

Funds Quarterly Legal and Regulatory Update

1 April 2025 - 30 June 2025



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1 APPROACHING DEADLINES

Q 3 2025	2 August 2025	Rules on governance and the obligations for general-purpose AI models under the EU AI Act become applicable. See Section 11.1 below for further information on a related consultation published by the European Commission during the period under review.
	19 September 2025	Deadline for responding to ESMA's Call for Evidence on the simplification of financial transaction reporting. See Section 10.3 below for further details.
	21 September 2025	Deadline for responding to ESMA's Discussion Paper on the integrated collection of data relating to investment funds. See Section 2.5 below for further details.
	Quarter 3 2025	The Central Bank is expected to publish a consultation paper on proposed changes to its AIF Rulebook to address the implementation of AIFMD II into the Irish regulatory framework and may also incorporate various provisions to further enhance the product offering for funds implementing private market strategies.
	Quarter 3 2025	The European Commission is expected to adopt measures to create a blueprint for EU savings and investment accounts or products aimed at improving retail participation in EU capital markets. See Section 12.3 below for further details.
Q 4 2025	Quarter 4 2025	The European Commission is scheduled to publish its proposal to reform the SFDR regime in Quarter 4 2025.
	Quarter 4 2025	The European Commission is expected to publish a legislative proposal to transfer certain supervisory tasks from individual national competent authorities to EU-level supervision for asset management groups with significant cross-border activities.
	Quarter 4 2025	The European Commission is expected to publish a legislative proposal aimed to improve the cross-border distribution of EU-authorised funds across the EU.
	Quarter 4 2025	The European Commission is expected to publish a legislative proposal to reduce operational barriers faced by asset managers operating as a group structure across multiple EU Member States.
2026	24 March 2026	The Central Bank's revised Consumer Protection Code begins to apply.
	30 June 2026	Deadline for any fund falling within the scope of the European Union (Gender Balance on Boards of Certain Companies) Regulations 2025 to ensure that at least 40% ¹ of its non-executive directors are members of the underrepresented sex, whether the underrepresented sex is male or female. See Section 13.1 below for further details.

¹ This requirement will be deemed satisfied when the number of non-executive directors from the underrepresented sex on the board of directors of the relevant company aligns with the number set down in the schedule to the relevant regulations.



2 July 2026

The new framework under the EU ESG Ratings Provider regime begins to apply under which marketing communications referencing an ESG rating will be required to include a weblink to detailed information relating to that ESG rating.

2 UCITS & AIFMD

2.1 ESMA publishes its technical advice to the European Commission on the review of the UCITS Eligible Assets Directive

On 26 June 2025, ESMA published its technical advice on the review of the UCITS Eligible Assets Directive² (**Advice**).

The Advice is in response to a mandate issued to ESMA by the European Commission in 2023 and follows its Call for Evidence last year in which it sought feedback from stakeholders on required changes to the UCITS regime. In its Advice, ESMA has proposed changes to both the UCITS Directive itself³ and the UCITS Eligible Assets Directive.

The key proposals put forward by ESMA in its Advices include:

- The requirement to perform a look-through approach in determining whether or not an instrument provides exposure to eligible assets or ineligible assets.
- An obligation to ensure that at least 90% of the UCITS portfolio provides exposure to eligible assets.
- The ability to invest a maximum of 10% of the UCITS portfolio in instruments which provide either direct or indirect exposure to ineligible assets such as commodities, real estate or crypto assets for example.
- The removal of the presumption of liquidity and negotiability for listed instruments.

While the European Commission will have regard to the Advice in considering any revisions to the UCITS framework, it is not bound by the proposals put forward by ESMA. This means that any proposed changes to the UCITS framework put forward by the European Commission may not fully align with ESMA's recommendations set down in the Advice.

A copy of the Advices is available [here](#).

For a more detailed analysis of the Advices and potential implications for UCITS funds, please access our briefing on the topic which is available [here](#).

Key Action Points

While the European Commission is not bound by the proposals put forward by ESMA in its Advices, those managing UCITS funds may want to consider the recommendations put forward by ESMA in its Advices and potential impact on existing UCITS portfolios and investment strategies.

