

# A&O SHEARMAN



## Regulatory monitoring

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NEWSLETTER

APRIL 2025

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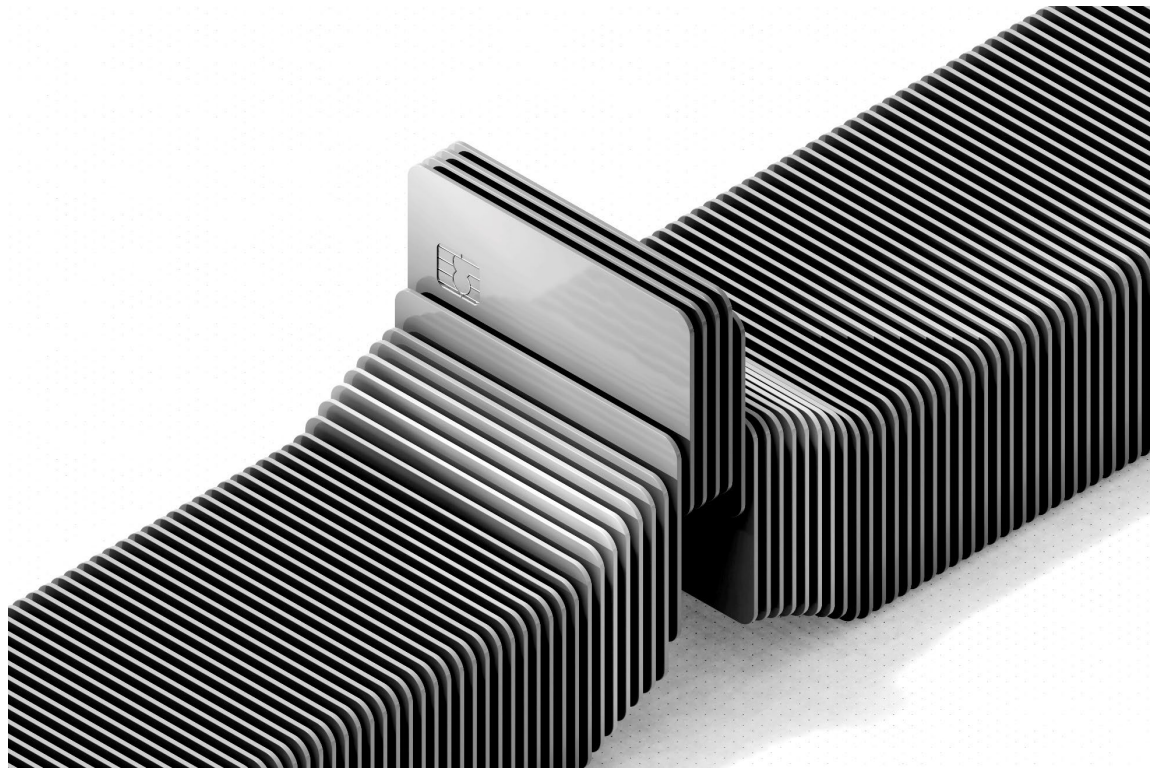
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# RegGateway

The All-in-One solution for regulatory monitoring & compliance

## FEATURES

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### HORIZON SCANNING/REGULATORY MONITORING

Identify new regulatory developments easily and tailored to the specific type of regulated firm, so that only relevant changes appear.

### FINANCIAL REGULATORY LAW SOURCEBOOK

A categorised collection of all laws in the field of financial regulatory law for Europe and Germany (constantly being expanded), which can be compiled as an obligation register and commented on as desired.

### IMPLEMENTATION MANAGEMENT

Effective implementation (including tailored impact analysis and gap analysis) of new legislation and agile control using our project management tool (including KPIs).

### CHANGE ANALYSIS AND PREVIEW OF RULES

Read the future versions of a law early, including the official explanatory memorandum, and identify any legislative changes.

# 1. Bank regulation

## 1.1 PRUDENTIAL REGULATION

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### a) General

#### (i) Germany

**Bundesbank: Updated directories of credit institutions and their associations in Germany on banking related information** (*Aktualisiertes Verzeichnis der Kreditinstitute und ihrer Verbände in der BRD über bankgeschäftliche Informationen*)

Status: Final

The German Central Bank (*Deutsche Bundesbank* – BuBa) has published an updated directory of credit institutions and their associations in Germany on banking related information for 2025. The document lists all credit institutions that conducted banking transactions in accordance with Section 1 of the German Banking Act (*Kreditwesengesetz* – KWG) in the specified year, as well as two institutions mentioned under Section 2 KWG (BuBa, *Kreditanstalt für Wiederaufbau* – KfW).

Date of publication: 01/01/2025

#### (ii) International

**FSB: Letter to G20 Finance Ministers**

Status: Final

The FSB has published a letter from its Chair, Klaas Knot, to G20 finance ministers and central bank governors ahead of their meeting on 23-24 April. The letter addresses the progress made in tackling global challenges to financial stability and outlines priorities for the future to prevent instability, enhance the resilience of the global financial system and support growth. Key areas of progress include: (a) ensuring financial stability through periods of turmoil. The FSB will continue to learn from vulnerabilities caused by previous events such as the banking stress of March 2023 and the COVID-induced market turmoil of March 2020, to ensure effective monitoring of the financial system. The FSB recognises the importance of strengthening the resilience of non-bank financial intermediation (NBFi) and aims to deliver policy recommendations in July to the G20, to address financial stability risks arising from leverage in NBFi; (b) building a financial system that is fit for the future. The FSB will: (i) continue to advance digitalisation in finance and present a thematic review of its global regulatory framework for crypto-asset activities to the G20 later this year; (ii) work to address cyber risks, culminating in the release of the Format for Incident Reporting Exchange (FIRE); (iii) enhance cross-border payments through encouraging the implementation of the G20 roadmap; and (iv) tackle climate-related financial risks through its climate roadmap and framework which assesses climate-related vulnerabilities; and (c) monitoring the implementation and effectiveness of reforms. The FSB emphasises that it is not enough to just develop policies and calls on authorities to remain committed to implementing the agreed international reforms to preserve financial stability in an evolving risk environment and avoid fragmentation.

Date of publication: 23/04/2025



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b) Solvency/Own funds issues

(i) Germany

**BaFin: Countercyclical capital buffer: indicator values, time series and indicator description**  
**(Antizyklischer Kapitalpuffer: Indikatoren, Zeitreihen und Erläuterungen)**

Status: Final

BaFin has published its updated data on the countercyclical capital buffer, and has decided to keep this buffer at 0.75 percent. BaFin is aware that the cyclical risks that have built up over the past years have since diminished in the course of the subdued loan dynamics. It is clear, however, that these risks are still substantial. This is compounded by the aforementioned heightened uncertainty regarding the continued economic development and the special risks for the export-dependent German economy. Financing conditions for corporations have deteriorated due to the rise in interest rates. Non-performing loans and insolvencies in the corporate sector are intensifying significantly.

Date of publication: 30/04/2025

**BaFin: General Administrative Act on the establishment of a capital buffer for systemic risks pursuant to Section 10e of the German Banking Act**  
**(Allgemeinverfügung zur Anordnung eines Kapitalpuffers für systemische Risiken nach § 10e Kreditwesengesetz)**

Status: Final

BaFin has published its updated General Administrative Act on the establishment of a capital buffer for systemic risks pursuant to Section 10e of the German Banking Act, establishing a decrease in the sectoral systemic risk buffer for residential mortgage loans from 2 to 1 percent. That is because it finds that the vulnerabilities on the German real estate market have declined significantly, even though they have not yet been fully eliminated. The lowering of the systemic risk buffer from 2 to 1 percent will cause a decrease of around 2 to 2.5 billion euros in the capital currently contained in the banking system. This constitutes around 0.4 percent of the Core Tier 1 capital in the banking sector. The institutions are required to hold the reduced systemic risk buffer from 1 May 2025.

