providing information or advice on crypto-assets or crypto-asset services;
- ✓ organisational requirements of CASPs for the assessment, maintenance and updating of knowledge and competence of the staff providing information or advice.

The guidelines aim to ensure staff giving information or advising on crypto-assets or crypto-asset services have a minimum level of knowledge and competence, enhancing investor protection and trust in the crypto-asset markets.

Next steps: ESMA will consider all comments received by **22 April 2025**. Based on the input received, ESMA will prepare the final report for the subsequent submission of the guidelines to the EU Commission.

On 18 February 2025, the ESAs shared their progress on the implementation of the pan-European oversight framework for Critical ICT Third-Party Providers (CTPPs) under the Digital Operational Resilience Act (DORA). This framework aims to designate CTPPs and begin the oversight process within 2025.

To designate CTPPs in 2025, the ESAs will follow these key steps:

- ✓ Collection of registers of information: by 30 April 2025, NCAs must submit the Registers of Information on ICT third-party arrangements received from financial entities to the ESAs.
- ✓ Criticality assessments: the ESAs will perform the criticality assessments as required by DORA and notify ICT third-party service providers of their classification as critical by July 2025. Providers will have six weeks to object to the assessment, providing a reasoned statement and supporting information.
- ✓ Final designation: after the objection period, the ESAs will finalise the CTPP designation and initiate oversight engagement.

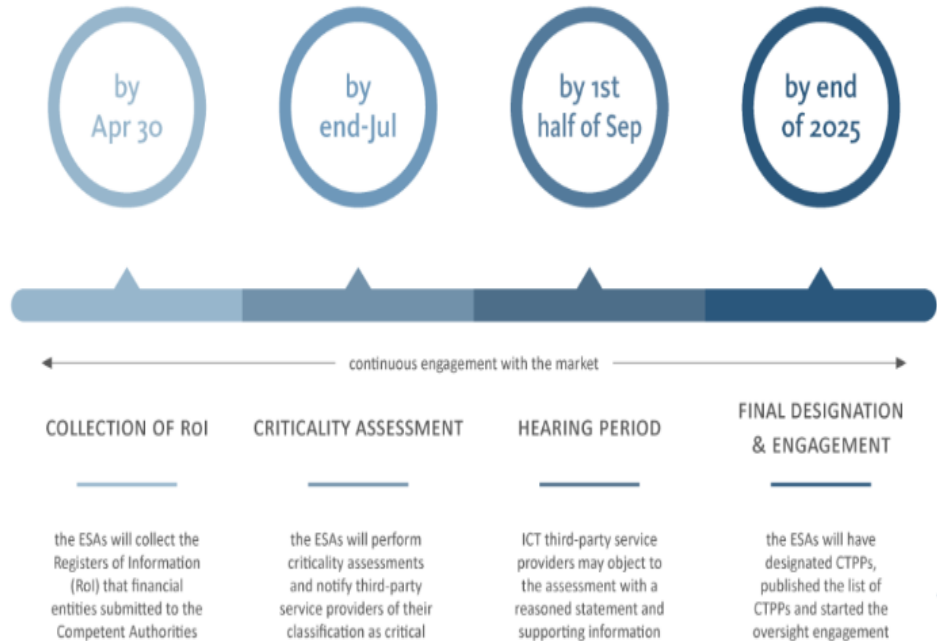
ICT third-party service providers not designated as critical can voluntarily request to be included on the CTPP list after its publication, with further details to be provided in due course.

- ✓ Implementation of oversight framework: to ensure effective oversight, the ESAs have set up a joint DORA oversight function, led by a joint director since October 2024. This function will ensure a consistent and efficient approach to oversight across the sectors.

Digital assets (2)

Continuing

Next Steps: In Q2 2025, the ESAs will host an online workshop for ICT third-party providers to clarify preparatory activities, the designation process, and the oversight approach. Further details on the exact date will be published in due course.



MiCA: key regulations published in OJ

The EU Commission adopted several regulatory technical standards (RTS) and implementing technical standards (ITS) under MiCA.

These include:

✓ RTS on record-keeping and conflicts of interest : three delegated regulations specifying requirements for i) record-keeping obligations for all crypto asset services, activities, orders, and transactions ([C\(2025\)1206](#)); ii) policies and procedures for managing conflicts of interest for CASPs, including disclosure requirements ([C\(2025\)1216](#)) and iii) conflict of interest policies for issuers of asset-referenced tokens ([C\(2025\)1220](#)).