2.2 ESMA publishes proposed rules governing use of liquidity management tools under the UCITS and AIFMD frameworks

Under revisions to the UCITS and AIFMD frameworks made by the Directive (EU) 2024/927 (**Omnibus Directive**), an obligation to use at least two liquidity management tools (LMTs) by all UCITS funds and open-ended AIFs will apply from April 2026.

These LMTs must be selected from a list set down in the Omnibus Directive which comprise of (i) redemption gates, (ii) extension of notice periods, (iii) in-kind redemptions, (iv) redemption fees, (v) swing pricing, (vi) dual pricing, (vii) side pockets and (viii) anti-dilution levies. In addition, fund managers must have the ability to suspend subscriptions/redemptions and to apply side pockets in certain circumstances.

On 15 April 2025, ESMA published its proposed framework relating to the use of liquidity management tools (**LMTs**) by UCITS funds and open-ended AIFs under the Omnibus Directive,

² Directive 2007/16/EC

³ Directive 2009/65/EC

This comprises of:

- A final report containing its draft regulatory technical standards on the characteristics of LMTs (**Draft RTS**); and
- A final report containing its draft guidelines on the selection and calibration of LMTs (**Draft Guidelines**).

The European Commission has 3 months to consider the Draft RTS, with the ability to extend this review period by a further month.

ESMA has proposed that in-scope fund managers with funds in existence before the date of application of the finalised guidelines be given 12 months from the application date of the RTS to comply with its finalised guidelines in respect of those funds.

A copy of the Draft RTS is available [here](#).

A copy of the Draft Guidelines is available [here](#).

For a more detailed analysis of this development, please refer to our briefing on the topic which is available [here](#).

Key Action Points

While the Draft RTS and related Draft Guidelines are not final (and thus may change), in-scope fund management companies should plan to assess their existing LMT arrangements against the rules proposed by ESMA to identify any changes that may need to be made in order to comply with the new regulatory framework if it is implemented in the manner put forward by ESMA.

2.3 List of permitted activities of Irish UCITS management companies and Irish AIFMs to be extended under revised UCITS and AIFMD frameworks

Under the Omnibus Directive, which amends both the UCITS and AIFMD frameworks and which must be transposed into national law by April 2026, EU Member States were granted a number of national discretions.

On 8 May 2025, the Irish Department of Finance published a feedback statement (**Feedback Statement**) to its November 2024 consultation paper under which it sought feedback on how national discretions under the Omnibus Directive should be exercised by Ireland (**Consultation Paper**).

The Feedback Statement confirms as follows:

- Irish AIFMs and Irish UCITS management companies may be authorised by the Central Bank from 16 April 2026 to engage in the following ancillary activities and non-core services:
 - administration of benchmarks (available to both Irish authorised AIFMs and Irish authorised UCITS management companies)
 - credit servicing activities (available to Irish authorised AIFMs only)
 - as part of the “non-core” services offering:
 - an Irish authorised UCITS management company may provide receipt and transmission of orders relating to financial instruments⁴.

⁴ Irish authorised AIFMs are already permitted to provide such services under the existing AIFMD framework

- an Irish authorised UCITS management company or AIFM may perform the same functions and activities that they already perform for an AIF/UCITS respectively for the benefit of a third party provided that conflicts of interest are appropriately managed.
- All AIFs which originate loans, whether domiciled in Ireland or elsewhere, will be prohibited from granting loans to Irish consumers.
- An Irish domiciled UCITS or AIF will not be able to appoint a depositary outside of Ireland.

A copy of the Feedback Statement is available [here](#).

Key Action Points	Irish authorised UCITS management companies and Irish authorised AIFMs may want to consider the additional permissions which will be available, subject to the prior approval of the Central Bank of Ireland, from April 2026 in the context of their existing and proposed business lines.
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2.4 ESMA publishes reports on leverage within AIFs and leverage in UCITS using Absolute VaR approach

On 24 April 2025, ESMA published two separate reports relating to the use of leverage within EU domiciled funds.