Date of publication: 30/04/2025

(ii) EU

**EBA: Consultation on draft RTS amending Delegated Regulation (EU) 2023/206 supplementing the CRR with regard to RTS specifying the types of factors to be considered for the assessment of the appropriateness of risk weights for exposures secured by immovable property and the conditions to be taken into account for the assessment of the appropriateness of minimum loss given default values for exposures secured by immovable property**

Status: Consultation

Deadline for the submission of comments: 30/05/2025

The EBA has launched a consultation on draft RTS amending Delegated Regulation (EU) 2023/206 supplementing the CRR with regard to RTS specifying the types of factors to be considered for the assessment of the appropriateness of risk weights for exposures secured by immovable property and the conditions to be taken into account for the assessment of the appropriateness of minimum loss given default values for exposures secured by immovable property. This review is driven by the CRR 3, which confers a new mandate on the EBA.

Based on the assessment of the CRR3 changes to the treatment of exposures secured by immovable property, the only proposed amendment to the existing RTS consists of updating the relevant legal references to align with the new banking framework. It is important to note that the original RTS were delivered jointly with another set of technical standards on the appropriateness of the minimum loss given default (LGD) values for retail exposures secured by immovable property. For the sake of simplification and regulatory consistency, the EBA is, therefore, proposing to align both RTS with the CRR3.

Date of publication: 30/04/2025

### **EC: Commission Delegated Regulation (EU) .../... supplementing the CRR with regard to RTS specifying the conditions and indicators that the EBA is to use to determine whether extraordinary circumstances in the sense of Article 325az(5) and Article 325bf(6) CRR have occurred**

Status: Adopted by the EC

The EC has adopted a Delegated Regulation supplementing the CRR, containing RTS of the conditions and indicators that the EBA is to use when determining whether extraordinary circumstances under Articles 325az(5) and 325bf(6) of the CRR have occurred. In accordance with Articles 325bf(6) and 325az(5) of the CRR, as amended by CRR 3, competent authorities may permit institutions to derogate from certain requirements of the regulatory framework for the use of internal models, or apply a softer version of those requirements, where, in the opinion of the EBA, a situation involving extraordinary circumstances has occurred. In accordance with Article 325az(9) of the CRR, the occurrence of extraordinary circumstances shall be determined by the EBA, which must issue an opinion to that effect. The Delegated Regulation contains RTS which set out a framework for the EBA to follow when identifying a situation of extraordinary circumstances. The RTS specify that such circumstances could be recognised where there is a situation of significant cross-border financial market stress, or a major regime shift associated with a similar level of stress (e.g., a liquidity crisis), that can render the outcome of the back-testing and profit and loss attribution requirements inappropriate. The RTS also contain a non-exhaustive list of indicators that the EBA is to use to assess whether a situation involving extraordinary circumstances has occurred.

The Council of the EU and the European Parliament will now scrutinise the Delegated Regulation. The Delegated Regulation will enter into force on the twentieth day following its publication in the OJ.

Date of publication: 23/04/2025

### **EBA: Update to the lists of institutions for the 2025 EU supervisory benchmarking exercise**

Status: Final

The EBA has published an updated list of institutions required to report for the 2025 EU supervisory benchmarking exercise. There are 110 institutions involved from 16 countries across the EU and the European Economic Area. The EBA is mandated to conduct the exercise under Article 78 of the Capital Requirements Directive, and the purpose is to assist competent authorities in assessing the quality of internal approaches used to calculate risk-weighted exposure amounts and to enhance alignment of supervisory practices within the regulatory framework.

Date of publication: 08/04/2025

### **EBA: 2024 reports on market and credit risk benchmarking exercises**

Status: Final

The EBA has published its 2024 Reports on the annual market and credit risk benchmarking exercises. Both reports are mandated by Article 78 of the Capital Requirements Directive to assist competent authorities in

monitoring the consistency of risk weighted assets (RWAs) across all EU institutions authorised to use internal approaches for the calculation of capital requirements. Regarding market risk, the report summarises the conclusions drawn from a hypothetical portfolio exercise conducted in 2023/24, performed on a sample of 43 European banks from 13 jurisdictions. The results confirm that most participating banks in the exercise have seen a relatively low dispersion in the initial market valuation, though slightly higher compared to 2023. However, there was a decrease in the dispersion of risk measures submissions compared to the previous exercise, as well as variability in general through most exercises, owing to better data submissions by participating banks because of improved instructions, knowledge of the portfolio and the resolution of issues encountered in the previous exercise.

The EBA has also released, for the first time, a specific report on the fundamental review of the trading book Alternative Standardised Approach (ASA). This report expands the findings of the market risk report. In future, benchmarking exercises will be extended to banks that apply the ASA methodology independently of the current requirement to obtain approval to adopt internal models for market risk own funds requirements. For credit risk, the results confirmed that the variability of RWAs remained stable compared to the previous year, but for some asset classes and parameters, a reduction could be observed in the longer run.

Date of publication: 04/04/2025

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c) Risk management/SREP/Pillar 2/Outsourcing/NPL

(i) International

### **BCBS: Amendments to principles for the management of credit risk**

Status: Final

BCBS has published a report on its revised principles for the management of credit risk. These principles provide guidance for banking supervisory authorities to evaluate banks' credit risk management processes in four key areas: (i) establishing a suitable credit risk environment; (ii) operating under a sound credit-granting process; (iii) maintaining an appropriate credit administration, measurement and monitoring process; and (iv) ensuring adequate controls over credit risk. The principles were first published 25 years ago and updated following a review to align them with the current Basel Framework and the latest Guidelines issued by the Committee.

Date of publication: 30/04/2025

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d) Cyber security

(i) EU

### **EC: Consultation on a Regulation revising the Cybersecurity Act**

Status: Consultation

Deadline for the submission of comments: 20/06/2025

The EC has launched a consultation on a Regulation revising the Cybersecurity Act. The initiative aims to clarify the mandate of the EU Agency for Cybersecurity (ENISA) and improve the European Cybersecurity Certification Framework to achieve better resilience. It also aims to streamline, simplify and supplement EU legislation to make the implementation of the EU cybersecurity framework more user and business friendly and to prioritise measures to support the EU objectives of developing a secure and resilient supply chain, including the EU cybersecurity industrial base.

Date of publication: 11/04/2025

(ii) International

**FSB: Publication of finalised format for FIRE framework**

Status: Final

The FSB has published its finalised Format for Incident Reporting Exchange (FIRE). FIRE provides a standardised format for financial institutions to report cyber and other operational incidents to national regulators. It is intended to provide a foundation upon which to build for jurisdictions which do not currently have standardised reporting formats, and to be interoperable with existing systems for those jurisdictions with existing frameworks. National regulators are free to decide the extent to which they wish to adopt FIRE, if they do at all. The framework specifies the information items to be included in reports, identifying items which are essential and optional, as well as a baseline view of the reporting of individual information items against each reporting phase. The FSB will hold a workshop with industry and authorities two years after FIRE is finalised (e.g. in 2027) to take stock of their experiences with FIRE, including implementation challenges.

Date of publication: 15/04/2025

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e) Remuneration

(i) EU

**EBA: Report on benchmarking remuneration trends and practices as well as the gender pay gap**

Status: Final

The EBA has issued its latest report on remuneration and gender pay gap benchmarking for institutions and investment firms. The report covers information on remuneration trends and practices from 2021 to 2023 and highlights a material gender pay gap found within EU institutions and investment firms. The data collected shows that on average, female staff in institutions earned 24.48% less in 2023 than their male counterparts. The pay gap was even more pronounced in investment firms, with female staff earning 32.0% and female identified staff earning 31.74% less than their male colleagues. This was mainly caused by an underrepresentation of women in higher paid positions. The EBA emphasises the need for entities to address these disparities with the data raising concerns about the application of the obligation to ensure equal opportunities and pay equity for staff.