✓ RTS and ITS on notification of crypto asset services: [Commission Delegated Regulation \(EU\) 2025/303](#) sets out RTS specifying the information required in notifications by financial entities intending to provide crypto asset services. [Commission Implementing Regulation \(EU\) 2025/304](#) establishes ITS detailing the standard forms, templates, and procedures for these notifications.

MiCA: ESMA issues guidance on authorisation of CASPs

ESMA published a [supervisory briefing](#) on the authorisation of crypto asset service providers (CASPs) under MiCA. Developed in collaboration with NCAs, the briefing aims to ensure regulatory consistency and prevent arbitrage by outlining expectations for both applicant CASPs and NCAs during the authorisation process.

Key areas covered include: ✓ Substance and governance – ensuring CASPs operating in the EU have sufficient autonomy and in-country personnel.

✓ Outsourcing – defining limits on the externalisation of functions and services.

✓ Personnel suitability – emphasising the need for CASPs, especially executives, to demonstrate strong technical knowledge of the crypto ecosystem.

Digital assets (3)

DORA: RTS on oversight activities published in OJ

The [Commission Delegated Regulation \(EU\) 2025/295](#), setting out regulatory technical standards (RTS) under the Digital Operational Resilience Act (DORA), has been published in the Official Journal.

The RTS standardises the information that critical ICT third-party service providers must submit, including content, structure, and format. It also introduces a template for subcontracting disclosures and establishes criteria for competent authorities to assess risks identified by the lead overseer.

The Regulation will take effect on **5 March 2025**.

DORA: RTS and ITS on reporting major ICT-related incidents and notifying significant cyber threats published in OJ

[Commission Delegated Regulation \(EU\) 2025/301](#) and [Commission Implementing Regulation \(EU\) 2025/302](#) setting out regulatory and implementing technical standards (RTS/ITS) on reporting major ICT-related incidents and notifying significant cyber threats under DORA have been published in the Official Journal. The RTS specify the content and time limits for the initial notification of, and intermediate and final report on, major ICT-related incidents, and the content of the voluntary notification for significant cyber threats, while the ITS set out standard forms, templates, and procedures for financial entities to report a major ICT-related incident and to notify a significant cyber threat.

Both measures will enter into force on **12 March 2025**.

AI Act: EU Commission issues Guidelines on AI definition and prohibited practices

The EU Commission released two sets of guidelines under the AI Act, clarifying:

- ✓ [The definition of an AI system](#) under Article 3(1).
- ✓ [Prohibited AI practices](#) under Article 5, which are considered unacceptable due to potential risks to European values and fundamental rights.

While both guidelines have been approved by the EU Commission, they have not yet been formally adopted.



Securities & Markets (1)

ESMA publishes the results of the survey on legal entities identifiers

ESMA supports EU Commission efforts to simplify financial reporting

On 3 February 2025, ESMA published the results of its October 2024 survey on legal entity identifiers, which explored the potential use of alternative identifiers in financial reporting. Launched on 18 October 2024, following the ESAs' opinion on ICT third-party provider identification under DORA, the survey gathered industry feedback on the challenges, costs, and benefits of using identifiers beyond the Legal Entity Identifier (LEI).

Key findings:

- ✓ Strong industry engagement, with 136 respondents participating.
- ✓ High costs for firms adapting reporting systems, averaging €360K per firm (median: €40K). Clear preference for the Legal Entity Identifier (LEI)—86% of respondents favor its continued use.
- ✓ Pan-EU associations proposed improving European Unique Identifier (EUID) automation and its interoperability with the LEI to reduce duplication and reporting burdens.

These findings support [ESMA's Data Strategy 2023-2028](#), which prioritises harmonised data standards and cost-efficient reporting.

The full survey results are available [here](#), including detailed responses from consenting participants.

Next steps:

ESMA will organise a follow-up workshop with survey respondents and other stakeholders to discuss the findings and potential next actions.

ESMA is working to reduce the reporting burden in the financial sector while maintaining financial stability, orderly markets, and investor protection. In December 2024, ESMA's Board of Supervisors discussed ways to streamline reporting, eliminate duplication, and improve efficiency.

Key initiatives:

- ✓ MiFIR transparency & volume cap: Currently, trading venues submit separate reports to ESMA for transparency and volume cap calculations. Going forward, ESMA will reuse existing transaction data already reported under MiFIR Article 26, eliminating redundant reporting requirements and IT systems. This will significantly reduce costs and complexity for firms.
- ✓ Transaction reporting: The MiFIR review aims to align and consolidate reference data used for transaction reporting and transparency. Additionally, ESMA plans to harmonise transaction data requirements with other reporting frameworks, such as EMIR, making compliance more efficient and less burdensome.
- ✓ Digital sustainability & financial disclosures: ESMA is consulting on a phased approach to digitalising sustainability reports under the European Single Electronic Format (ESEF). This will allow businesses to spread the reporting burden over time and includes proposals to simplify electronic disclosures of financial statement notes.