The first of these reports focuses on leverage within AIFs (**ESMA AIF Report**) and the second report focuses on leverage in UCITS funds which use the Absolute VaR approach (**ESMA UCITS Report**).

The ESMA AIF Report notes that hedge fund AIFs display the highest levels of leverage, that the limits imposed on Irish domiciled GBP LDI funds increase the resilience of the sector and that real estate funds could be considered systemically relevant in jurisdictions where groups of real estate funds own a large share of the underlying market for real estate assets.

The ESMA UCITS Report provides (i) an overview of the use of the absolute VaR approach by UCITS funds, (ii) the types of UCITS funds that typically use this approach, (iii) the levels of gross leverage of those funds, (iv) risk metrics for potentially leveraged UCITS and hedge funds under AIFMD and (vi) potential risk implications associated with such exposures.

A copy of both reports is available [here](#).

2.5 ESMA publishes Discussion Paper on Integrated Collection of Data of Investment Funds

On 23 June 2025, ESMA published a discussion paper on the integrated collection of data relating to investment funds (**Discussion Paper**).

In the Discussion Paper, ESMA seeks feedback on the development of an integrated reporting system of supervisory data for investment funds. The objective of this framework is to reduce the reporting burden for entities in the asset management sector and to enhance data sharing between competent authorities.

The Discussion Paper:

- outlines the current position of asset managers' reporting obligations at both EU and national level under AIFMD, UCITS, the MMFR and other regulatory frameworks
- assesses the overlaps and inconsistencies between those reporting frameworks
- presents several options to improve the consistency, efficiency and effectiveness of the existing reporting obligations for fund managers under different regimes
- outlines the main priorities in order to achieve appropriate integration of fund reporting.

ESMA expects to submit a report on the development of an integrated collection of supervisory data for investment funds to the European Commission in Quarter 2 2026.

The deadline for responding to the Discussion Paper is 21 September 2025.

A copy of the Discussion Paper is available [here](#).

3 CENTRAL BANK OF IRELAND

3.1 Central Bank of Ireland relaxes portfolio transparency requirements for UCITS ETF

On 17 April 2025, the Central Bank of Ireland (**Central Bank**) released an updated version of its UCITS Q&A, in which it has introduced changes to the portfolio transparency requirements for Irish domiciled UCITS exchange traded funds or UCITS ETF share classes (collectively **ETFs**).

The revised UCITS Q&A allows for greater flexibility in the frequency of portfolio holdings' disclosure of Irish domiciled UCITS ETFs, while retaining the requirement for appropriate information to be disclosed on a daily basis to facilitate an effective arbitrage mechanism.

It provides as follows:

- Where a UCITS retains the position of providing daily portfolio information disclosures to the market, the UCITS manager must ensure that the prospectus discloses the type of information that will be provided in relation to the portfolio and that such portfolio information is made available on a non-discriminatory basis.
- Where a UCITS elects to provide portfolio information disclosures to the market on a periodic basis, the "periodic" disclosures will be permitted to be made to the broader market as at the end of each calendar quarter within 30 business days of the end of that quarter. In such circumstances, the UCITS manager must ensure that specific conditions as set out in the UCITS Q&A are satisfied.

A copy of the Q&A is available [here](#).

A detailed overview of this development is provided in our briefing on the topic which is available [here](#).

3.2 Central Bank of Ireland and Hong Kong SFC announce streamlined registration process available for certain Irish UCITS

On 14 May 2025, the Central Bank and the Hong Kong Securities and Futures Commission (SFC) entered into a Memorandum of Understanding on Mutual Recognition of Funds (MoU).

Under the terms of the MoU, certain Irish UCITS funds with Irish UCITS management companies can now avail of a more streamlined process for registering their shares for sale in Hong Kong, under which the SFC commits to completing the relevant authorisation process within fifteen business days of receipt of a complete application (SFC FASTrack).

In order to avail of this streamlined registration process, the relevant UCITS must be managed by an Irish fund management company and must fall within one of the specific categories identified by the Central Bank and the SFC. Certain types of Irish UCITS funds are explicitly disqualified from benefitting from the new process based on their investment universe and investment strategy.