Date of publication: 15/04/2025

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f) Deposit protection

(i) EU

**EBA: Peer review report on the performance of stress tests by deposit guarantee schemes**

Status: Final

The EBA has published a peer review report on the findings of a peer review of the performance of stress tests by deposit guarantee schemes (DGS). The aim of the peer review was to assess the performance of stress tests by seven national DGS against five benchmarks stemming from the Deposit Guarantee Schemes Directive and the revised Guidelines on stress tests of DGS. The EBA found that (i) all DGS effectively developed their stress testing programmes in accordance with the methodology outlined in the Guidelines, with only minor shortcomings, (ii) all DGS demonstrated effective cooperation with relevant authorities, with robust stress testing of these arrangements, (iii) five DGS could fully or largely showcase increased severity and complexity of their testing

scenarios to adequately stress test their ability to intervene, with one partially demonstrating this and one, not at all, and (iv) five DGS could fully or largely showcase that they identified areas for improvement in their systems and have taken, or have planned to take, measures to address these areas, with only two partially demonstrating this. The report also details several follow-up measures for all EU DGS focusing on the prompt development of stress tests; the performance of stress tests; cooperation; severity and complexity of stress tests; and the identification of areas of improvement. The EBA will conduct a follow-up peer review of the implementation of the measures included in the report in two years.

Date of publication: 07/04/2025

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g) Supervisory reporting

(i) EU

**EC: Two Delegated and Implementing Regulations supplementing the CRD IV with regard to the functioning of colleges of supervisors**

Status: Adopted by the EC

The EC has adopted a Delegated Regulation supplementing the CRD IV, containing RTS specifying the general conditions for the functioning of supervisory colleges, and an Implementing Regulation laying down ITS for the application of the CRD IV with regard to the operational functioning of colleges of supervisors. Article 116 of CRD IV sets out provisions requiring consolidating supervisors to establish colleges of supervisors to facilitate certain supervisory tasks and to ensure appropriate coordination and cooperation with relevant third-country supervisory authorities. In addition, the competent authorities supervising an institution with significant branches in other Member States are, pursuant to Article 51(3) of CRD IV, required to establish and chair colleges of supervisors where Article 116 is not applicable. Article 51(4) of the CRD IV empowers the Commission to adopt delegated acts specifying the general conditions for the functioning of colleges of supervisors. This Delegated Regulation repeals and replaces Delegated Regulation 2016/98 to account for amendments to CRD IV (e.g. in relation to the authorisation of certain financial holding companies and mixed financial holding companies, the establishment of intermediate EU parent undertakings, and removal of investment firms from the scope of CRD IV). It also includes new articles on the exchange of information with the observers of the supervisory college, specifically with resolution colleges and AML and CFT colleges, to enhance cooperation and information exchange with these authorities.

The Council of the EU and the EP will now scrutinise the Delegated and Implementing Regulations. They will enter into force on the 20th day following their publication in the OJ.

- ♦ Commission Delegated Regulation (EU) .../... supplementing CRD IV with regard to RTS specifying the general conditions for the functioning of supervisory colleges, and repealing Commission Delegated Regulation (EU) 2016/98
- ♦ Commission Implementing Regulation (EU) .../... laying down ITS for the application of the CRD IV with regard to the operational functioning of colleges of supervisors

Date of publication: 23/04/2025

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h) Accounting/Prudential filter/Audit

(i) Germany

**BaFin: Consultation 09/2025 on the draft bill for the Second Regulation amending the Audit Reporting Regulation (*Konsultation 09/2025 über den Referentenentwurf der zweiten Verordnung zur Änderung der Prüfungsberichtsverordnung*)**

Status: Consultation

Deadline for the submission of comments: 12/05/2025

BaFin has launched a consultation on a draft bill for the Second Regulation amending the German Audit Reporting Regulation. The necessity for this draft was displayed in the evaluation of this Regulation back in 2021, which identified significant need for improvement to adjust to the development of banking supervisory law since its entry into force. These developments include, among others, the application of the Risk Reduction Act (*Risikoreduzierungs-gesetz*) as well as the Second Financial Market Amendment Act (*Zweites Finanzmarktnovellierungsgesetz – 2. FinMaNoG*), the Financial and Risk-Bearing Capacity Regulation (*Finanz- und Risikotragfähigkeitsverordnung – FinaRisikoV*), the Institutions Remuneration Regulation (*Institutsvergütungsverordnung – InstVergV*), the Building Societies Act (*Bausparkassengesetz*), and the Pfandbrief Act (*Pfandbriefgesetz – PfandBG*). Further amendments arise from the regulation of algorithmic trading in the Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*). In addition, due to increasing digitalisation, the purely electronic submission of audit reports should be enabled, as has already been the practice since the beginning of the coronavirus pandemic.

Date of publication: 14/04/2025

## 1.2 RECOVERY AND RESOLUTION

(i) Eurozone

**SRB: Public consultation on the expectations on valuation capabilities**

Status: Consultation

Deadline for the submission of comments: 02/07/2025

The SRB has published a press release confirming it had launched a public consultation on its expectations on valuation capabilities. The consultation forms part of the Single Resolution Mechanism's Vision 2028 strategy. The expectations which banks are expected to consider when implementing Principle 5.2 of the SRB's Expectations for Banks require banks to have management information systems in place for valuations. The expectations document, which is published alongside the relevant annexes, covers three key areas: (i) valuation data index, which includes an enhanced version of the SRB valuation data set and comprises information and documentation that is already available at bank level and publicly available or accessible to the SRB; (ii) data repositories for resolution, which is expected to be populated with valuation data index (see (i) above) information; and (iii) valuation playbooks.

Date of publication: 02/04/2025



## 2. Investment firms regulation

### (i) Germany

#### **BaFin: Consultation on General Administrative Act on remuneration reports for investment firms** *(Konsultation der Allgemeinverfügung zu Vergütungsanzeigen für Wertpapierinstitute)*

Status: Consultation

Deadline for the submission of comments: 08/05/2025

BaFin has launched a consultation on the draft General Administrative Act regarding remuneration notifications by investment firms as of the reporting date of 31 December 2024 in order to take into account recent data on remuneration practices by investment firms. Since June 2021, remuneration reporting obligations for securities institutions have been regulated by the IFD and implemented in the German Investment Firms Act (*Wertpapierinstitutsgesetz – WpIG*). Among other things, this concerns the annual reporting of data on income millionaires among the employees of securities institutions to the Deutsche Bundesbank. The reporting obligations regulated in the IFD are specified by EBA Guidelines. While small investment firms are exempt from these reporting obligations and the planned General Administrative Act, medium and large investment services institutions and supervisory authorities must apply the following EBA Guidelines on remuneration for the first time from 31 December 2022:

- ♦ Guidelines on the benchmarking exercises on remuneration practices, the gender pay gap and approved higher ratios under the CRD
- ♦ Guidelines on the benchmarking exercises on remuneration practices and the gender pay gap under the IFD
- ♦ Guidelines on the data collection exercises regarding high earners under the CRD and IFD

Date of publication: 24/04/2025

### (ii) EU

#### **EBA: Report on benchmarking remuneration trends and practices as well as the gender pay gap**

Status: Final

The EBA has issued its latest report on remuneration and gender pay gap benchmarking for institutions and investment firms. For more information, please see section 1.1e) above.

Date of publication: 15/04/2025

# 3. Market regulation/ Conduct rules

## 3.1 CAPITAL MARKETS UNION

### (i) EU

#### **EC: Targeted consultation on integration of EU Capital Markets**

Status: Consultation

Deadline for the submission of comments: 10/06/2025

The EC has launched a targeted consultation on integration of EU capital markets under its savings and investments union (SIU) strategy. The consultation seeks feedback on issues and possible measures to address: (i) barriers to the integration and modernisation of trading and post-trading infrastructures, the distribution of funds across the EU and efficient cross-border operations of asset management; and (ii) barriers specifically linked to supervision, with respondents invited to indicate any areas in which regulatory simplification would be appropriate in line with the [Simplification Communication](#). The questions have been split into six key topics: (a) simplification and burden reduction; (b) trading; (c) post trading; (d) horizontal barriers to trading and post-trading infrastructures; (e) asset management and funds; and (f) supervision.