Next steps: ESMA will continue working with stakeholders to identify further simplifications, ensuring a more efficient and competitive EU capital market.

Securities & Markets (2)

ESMA launches consultations on CCP authorisations, extensions, and validations

On 7 February 2025, ESMA launched two public consultations following the review of the European Market Infrastructure Regulation (EMIR 3).

ESMA is seeking stakeholder input on:

✓ [Conditions for extensions of authorisation for Central Counterparties \(CCPs\) and the required documents and information for initial authorisations and extensions.](#)

✓ [Conditions for validating changes to CCP models and parameters, and the documents and information needed for such validation applications.](#)

The EMIR 3 review aims to improve the efficiency and competitiveness of EU clearing services and CCPs by streamlining supervisory processes for authorisations, extensions, and validations.

Next steps: The consultation deadline is **7 April 2025**. Based on stakeholder feedback, ESMA will prepare the final report and plans to submit the final draft technical standards to the EU Commission by 25 December 2025.

Geopolitical and macroeconomic developments driving market uncertainty

On 13 February 2025, ESMA published its [first risk monitoring report of 2025](#), highlighting the key risks currently facing EU financial markets. ESMA reports that overall risks are high, and market participants should remain vigilant of potential market corrections.

Key insights from the report:

✓ Global uncertainty: while financial markets remain optimistic, confidence is fragile. Economic growth, global monetary policies, and geopolitical tensions are unpredictable, creating key risk drivers.

✓ Market corrections: risks are growing, especially in surging markets like cryptocurrencies, which continue to face volatility. Cyber-attacks also pose a growing threat to market stability.

✓ Equity financing challenges: Europe faces a difficult funding environment, particularly for equity financing, highlighting the need to strengthen EU capital markets.

✓ As global markets continue to grow, downside risks are increasing, especially in the EU, where economic and political uncertainties are impacting markets, and market-based corporate financing remains weak.

Structural developments:

✓ Market-based finance: corporate financing in Europe slowed in 2024. Equity issuance remained weak, while corporate bond issuance declined slightly. A corporate bond maturity wall is expected between 2025-2028, with 47% of debt maturing, creating a debt sustainability risk.

✓ Sustainable finance: growing uncertainty around global climate policies and slower ESG investing momentum have impacted appetite for green products. However, the EU green bond market remains strong.

Financial innovation (crypto): crypto-asset prices surged after the US election, with Bitcoin rising 30%. Total crypto market capitalization reached EUR 3.3tn by end-2024, prompting ESMA to renew its warning on the speculative nature of crypto-assets.

Securities & Markets (3)

(Continued)

Market monitoring:

- ✓ Securities markets: EU equity valuations dropped in Q4 2024, continuing the gap between EU and US equities. Corporate bond spreads reached historic lows, especially in the high-yield segment, raising concerns about mispricing and risks.
- ✓ Asset management: EU fund growth in the second half of 2024 was driven by valuation effects, with EU equity funds outperforming indices. However, US equities show signs of overvaluation, which may expose funds to higher risks.
- ✓ Consumers: consumer confidence in future market conditions remained weak, despite a stronger aggregate financial position. Many consumers increased their exposure to bonds amid rising interest rates, and retail investment performance improved in 2024.
- ✓ Infrastructures & services: cyber risks continue to grow amid geopolitical tensions, while settlement failure rates decreased, showing positive trends since the implementation of CSDR in 2022.

Conclusion: ESMA's report highlights the growing risks in EU financial markets, driven by macroeconomic factors, geopolitical tensions, and market innovations like cryptocurrencies. Market participants should remain vigilant and consider the potential for market corrections in the near term.

ESMA consults on revised disclosure requirements for private securitisations

On 13 February 2025, ESMA launched a [consultation](#) on revising the disclosure framework for private securitisations under the Securitisation Regulation (SECR). The consultation proposes a simplified disclosure template for private securitisations aimed at improving proportionality in information-sharing. The new template introduces aggregate-level reporting and streamlined transaction-specific data requirements, ensuring that supervisory authorities still have access to the essential data needed for effective oversight.