For a detailed analysis of this development, please refer to our briefing on the topic which is available [here](#).

Key Action Points

Irish fund management companies managing eligible UCITS considering the registration of shares for sale in Hong Kong should familiarise themselves with the SFC FASTrack process now available for certain Irish UCITS.

3.3 Central Bank of Ireland publishes consultation on fitness & Probity regime

On 10 April 2025, the Central Bank published the following documentation relating to its Fitness & Probity (**F&P**) regime:

- Consultation Paper 160 on Amendments to the F&P Regime (**CP 160**)
- Fitness and Probity Gatekeeper Process Document (**F&P Gatekeeper Process Document**)
- Report on Implementation of Recommendations (**Implementation Report**)

This follows recommendations made by Mr Andrea Enria who undertook an independent review of the Central Bank's F&P assessment process in 2024.

Proposed changes to F&P regime outlined in CP160

In CP160, the Central Bank has consulted on:

- consolidated and enhanced F&P guidance which is intended to provide a “clear, transparent and comprehensive articulation of the overall framework for the assessment of fitness and probity of relevant roles” (**Draft Guidance**).
- a revision to the list of prescribed pre-approved control functions as outlined in Chapter 3 to CP160 under which the Central Bank is proposing reducing the number of PCF roles from 59 to 45 and removing sector-specific categorisations.

The Draft Guidance provides high-level expectations of (i) the inherent responsibilities and role summaries of each of the roles, (ii) time commitments, (iii) level of experience and (iv) level of knowledge/qualifications required for certain roles, including executive directors, non-executive directors, independent non-executive directors and head of control functions.

F&P Gatekeeper Process Document

The purpose of the Fitness and Probity Gatekeeper Process document is to clarify and explain each stage of the PCF application process for regulated firms and proposed appointees, including the engagement that regulated firms and proposed appointees can expect from the Central Bank in terms of notification of interviews, interview length, time to process applications and availability of feedback.

Implementation Report

The Implementation Report outlines the actions taken by the Central Bank to date address the recommendations put forward by Mr Enria in his review which include:

- establishing a dedicated F&P Unit streamlining operations and ensuring a more cohesive assessment framework.
- the creation of a Gatekeeping Decisions Committee within the Central Bank to consider cases of potential refusal – increasing the seniority and importance of decision making.

A copy of CP160 is available [here](#).

A copy of the Draft Guidance is available [here](#).

A copy of the Fitness & Probity Gatekeeper Process Document is available [here](#).

A copy of the Implementation Report is available [here](#).

3.4 Central Bank publishes revised guidance on Investor Money Requirements

On 8 April 2025, the Central Bank published amended guidance on its investor money requirements (**Guidance**).

This Guidance provides interpretative assistance to those fund service providers which are subject to the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 regarding the holding of investor monies and the operation of investment money collection accounts.

The amended Guidance incorporates the Investor Money Requirements Questions and Answers which were previously issued by the Central Bank in December 2018.

A copy of the revised Guidance is available [here](#).

4 SUSTAINABLE FINANCE

4.1 ESMA publishes its final report on the CSA on integration of sustainability risks and disclosures

On 30 June 2025, ESMA published its final report on the 2023-2024 Common Supervisory Action (**CSA**) on the integration of sustainability risks and disclosures (**Report**).

The Report sets out ESMA's key findings from the CSA initiated by it and EU national competent authorities (**NCA**s) in July 2023 on the integration of sustainability risks and disclosures in the investment funds sector.

In the Report, ESMA notes that there is "room for improvement" on the integration of sustainability risks and SFDR disclosures. The Report also sets out some 'good practices', 'below average practices' and 'examples of non-compliance' identified by NCAs in conducting the CSA.