The consultation is a crucial step in the implementation of the SIU, with insights that are collected helping to shape measures to be presented in a comprehensive package in the fourth quarter of 2025.

Date of publication: 15/04/2025

## 3.2 MARKET ABUSE

### (i) EU

#### **ESMA: Final report on Guidelines on supervisory practices for competent authorities to prevent and detect market abuse under MiCA**

Status: Final

ESMA has published its final report on Guidelines on supervisory practices for competent authorities to prevent and detect market abuse under MiCA. Based on its experience under the MAR, the Guidelines intended for NCAs include general principles for effective supervision and specific practices for detecting and preventing market abuse in crypto assets. They consider the unique features of crypto trading, such as its cross-border nature and the intensive use of social media. The Guidelines set out general principles requiring supervisory activity to be risk-based and proportionate, and set the objective for NCAs to build a common supervisory culture specifically for crypto assets through an open dialogue with the industry and interactions with other NCAs. They aim to support consistent and efficient supervisory practices among NCAs, ensuring a common supervisory culture for crypto assets.

Date of publication: 29/04/2025

**EC: Commission Delegated Regulation (EU) .../... supplementing MiCA with regard to RTS specifying the arrangements, systems and procedures to prevent, detect and report market abuse, the templates to be used for reporting suspected market abuse, and the coordination procedures between the competent authorities for the detection and sanctioning of market abuse in cross-border market abuse situations**

Status: Adopted by the EC

The EC has adopted a Delegated Regulation supplementing MiCA with regard to RTS specifying the arrangements, systems and procedures to prevent, detect and report market abuse, the templates to be used for reporting suspected market abuse, and the coordination procedures between the competent authorities for the detection and sanctioning of market abuse in cross-border market abuse situations. This Delegated Regulation aims to specify details regarding the compliance of persons professionally arranging or executing transactions (PPAETs) in crypto-assets with Article 92(1) of MiCA. The aim of this Article is the establishment of effective arrangements, systems and procedures to prevent and detect market abuse. Those persons are therefore required to report to the NCAs any reasonable suspicion regarding an order or transaction, and other aspects of the functioning of the distributed ledger technology, where there might be circumstances indicating that market abuse has been committed, is being committed or is likely to be committed.

Date of publication: 29/04/2025

**ESMA: Consultation on draft ITS on the extension of the use of the alleviated format of insider lists**

Status: Consultation

Deadline for the submission of comments: 03/06/2025

ESMA has launched a consultation on ITS on the extension of the use of the alleviated format of insider lists, proposing changes to the format for drawing up and updating insider lists, as part of the Listing Act amendments to the MAR. The Listing Act mandates ESMA to review the ITS on insider lists to extend the simplified format – currently used by issuers on Small and Medium Enterprises (SME) Growth Market – to all issuers. The proposed changes aim at reducing the administrative burden on issuers required to draw up and maintain insider lists under MAR.

Date of publication: 03/04/2025

### **3.3 MIFID/MIFIR**

#### **(i) EU**

**ESMA: Final report on RTS specifying the criteria for establishing and assessing the effectiveness of investment firms' order execution policies**

Status: Final

ESMA has published a final report in relation to the draft RTS specifying criteria for establishing and assessing the effectiveness of investment firms' order execution policies, accounting for whether the orders are executed on behalf of retail or professional clients. The report is accompanied by a press release. ESMA's mandate for developing the new RTS was included as part of the changes made to best execution requirements following the EU MiFID II/MiFIR review. During the review, areas for improvement were identified including insufficiently documented and demonstrated satisfaction of best execution processes. In addition, feedback from competent authorities and other stakeholders evidenced that further clarification of order execution policy requirements would be helpful.

The final report confirms that in certain areas, ESMA's proposed approach has been modified in light of feedback received. Key changes include: (i) simplifying the categorisation of classes of instruments in light of feedback that the original approach was overly granular; (ii) more specific requirements for firms using a single execution venue; (iii) additional proportionality requirements; (iv) further detail on firms executing client orders by dealing on own account; and (v) redrafting provisions to ensure that references to consolidated tape data are not interpreted as de facto mandatory consumption requirements (as firms may use other data sources for the purposes of best execution).

ESMA has submitted the final report to the European Commission, which now has three months to decide whether to adopt the RTS.

Date of publication: 10/04/2025

### **ESMA: Final report on systematic internaliser notification (new ITS), on the volume cap and transparency calculations (RTS 3) and circuit breakers (new RTS 7a)**

Status: Final

ESMA has published a final report in relation to certain changes being made as a result of the MiFID II/MiFIR review, together with an accompanying press release. The changes covered by this final report were part of the third consultation package following the MiFID II/MiFIR review, and relate to: (i) a new set of implementing technical standards for investment firms notifying competent authorities when it gains the status of systematic internaliser or decides to opt-in to the systematic internaliser regime. ESMA confirmed that it is making some changes to the original proposals, including reducing the number of reporting fields in the notification template to ease the reporting burden and extending the notification period from two weeks to 20 calendar days. ESMA also confirmed it will discuss with competent authorities areas where further guidance is required; and (ii) proposed amendments to Commission Delegated Regulation 2017/577 (RTS 3), the regulatory technical standards addressing the volume cap mechanism and MiFIR transparency calculations. Substantial changes are being made in light of the phasing-out of daily reporting requirements for trading venues, approved publication arrangements and consolidated tape providers. Once revised, the amended RTS 3 will focus on three areas: (a) ad-hoc requests from ESMA and competent authorities; (b) derivative trading obligation reporting; (c) single volume cap reporting; and (d) recast RTS, meaning the recasting of the existing RTS 7 technical standards, to incorporate new requirements on circuit breakers and other amendments in light of the EU Digital Operational Resilience Act.

ESMA submitted the final report to the European Commission on 10 April, which now has three months to decide whether to endorse the proposed amendments to RTS 3 and 7, and the proposed ITS.

Date of publication: 10/04/2025

### **ESMA: Letter on the qualification of fractional shares under MiFID II**

Status: Final

ESMA has published a letter to the EC on the inconsistent regulation of trading of fractional shares across the EU. There has been an increase in the significance of fractional shares, which accounted for more than 10% of the total number of transactions reported in 2023-2024. However, shares and fractional shares are not uniformly defined under the Markets in Financial Instruments Directive (MiFID II) or the Markets in Financial Instruments Regulation (MiFIR), resulting in regulatory inconsistencies across the EU. ESMA states that while it has already taken action through its 2023 public statement to protect retail investors, uncertainty continues. The inconsistent treatment of fractional shares has the following key effects: (i) it impacts transparency and reporting requirements, (ii) it affects compliance with the MiFID systematic internaliser and share trading obligation rules; and (iii) it impacts the

calculation of thresholds for data reporting services providers' derogation criteria. ESMA believes consistent classification would help create a level playing field for firms and support retail participation in this market segment. ESMA suggests it would be beneficial to clarify that fractional shares, which replicate the key characteristics and trading environment of shares, should remain subject to the MiFIR rules for shares.