This proposal follows ESMA's [previous consultation](#), where industry stakeholders expressed the need for a simplified template to address key challenges in private securitisations. A summary of the responses was published in the December 2024 [Feedback Statement](#).

The initiative is part of ESMA's broader simplification and burden reduction efforts (see further above), balancing the goals of financial stability, orderly markets, and investor protection.

Next steps: ESMA will review all feedback received by 31 March 2025. ESMA will then collaborate with the EU Commission to explore potential adjustments to the technical standards on private securitisations before the regulation review takes place.

Securities & Markets (4)

ESMA consults on amendments to settlement discipline

On 13 February 2025, ESMA launched a [consultation](#) to improve settlement efficiency across various areas. The consultation focuses on potential amendments to the technical standards on settlement discipline, aiming to enhance the overall settlement process.

Key proposals include:

- ✓ Reduced timeframes for allocations and confirmations.
- ✓ Adoption of electronic, machine-readable allocations and confirmations based on international standards.
- ✓ Implementation of hold and release and partial settlement by all central securities depositories.
- ✓ ESMA is also seeking stakeholder input on additional measures that could further enhance settlement efficiency, though no specific policy proposals are included at this stage.

This consultation takes into account the EU's transition to T+1 settlement and the legislative proposal published by the EU Commission on 12 February 2025, aligning with ESMA's roadmap outlined in the [Final Report on Shortening the Settlement Cycle](#).

Next steps: The consultation will remain open until **14 April 2025**. ESMA aims to publish a final report and submit the draft technical standards to the EU Commission by October 2025.

ESMA proposes guidelines on product supplements

On 18 February 2025, ESMA, released a [Consultation Paper](#) seeking input on proposed Guidelines for product supplements that introduce new types of securities to a base prospectus. The purpose of these guidelines is to harmonise the supervision of product supplements across NCAs. Currently, supervisory approaches in this area have varied, and ESMA aims to align them to ensure consistency across the EU.

Next steps: Stakeholders are invited to submit their feedback by **19 May 2025**. Following the consultation, ESMA plans to publish a Final Report and Guidelines in Q4 2025, providing greater clarity for market participants when submitting supplements related to security information to NCAs across the EU.

CSDR Refit: ESMA publishes first set of technical standards to refine and clarify the framework

On 20 February 2025, ESMA published the first set of technical standards under the CSDR Refit. These standards aim to recalibrate and clarify the Central Securities Depositories Regulation (CSDR) framework.

The technical standards cover the following key areas:

- ✓ [EU CSDs review and evaluation](#): ESMA proposes a harmonised approach for the information that CSDs must provide to NCAs as part of the review and evaluation process. The new reporting items will require an adaptation of IT processes, with a one-year implementing period.
- ✓ [Criteria for assessing the importance of EU CSDs](#): The standards establish criteria for determining the substantial importance of EU CSDs in a host Member State. This includes the data collection process and indicators needed for assessing the CSDs' significance. This will inform decisions on when supervisor colleges should be established.

Securities & Markets (5)

(continued)

ESMA publishes results of annual transparency calculations for equity and equity-like instruments

✓ [Notifications from Third-Country CSDs](#): ESMA proposes streamlining the information that third-country CSDs need to notify to ensure an accurate understanding of their notary, central maintenance, and settlement services in the EU.

These standards aim to clarify the CSDR framework, considering feedback from stakeholders and focusing on reducing regulatory burdens where possible.

Next steps: The three final reports, along with the draft technical standards, have been submitted to the EU Commission for adoption.

On 28 February 2025, ESMA published the results of its annual transparency calculations for equity and equity-like instruments, which will apply from 7 April 2025.

The published results include:

- ✓ Liquidity assessments under Articles 1 to 5 of CDR 2017/567.
- ✓ Determination of the most relevant market based on liquidity (Article 4 of CDR 2017/587, RTS 1).
- ✓ Calculation of average daily turnover to determine pre- and post-trade large in scale thresholds.
- ✓ Average transaction values and related standard market sizes.
- ✓ Average daily number of transactions for the most relevant market, which impacts the tick-size regime.

In total, 1,283 liquid shares and 1,003 liquid equity-like instruments other than shares are subject to the MiFID II/MiFIR transparency requirements.

Market participants should regularly check ESMA's daily transparency calculations for the latest data on newly traded instruments, as well as the four-week calculations for instruments after their first six weeks of trading.

The calculations are based on data submitted to the Financial Instruments Transparency System (FITRS) by trading venues and approved publication arrangements for the 2024 calendar year. The complete list of assessed instruments is available on [ESMA's FITRS](#) in XML files as of 28 February 2025 and through the [Register web interface](#).