Date of publication: 09/04/2025

## **ESMA: Final report on technical advice to the EC on the amendments to the research provisions in the MiFID II Delegated Directive in the context of the Listing Act**

Status: Final

ESMA has published a final report setting out its technical advice to the European Commission on the amendments to the research provisions in the context of the Listing Act legislative package. The Listing Act amended the EU requirements in the Markets in Financial Instruments Directive (MiFID II) on how payments are made for investment research, enabling joint payments for execution services and research for all issuers, irrespective of the market capitalisation of the issuers covered by the research. EU firms will be permitted to choose whether to make joint or separate payments for third-party research and execution services. This follows the UK's approach which resulted in amended rules taking effect in August 2024. We discuss UK changes in our note, "UK allows bundled payments for third-party research and trading commissions." EU member states will have until 4 June 2026 to transpose the Listing Act changes to MiFID II. ESMA's advice relates to the changes to Article 13 of Commission Delegated Directive (EU) 2017/593, known as the MiFID II Delegated Directive, which sets out the conditions that firms have to meet under the regime that required unbundled payments for research. ESMA proposes that where an investment firm chooses to use a separate research payment account, most of the existing conditions should continue to apply. Where an investment firm pays jointly for execution services and research, ESMA's advice is to require those firms to enter into an agreement on joint payments that (i) prevents the investment firm from paying substantially more for the research component than would be the case if the firm paid directly for the research; and (ii) does not impede the firm's ability to comply with the best execution requirements.

Date of publication: 08/04/2025

## **ESMA: MiFIR review consultation package on derivatives transparency, package orders and CTP data**

Status: Consultation

Deadline for the submission of comments: 03/07/2025

ESMA has launched a consultation in relation to derivatives transparency, package orders, and input and output data for consolidated tape providers (CTPs). This is the fourth ESMA consultation package under the EU's MiFIR review workstream, and proposes a new standalone set of regulatory technical standards (RTS) for derivative transparency ahead of a future comprehensive recast of the current RTS on non-equity transparency (RTS 2). It also includes draft amends to the respective RTS for package orders and data for CTPs. ESMA proposes a new derivatives transparency regime as per the new scope defined by MiFIR, which was amended so that the regime applies to derivatives based on certain characteristics rather than simply delineating between those traded on- and off-venue.

The consultation sets out detailed calibrations as to liquidity determination (relevant for both pre-trade transparency waivers and post-trade deferrals), and the size thresholds, and duration periods to be used for the

new deferral regime. ESMA will then publish its final report, and submit the technical standards to the European Commission in Q4.

Date of publication: 03/04/2025

### **ESMA: Update on consolidated tape provider for bonds**

Status: Final

ESMA has published an updated press release in preparation for the launch of a consolidated tape for bonds. The selection process for a provider is in motion and ESMA intends to decide on the selected applicant by early July, at which point data contributors should engage with the selected provider in relation to practical and technical matters. There will then be an expedited authorisation process for the selected provider, and when the application is complete, ESMA will determine whether authorisation is to be granted within three months. ESMA also acknowledges that it has the ability to grant a transition period if requested by the applicant, if needed. In terms of the current **expected timeline**, authorisation of the bond consolidated tape provider is expected in Q3/4, with the launch of the first selection for an equity consolidated tape provider in June, and the launch of the first selection for an over-the-counter derivatives consolidated tape provider in Q1 2026.

Date of publication: 02/04/2025



# 4. Market infrastructure

## 4.1 CUSTODY RULES

### (i) EU

#### **EP: Draft report on the proposal for a Regulation amending the CSDR as regards a shorter settlement cycle in the Union**

Status: Draft

The EP has published a draft report on the proposed Regulation amending the Central Securities Depository Regulation (CSDR) as regards a shorter settlement cycle in the Union. The proposed Regulation shortens the settlement period under Article 5(2) of the CSDR from two business days after trading takes place (T+2) to one business day (T+1). This is an important step in preserving the EU's competitiveness in global financial markets. While it is acknowledged that significant operational and technical work remains from a legislative and political standpoint, the proposal should not present substantial challenges and so the Rapporteur proposes that Parliament approves it without amendments.

The proposal is intended to: (i) promote settlement efficiency and increase the resilience of EU capital markets; (ii) improve the liquidity of EU capital markets; and (iii) eliminate the costs linked to the misalignment of settlement cycles between the EU and other jurisdictions. Due to the urgency to act given international developments, the EC has also prepared a Commission Staff Working Document alongside this proposal, analysing the impacts of an EU move to a shorter settlement cycle. The document assesses the costs and benefits of a shorter settlement cycle in the EU, highlighting that the mostly one-off costs should, over time, be outweighed by the long-term benefits of lower counterparty and market risks, more efficient and timely settlement and increased attractiveness of EU capital markets for investors. The EC has also published a set of FAQs alongside its proposal.

The proposed Regulation will enter into force on the twentieth day following its publication in the OJ and will apply from 11 October 2027.

Date of publication: 10/04/2025

#### **ECB: Opinion on the proposal for a Regulation amending the CSDR as regards a shorter settlement cycle in the Union**

Status: Draft

The ECB has published its opinion on the proposal to shorten the securities settlement cycle from two business days (T+2) to one business day after trading takes place (T+1), by amending the Central Securities Depositories Regulation (CSDR). The opinion was published in response to requests from the Council of the European Union and the European Parliament. The ECB confirms that it welcomes the proposed move to T+1, and notes that moving to T+1 would facilitate the objective of promoting settlement efficiency in the EU and ensure the EU was aligned with other global jurisdictions such as the UK which have also moved, or are moving, to a shorter securities settlement cycle. The EU T+1 Industry Taskforce is currently working towards a T+1 go-live date of 11 October 2027.

Date of publication: 01/04/2025

## (ii) International

### **BCBS: Level 2 assessment report for the EU on PSs and CSDs/SSSs**

Status: Final

The BCBS has published the results from the monitoring of the implementation of the Principles for financial market infrastructures (PFMI) by the CPMI and the IOSCO. This report presents the conclusions drawn by CPMI-IOSCO from a Level 2 assessment of whether, and to what degree, the legal, regulatory and oversight framework for financial market infrastructures (FMIs) in the EU for systemically important payment systems (PSs) and central securities depositories (CSDs)/securities settlement systems (SSSs) are complete and consistent with the Principles. The assessment finds that - as of October 2019 - the EU's legal, regulatory and oversight frameworks are complete and consistent with the PFMI for PSs. Given that there are separate regulatory frameworks for PSs in the euro area and in Sweden, and that these are also separate from the EU-wide regime for CSDs/SSSs, the assessment team has assessed each of these separately. The legal, regulatory and oversight frameworks in the EU for CSDs/SSSs are complete and consistent with the Principles in most aspects. However, the assessment identified some areas for improvement, particularly in aspects where implementation was broadly, partly, or not consistent, including risk and governance principles.

Date of publication: 28/04/2025

## **4.2 EMIR**

### (i) EU

#### **ESMA: Consultation on draft RTS amending Delegated Regulation (EU) 149/2013 to further detail the new EMIR clearing thresholds regime**

Status: Consultation

Deadline for the submission of comments: 16/06/2025

ESMA has launched a consultation setting out draft regulatory technical standards (RTS) amending the RTS on the clearing thresholds (CTs) under the European Markets Infrastructure Regulation (EMIR). Under the latest revisions to EMIR, known as EMIR 3, the calculation of CTs will be amended (once these RTS enter into force), shifting away from distinguishing between exchange-traded derivatives (ETD) and over-the-counter (OTC) derivatives (where only OTC derivatives counted towards the threshold) to a framework based on the level of OTC uncleared transactions. Financial counterparties (FCs) will need to calculate their uncleared positions and their aggregate OTC exposure (both cleared and uncleared) to determine if they exceed the CTs. Non-financial counterparties (NFCs) will be required to count only their uncleared positions towards the CTs.

EMIR 3 mandates ESMA to draft RTS to specify the values of CTs for both aggregate and uncleared positions. ESMA's proposals are as follows. For aggregate OTC exposure (both cleared and uncleared) – FCs only: (i) OTC credit derivative contracts – EUR 1 billion (current threshold maintained); and (ii) OTC interest rate derivative contracts – EUR 3 billion (current threshold maintained). For uncleared positions – FCs and NFCs: (i) OTC credit derivative contracts – EUR 0.7 billion; (ii) OTC equity derivative contracts – EUR 0.7 billion; (iii) OTC interest rate derivative contracts – EUR 1.8 billion; (iv) OTC foreign exchange derivative contracts – EUR 3 billion; and (v) OTC commodity derivative contracts – EUR 3 billion.

ESMA is not intending to introduce separate thresholds for the various commodity derivatives sub-asset classes and is not proposing more granular thresholds for commodity derivatives based on ESG factors or crypto-related features. EMIR 3 also requires ESMA to define the criteria for determining which OTC derivative contracts objectively reduce risks, regarding which ESMA is not proposing any amendments because, in ESMA's view, the

RTS are clear. Responses to the consultation may be submitted until 16 June. Based on the feedback received, ESMA will proceed with publishing a final report and submit the draft technical standards to the European Commission, which it must do by 25 December at the latest.

Date of publication: 08/04/2025

## **ESMA: 2024 CCP peer review report on outsourcing and intragroup governance arrangements**

Status: Final

ESMA has published its 2024 peer review report in respect of central counterparties (CCPs), as required by EMIR. The focus of the report is supervisory activities related to the EMIR requirements for outsourcing and intragroup governance arrangements. The report covered supervisory activities of all competent authorities of authorised CCPs conducted in 2022 and 2023 and found that for the most part, competent authorities managed CCP colleges compliantly. In terms of the three supervisory expectations specified in the mandate for this peer review, the report concluded the following: (i) regarding the notification process for new outsourcing arrangements, most competent authorities met (fully or largely) this expectation with the exception of three authorities which did not require CCPs to have complete written outsourcing agreements in place; (ii) regarding the compliance of CCP outsourcing arrangements with EMIR requirements, all competent authorities met this expectation; and (iii) regarding the compliance with EMIR of CCP governance arrangements in relation to outsourcing, all competent authorities met (fully or largely) this expectation. The report includes recommendations directed at specific competent authorities in respect of areas identified for improvement. Authorities are expected to address these recommendations within a year from the publication of the report.

Date of publication: 02/04/2025

# 5. Anti-money laundering

## (i) Germany

**BMF: Draft Regulation on determining the required information and form of reporting pursuant to Section 45(5)(1) of the German Money Laundering Act (*Entwurf einer Verordnung zur Bestimmung der erforderlichen Angaben und der Form der Meldung im Sinne des § 45 Absatz 5 Satz 1 des Geldwäschegesetzes – GwGMeldV*)**

Status: Draft

The Federal Ministry of Finance (*Bundesfinanzministerium* – BMF) has published a draft Regulation on determining the required information and form of reporting pursuant to Section 45(5)(1) of the German Money Laundering Act (*Geldwäschegesetz* – GwG; *GwG-Meldeverordnung* – GwGMeldV). The Regulation stipulates that suspicious transaction reports must be submitted electronically. In addition to specifying this transmission format, the Regulation also establishes the minimum content standards that must be met in order to be considered to fulfil the reporting obligation under Sections 43 and 44 GwG. The Regulation differentiates between specific types of suspicious transaction reports and the elements of the offence that arise from the reporting obligation under the GwG.

Date of publication: 22/04/2025

**BaFin: Circular 07/2025 on high-risk countries (*Rundschreiben 07/2025 (GW) zu Hochrisikostaaten*)**

Status: Final

BaFin has published the Circular 07/2025 to provide information about third countries with strategic deficiencies in their anti-money laundering and counter-terrorist financing systems that pose significant risks to the international financial system (high-risk countries).

Date of publication: 14/04/2025

## (ii) EU

**EBA: Final report on draft RTS amending Commission Delegated Regulation (EU) 2018/1108 on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions under Article 45(10) of MLD4**

Status: Final

The EBA has published a final report on its draft RTS amending Commission Delegated Regulation (EU) 2018/1108 on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions under Article 45(10) of MLD4. The RTS aim to define when crypto-asset service providers (CASPs) have to appoint a central contact point. A central contact point can be an important tool in the fight against financial crime.

CASPs established in one EU Member State can provide services in another EU Member State. In some cases, where they have a local 'establishment', for example a crypto ATM, they must comply with local anti-money laundering and countering the financing of terrorism (AML/CFT) obligations as well as those that apply in the home Member State. In those situations, central contact points can help mitigate the money laundering and terrorist

financing (ML/TF) risks associated with the cross-border provision of crypto asset services and facilitate adequate AML/CFT supervision and oversight. The draft RTS set out: (i) the conditions under which CASPs should appoint a central contact point; and (ii) the roles and responsibilities of that central contact point. In line with the EBA's legal mandate, the draft RTS do not define the form a central contact point should take, or where in the EU it should be based.

Date of publication: 25/04/2025



# 6. Payments

## 6.1 PAYMENT SERVICES/E-MONEY

### (i) EU

**EBA: Final report on draft RTS amending Commission Delegated Regulation (EU) 2018/1108 on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions under Article 45(10) of MLD IV**

Status: Final

The EBA has published a final report on its draft RTS amending Commission Delegated Regulation (EU) 2018/1108 on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions under Article 45(10) of MLD IV. For more information, please see section 5 above.

Date of publication: 25/04/2025

## 6.2 PAYMENT ACCOUNTS

### (i) Germany

**BaFin: FAQ on the process for the “comparison website for payment accounts” (FAQ zum Fachverfahren „Vergleichswebsite für Zahlungskonten“)**

Status: Final

BaFin has updated list FAQ on questions submitted by payment service providers regarding the process for the “comparison website for payment accounts”, adding three new questions: (i) What technical aspects must be observed when reporting a change?; (ii) When must a zero report be made and what technical aspects must be observed?; and (iii) How must the monthly account maintenance fee be reported, the amount of which depends on a regular minimum deposit or the customer's age?

The aim of this website, which is available to consumers free of charge, is to create more transparency so that consumers in Germany can better compare different payment account offers. The comparison website thus contributes to collective consumer protection. With this Regulation, BaFin supplements the legal regulations in the Payment Accounts Act (*Zahlungskontengesetz* – ZKG, Sections 16 ff.) and specifies the reporting obligation of payment service providers that offer payment accounts for consumers.

Date of publication: 07/04/2025



## 6.3 PAYMENT AND SETTLEMENT SYSTEMS

### (i) EU

#### **EPC: Adherence Guide to the payment schemes**

Status: Final

The EPC has issued Version 7.0 of the Adherence Guide to the EPC payment schemes, together with an updated webpage. The updated Guide provides Guidelines and template application forms for payment service providers (PSPs) seeking to adhere to one or more of the EPC managed payment schemes (namely, the SEPA Credit Transfer Scheme, the SEPA Instant Credit Transfer Scheme, the SEPA Direct Debit Core Scheme, the SEPA Direct Debit Business-to-Business Scheme and the One-Leg Out Instant Credit Transfer Scheme). The Guide sets out:

(i) detailed instructions for completing adherence documents; (ii) eligibility criteria; and (iii) the adherence process to be followed.

Date of publication: 11/04/2025

# 7. Institutional supervisory framework

## (i) EU

### **ESMA: 2024 report on quality and use of data**

Status: Final

ESMA has published its annual report on quality and use of data. The report reveals how the regulatory data collected has been used by authorities in the EU and provides insight into actions taken to ensure data quality. The document presents concrete cases on data use ranging from market monitoring to supervision, enforcement and policy making. A recent example includes how ESMA reutilises existing data to support reporting burden reduction (i.e. use of MIFIR transaction data to perform the transparency and volume cap calculations).

The report highlights ESMA's Data Platform and ongoing improvements to data quality frameworks such as key advancements in tools and technology for data quality. In addition, it contains other advances such as: (i) the data quality developments for datasets as the EMIR REFIT go-live; (ii) the successful outcome of a newly implemented data quality framework on short-selling data; and (iii) the implementation of first steps in improving the accessibility and use of ESEF data by NCAs. This edition also gives an overview of the sanctions imposed by the NCAs on reporting obligations, showcasing another tool that can be used as part of their supervisory and enforcement toolkit.