Next steps: The transparency requirements based on these calculations will apply from 7 April 2025 to 5 April 2026. The next annual calculations will be published by 1 March 2026 and apply from 6 April 2027.

Securities & Markets (6)

EU Commission consults on commodity derivatives markets

The EU Commission opened a [consultation](#) on the current regulatory framework for commodity derivatives, emission allowances markets, and certain aspects of spot energy markets. The feedback collected will help shape a report to the EU Parliament and Council, guiding potential future policy initiatives aimed at improving the efficiency and resilience of EU commodity derivatives markets. While the consultation covers all commodities, the EU Commission highlights the key role that energy derivatives markets play in ensuring affordable energy and market efficiency within the EU.

The consultation period ends on **9 April 2025**.

EU Commission Proposes T+1 Settlement by October 2027

The EU Commission [proposed](#) amending the Central Securities Depositories Regulation (CSDR) to shorten the settlement period for EU securities transactions from two days (T+2) to one day (T+1).

The transition is set for 11 October 2027, allowing market participants time to develop, test, and implement the necessary processes for a smooth shift. The proposal will now be reviewed by the EU Parliament and Council. If approved, the changes will take effect once published in the EU Official Journal.



Sustainable Finance

Platform on Sustainable Finance recommends simplifying EU Taxonomy

The Platform on Sustainable Finance published a [report](#) with recommendations to simplify EU taxonomy reporting and enhance its effectiveness. Building on previous reports, it provides targeted proposals for the EU Commission.

The report suggests five key measures:

- ✓ Refining the 'do no significant harm' (DNSH) assessment based on entity type, use, and geography.
- ✓ Introducing materiality thresholds and a simplified DNSH assessment for key performance indicators (KPIs). Establishing clear guidelines for using estimates and safe harbors for financial reporting.
- ✓ Allowing proxies and estimates in the green asset ratio (GAR) and green investment ratio (GIR), with a simplified retail assessment.
- ✓ Developing voluntary, simplified approaches for SMEs, banks, and investors.

The Platform has presented the report in a webinar on 14 February 2025.

EU Commission adopts simplification packages on sustainability and investments

EU Commission introduced two new packages of proposals namely the [Omnibus Sustainability package](#) and an [Omnibus Investment package](#) aimed at simplifying EU rules, boosting competitiveness, and increasing investment capacity.

Key highlights of the packages include:

- ✓ A proposal to amend the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD).
- ✓ A proposal to delay reporting requirements for companies due in 2026 and 2027 (waves 2 and 3) and extend the application deadline for CSDDD to 2028.
- ✓ A draft Delegated Act on Taxonomy Disclosures and Taxonomy Climate and Environmental Delegated Acts, open for public consultation.
- ✓ A proposal to amend the Carbon Border Adjustment Mechanism (CBAM) Regulation.
- ✓ A proposal to amend the InvestEU Regulation (EU) 2021/523.

These proposals will now be reviewed by the EU Parliament and the Council. Once agreed upon and published in the EU Official Journal, changes to CSRD, CSDDD, and CBAM will take effect.

The Commission has urged the Parliament and Council to prioritise these proposals, especially the postponement of certain disclosure requirements in the CSRD and the CSDDD deadline extension, as they address key stakeholder concerns.

The draft Delegated Act on Taxonomy Regulation will be finalised after [public feedback](#), with a deadline of 26 March 2025, and will be implemented following approval by the EU Parliament and Council.

Glossary

AIF Alternative Investment Fund (EU)

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

AIFMs Alternative Investment Fund Managers

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

CSRD Corporate Sustainability Reporting Directive

CySEC Cyprus Securities and Exchange Commission

EBA European Banking Authority

ECB European Central Bank

EIOPA European Insurance & Occupational Pensions Authority

EFAMA European Fund and Asset Management Association

ESG environmental, social, and governance

EMIR European Market Infrastructure Regulation

ESAs European Supervisory Authorities (EBA, EIOPA and ESMA)

ESMA European Securities and Markets Authority

ESRB European Systemic Risk Board EU European Union

ICT Information and Communication Technology

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

MiFID Markets in Financial Instruments Directive

NCA National Competent Authority

RTS Regulatory Technical Standards

SFDR Sustainable Finance Disclosure Directive

OECD Organisation for Economic Co-operation and Development

OJ Official Journal

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

UCITS Undertakings for Collective investments in Transferable Securities (EU)



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