Date of publication: 30/04/2025

### **ESAs: Publication of joint annual report for 2024**

Status: Final

The ESAs have published their 2024 annual report, which provides an overview of the joint ESAs work completed during the past year. It sets out that the ESAs continued to explore and monitor potential emerging risks for financial markets participants and the financial system. Furthermore, the report notes that the main areas of cross-sectoral focus in 2024 were joint risk assessments, sustainable finance, operational risk and digital resilience, consumer protection, financial innovation, securitisation, financial conglomerates and the European Single Access Point (ESAP). Among the Joint Committee's main deliverables were policy products for the implementation of the DORA as well as ongoing work related to the SFDR.

Date of publication: 16/04/2025

# 8. Investment funds

## 8.1 PRODUCT REGULATION

a) AIF

(i) EU

### ESMA: Assessment of the risks posed by the use of leverage in the fund sector

Status: Final

ESMA has published its annual risk assessment of leveraged AIFs and its first analysis of risks in UCITS using the absolute Value-at-Risk (VaR) approach. Both articles represent ESMA's work to identify highly leveraged funds in the EU investment sector and assess their potential systemic relevance. While most EU investment funds make limited use of leverage, a subset of AIFs are substantially leveraged, and a group of UCITS using the absolute VaR approach has very high levels of gross leverage.

- ♦ [Annual risk assessment of leveraged AIFs in the EU for 2024](#)
- ♦ [Risks of UCITS using the absolute VaR approach](#)

Date of publication: 24/04/2025

### ESMA: Publication of RTS and Guidelines with implementing rules on Liquidity Management Tools for funds

Status: Final

ESMA has published its [final draft RTS](#) relating to liquidity management tools (LMTs) under the AIFMD and the UCITS. The draft RTS will apply to Alternative Investment Fund Managers managing open-ended AIFs and UCITS. The final draft RTS under the AIFMD are detailed in Annex IV of the report, while those under the UCITS Directive are outlined in Annex V. The draft RTS have been submitted to the EC for adoption, which has three months to decide whether to adopt them.

ESMA has also published its [final Guidelines](#) for national competent authorities and fund managers on LMTs of UCITS and open-ended AIFs, providing guidance on how managers should select and calibrate LMTs for liquidity risk management and mitigating financial stability risks. The Guidelines, set out in Annex III of the report, will now be translated into the official EU languages and published on ESMA's website. National competent authorities and financial market participants must make every effort to comply with the Guidelines. Within two months after the date of publication on ESMA's website, national competent authorities must notify ESMA whether they comply or do not comply, together with their reasons for not complying (if applicable). Financial market participants are not required to report on compliance. The Guidelines will apply upon the application date of the RTS to the characteristics of the LMTs. ESMA previously consulted on both the draft Guidelines and draft RTS in July.

Date of publication: 15/04/2025

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b) UCITS

(i) EU

### **ESMA: Assessment of the risks posed by the use of leverage in the fund sector**

Status: Final

ESMA has published its annual risk assessment of leveraged AIFs and its first analysis of risks in UCITS using the absolute Value-at-Risk (VaR) approach. For more information, please see section 8.1a) above.

- ♦ [Annual risk assessment of leveraged AIFs in the EU for 2024](#)
- ♦ [Risks of UCITS using the absolute VaR approach](#)

Date of publication: 24/04/2025

### **ESMA: Publication of RTS and Guidelines with implementing rules on Liquidity Management Tools for funds**

Status: Final

ESMA has published its [final draft RTS](#) relating to liquidity management tools (LMTs) under the AIFMD and the UCITS. For more information, please see section 8.1a) above.

Date of publication: 15/04/2025

## **8.2 PRUDENTIAL REGULATION**

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a) Compliance

(i) EU

### **EC: Launch of channel for reporting financial market integration barriers in the EU**

Status: Final

The EC launched a dedicated channel for reporting barriers to financial market integration within the EU Single Market. This initiative, announced in the Savings and Investments Union (SIU) Communication adopted in March, invites market participants, individuals or businesses to provide information on any existing obstacles that affect the functioning of the single market for savings and investments. This includes issues that affect the seamless flow of cross-border capital, reduce the ease of doing business across the EU or impose excessive red tape and complex regulatory settings. Issues that may be reported include, but are not limited to, market fragmentation, divergent supervisory practices, licensing and freedom of doing business (including discriminatory practices) and overly burdensome or repetitive reporting requirements. Feedback is invited via a designated email and the EC commits to regularly monitor the feedback and use it to tackle existing obstacles to financial market integration and free movement of capital, with the aim of further advancing the SIU. The EC notes that this channel is not a formal complaint submission mechanism and stakeholders should not expect to receive an individual reply or feedback from the EC.

Date of publication: 24/04/2025

# 9. Special topics

## 9.1 FINTECH/DIGITAL FINANCE

### (i) Germany

#### **Repeal of the Regulation on enhanced due diligence requirements for the transfer of crypto assets (*Außerkräfttreten der Kryptowertetransferverordnung – KryptoWTransferV*)**

Status: Final

The repeal of the Regulation on enhanced due diligence requirements for the transfer of crypto assets (*Kryptowertetransferverordnung – KryptoWTransferV*) as of 30 December 2024 has been published in the Federal Gazette. This follows the application of the revised EU Wire Transfer Regulation. The repealed Regulation aimed to prevent misuse of the transfer of crypto values for the purposes of money laundering or terrorist financing by requiring the parties involved in such transfers to transmit information on the ordering party and the beneficiary. In addition, it ordered that information on the beneficiary or ordering party of a crypto value transfer must be collected and stored if the transfer is made from or to an electronic wallet that is not managed by a crypto custodian (self-managed electronic wallet, "unhosted wallet").

Date of publication: 23/04/2025

### (ii) EU

#### **ESMA: Final report on Guidelines on supervisory practices for competent authorities to prevent and detect market abuse under MiCA**

Status: Final

ESMA has published its final report on Guidelines on supervisory practices for competent authorities to prevent and detect market abuse under MiCA. For more information, please see section 3.2 above.

Date of publication: 29/04/2025

#### **EC: Commission Delegated Regulation (EU) .../... supplementing MiCA with regard to RTS specifying the arrangements, systems and procedures to prevent, detect and report market abuse, the templates to be used for reporting suspected market abuse, and the coordination procedures between the competent authorities for the detection and sanctioning of market abuse in cross-border market abuse situations**

Status: Adopted by the EC

The EC has adopted a Delegated Regulation supplementing MiCA with regard to RTS specifying the arrangements, systems and procedures to prevent, detect and report market abuse, the templates to be used for reporting suspected market abuse, and the coordination procedures between the competent authorities for the detection and sanctioning of market abuse in cross-border market abuse situations. For more information, please see section 3.2 above.

Date of publication: 29/04/2025

## **EBA: Final report on draft RTS amending Commission Delegated Regulation (EU) 2018/1108 on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions under Article 45(10) of MLD IV**

Status: Final

The EBA has published a final report on its draft RTS amending Commission Delegated Regulation (EU) 2018/1108 on the criteria for the appointment of central contact points for electronic money issuers and payment service providers and with rules on their functions under Article 45(10) of MLD IV. For more information, please see section 5 above.

Date of publication: 25/04/2025

## **ESMA: Q&A on the MiCA Regulation**

Status: Final

ESMA has updated its Q&A on the European crowdfunding service providers for business Regulation (ECSPR) by adding two new questions on the following topics: (i) registered AIFM and MiCA; and (ii) autotrading.

Date of publication: 11/04/2025

## **ESMA: Q&A on the European crowdfunding service providers for business Regulation**

Status: Final

ESMA has updated its Q&A on the European crowdfunding service providers for business Regulation (ECSPR) by adding two new questions on the following topics: (i) disclosure obligations pursuant to Article 25(3) point (b); and (ii) the assessment of the entity to be considered as the project owner.

Date of publication: 11/04/2025

## **EBA: Guidelines on templates to assist competent authorities in performing their supervisory duties regarding issuers' compliance under the MiCA Regulation**

Status: Final

Date of application: 26/05/2025

The EBA has updated its webpage with the official translations of the Guidelines on templates to assist competent authorities in performing their supervisory duties regarding issuers' compliance under Titles III and IV of the MiCA Regulation, initially published on 26 March. These Guidelines apply to competent authorities, issuers of asset-referenced tokens (ARTs) and issuers of e-money tokens (EMTs) and specify instructions and common templates to be used by ART and EMT issuers to provide competent authorities and the EBA with the necessary information, and to collect the data they need from relevant crypto-asset service providers.

Competent authorities must notify the EBA by 26 May whether they (i) comply, (ii) do not comply, but intend to comply, or (iii) do not comply and do not intend to comply with the Guidelines, with their reasons for not complying. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant.

Date of publication: 02/04/2025



## 9.2 SUSTAINABLE FINANCE

### (i) EU

#### **EBA: Publication of ESG dashboard on key indicators on climate risk in the EU/EEA banking sector**

Status: Final

The EBA has released an ESG dashboard that establishes a broader ESG risks monitoring framework and allows centralised access to comparable climate risk indicators. This dashboard provides benchmarks and enhances the assessment and monitoring of transition and physical climate-related risk across the EU/EEA banking sector. It is based on the information disclosed by banks as part of their Pillar 3 ESG disclosures. This dashboard covers climate risk, both from a transition and a physical perspective. The indicators show the spectrum of green financing, based on the alignment with the EU Taxonomy, as well as beyond the Taxonomy criteria, considering internal definitions of green finance used by institutions.

Date of publication: 25/04/2025

#### **Directive (EU) 2025/794 amending the CSRD and CSDDD as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements**

Status: Published in the OJ

Date of entry into force: 17/04/2025

Date of application: 31/12/2025

The Directive (EU) 2025/794, amending the EU Corporate Sustainability Reporting Directive (CSRD) and EU Corporate Sustainability Due Diligence Directive (CSDDD), has been published in the OJ, implementing the “stop-the-clock” proposal discussed under the EU Omnibus I package. The Directive postpones: (i) by two years, application of CSRD reporting requirements to large companies that have not yet started reporting and SMEs. These entities will now have to report in 2028 and 2029, respectively, for financial years starting on or after 1 January 2027 and 1 January 2028 (as applicable); and (ii) by one year, the transposition deadline and first phase of application of certain due diligence provisions under CSDDD. EU Member States will now have until 26 July 2027 to transpose CSDDD and the first companies will not have to apply the first phase of measures until 26 July 2028.

The proposal is part of the 'Omnibus I' package adopted by the EC at the end of February, which aims to simplify EU sustainability-related legislation.

Date of publication: 16/04/2025

#### **ESMA: TRV report on fund names regarding ESG-related changes and their impact on investment flows**

Status: Final

The ESMA has published a trends, risks and vulnerabilities (TRV) risk analysis report on ESG-related changes to fund names and their impact on investment flows. The report examines whether the fund managers' decision to incorporate ESG terms into their funds' names leads to more investor interest. If so, this has the potential to incentivise greenwashing behaviour, undermine investor trust and hinder efforts to promote sustainability within EU financial markets.

In the report, ESMA: (i) analyses the evolution of ESG names among EU-domiciled investment funds, including UCITS and alternative investment funds (AIFs), since 2009. Its findings show that the proportion of funds with ESG-related names rose significantly from less than 3% before 2015, to around 9% by mid-2024. This was mainly driven

by UCITS funds, where 15% had ESG-related names by mid-2024. The terminology also evolved from a variety of unique terms to more standardised ones like 'ESG', which now make up over 40% of all ESG-related terms added post-2021 by UCITS and AIFs; and (ii) examines the effect of adding an ESG name on investor inflows. The findings show that doing this can significantly increase fund inflows, particularly in the quarter immediately following the name change, with a positive impact maintained in subsequent quarters. However, the impact varies based on the specific ESG terms used, with environment-related terms showing the most substantial impact on inflows. This underscores the importance of aligning name changes with portfolio investments.

ESMA's findings demonstrate strong financial incentives for fund managers adding ESG terms to the names of funds. It highlights the importance of ESMA's Guidelines and ensuring that when a fund name includes ESG language, its portfolio investments are in fact aligned with investors' ESG preferences. ESMA will continue to monitor fund market trends and the impact of its Guidelines on funds' names using ESG or sustainability-related terms.

Date of publication: 10/04/2025

## **ESMA: Final Report regarding the CSA on ESG Disclosure under the Benchmarks Regulation**

Status: Final

ESMA has published a final report on the outcome of the 2024 Common Supervisory Action (CSA) on ESG disclosures under the Benchmarks Regulation (BMR). The CSA was conducted by ESMA with national competent authorities and assessed how benchmark administrators supervised in the EU comply with the BMR's ESG disclosure requirements. The report presents the findings of the CSA, including that: (i) the lack of specific guidance on the definition and calculation of ESG factors has led to divergent and inconsistent calculation and disclosure practices across benchmarks and administrators; and (ii) there are inconsistent approaches to the underlying assumptions used by administrators for determining the factors. The CSA report recommends that the European Commission considers amendments such as rationalising ESG disclosure requirements, for which ESMA would be able to assist with technical advice. The report also provides clarifications for administrators on transparency expectations and guidance on definitions and methodology used for calculating ESG factors.

Date of publication: 09/04/2025

## **ESMA: Consultation on RTS on the European Green Bond Regulation**

Status: Consultation

Deadline for the submission of comments: 30/05/2025

ESMA has launched a consultation on RTS on the European Green Bond Regulation. The RTS relate to the following aspects of the external reviewer regime: (i) appropriateness, adequacy and effectiveness of systems, resources and procedures; (ii) authority, resources, expertise and access to relevant information of the compliance function; (iii) soundness of administrative and accounting procedures, internal control mechanisms and effectiveness of information systems controls; (iv) quality and reliability of sources of the information used for external reviews; (v) information, form and content of applications for recognition; and (vi) notification of material changes in the information provided at registration.

ESMA considers that these technical standards will enhance the robustness and transparency of external reviews of European Green Bonds and in turn boost investors' confidence that their capital is genuinely driving the green transition.

Date of publication: 07/04/2025

## **EU Platform on Sustainable Finance: Report on technical criteria for new activities and first review of the climate delegated act**

Status: Final

The EU Platform on Sustainable Finance has published a final report on the technical criteria for new activities and the first review of the Climate Delegated Act. The report covers the activities and technical screening criteria to be updated or included in the EU taxonomy. The report sets out recommendations relating to: (i) the review of the criteria and analysis for the EU Taxonomy Climate Delegated Act; (ii) new activities mandated by the EC; (iii) new activities mandated by the EC but not completed; and (iv) further recommendations for climate change adaptation.

Date of publication: 01/04/2025

## **EU Platform on Sustainable Finance: Handbook of climate transition benchmarks and Paris-aligned benchmarks**

Status: Final

The EU Platform on Sustainable Finance has published an updated version of its handbook on Climate Transition Benchmarks and Paris-Aligned Benchmarks (version 2), and also updated its webpage. The first version of the Handbook was published in December 2019, and was in response to frequently asked questions (FAQs) faced by the TEG benchmarks subgroup members when presenting the EU Climate Transition Benchmark (EU CTB), the EU Paris Aligned Benchmark (EU PAB), and the benchmarks' disclosure guidance on ESG issues. The updated version covers and clarifies: (i) the 7% Reduction Trajectory; (ii) matters of terminology; (iii) explaining the anti-greenwashing measures; (iv) data sources and estimation techniques; (v) related classification; and (vi) ESG disclosure matters. Each response to an FAQ in the updated version will also now indicate whether it is from 2019 or 2025, as well as referring to which publications of the TEG may be relevant.

Date of publication: 28/03/2025

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