ESMA notes that the main issues and vulnerabilities detected by NCAs when performing the CSA analysis include:

- vague and overly general language, missing or inadequate details and difficult to locate
- lack of processes in place to ensure that the description of ESG strategies is substantiated by ESG metrics/data used
- lack of documented policies on integration of sustainability risk and lack of escalation policies in case of breach of those policies
- in respect of principal adverse impact (**PAI**) statements issued by fund management companies and other financial market participants, inadequate level of details and inconsistencies in calculations and unsatisfactory explanation of non-consideration of PAI
- lack of specific criteria and indicators to measure how remuneration policies are consistent with the integration of sustainability risk
- low number of dedicated employees for sustainability tasks/unsatisfactory knowledge of sustainability matters from relevant employees
- lack of checks carried out on data received from third party data providers
- lack of internal audit checks being carried out on internal policies.

A copy of the Report is available [here](#).

For a more detailed overview of key takeaways for Irish fund management companies from the Report, please access our

briefing on the topic which is available [here](#).

Key Action Points

Irish fund management companies should assess their SFDR disclosures and governance framework for integration of sustainability risks against ESMA's findings as outlined in its Report and take appropriate action to address any vulnerabilities or weaknesses identified when assessed against those findings.

4.2 Stop-the-Clock Directive published in the Official Journal of the EU

On 16 April 2025, Directive (EU) 2025/794 was published in the Journal of the European Union.

This Directive, commonly referred to as the "Stop-the-Clock Directive", delays the application of CSRD⁵ by two years for those companies originally due to report under the CSRD for the first time in 2026 and 2027. It also delays the application of the first phase of due diligence requirements for in-scope companies under the Corporate Sustainability Due Diligence Directive (CSDDD)⁶ until 26 July 2028.

A copy of the "Stop-the-Clock" Directive is available [here](#).

4.3 Council of the EU adopts negotiating mandate on Sustainability Omnibus Package

On 23 June 2025, the Council of the EU announced that EU Member State representatives had reached agreement on its negotiating mandate on the Sustainability Omnibus Package Directive published by the European Commission in February 2025 under which the latter had proposed amendments to the CSRD, the CSDDD and delegated acts published under the Taxonomy Regulation.

The Council of the EU has proposed the following changes to the CSRD proposals put forward by the European Commission:

- The net turnover threshold for triggering the scope of the CSRD should be increased from the €50 million proposed by the European Commission to €450 million
- The introduction of a review clause to consider the extension of the scope of CSRD to ensure adequate availability of corporate sustainability information.

Changes proposed by the Council of the EU to the CSDDD proposal put forward by the European Commission include:

- A change to the existing scoping requirements so that only those companies with 5000 employees or more and €1.5 billion net turnover should fall within the scope of the CSDDD
- A change from an entity-based approach to due diligence to a risk-based approach under which companies must focus on areas where actual and potential adverse impacts are most likely to occur.
- Delaying the transposition deadline of CSDDD by one year to 26 July 2028.

A copy of the related press release published by the Council of the EU is available [here](#).

4.4 European Commission publishes Call for Evidence on SFDR

On 2 May 2025, the European Commission published a Call for Evidence seeking feedback from interested stakeholders on its initiative to reform the SFDR.

⁵ Directive (EU) 2022/2464

⁶ Directive (EU) 2024/1760

The Call for Evidence is very high-level with no specific questions posed by the European Commission on the functioning of the SFDR.

However, it provided interested stakeholders with a final opportunity to give feedback on the possible options for the revised SFDR framework. The European Commission notes that this could comprise of (i) targeted changes and clarifications to existing SFDR disclosures; or (ii) a more far-reaching review of the framework which would involve the establishment of a product categorisation regime which reflects different sustainability objectives of financial products.

The European Commission has noted that feedback to the Call for Evidence will inform the impact assessment which it must conduct before it finalises its legislative proposal to reform the SFDR.

It intends to publish that legislative proposal in Quarter 4 of this year.

Interested stakeholders had until 30 May 2025 to respond to the Call for Evidence.

A copy of the Call for Evidence is available [here](#).

For a more detailed analysis of the Call for Evidence, please access our briefing on the topic which is available [here](#).

4.5 ESMA publishes consultation on draft technical regulatory standards under the ESG Ratings Regulation

On 2 May 2025, ESMA published a consultation paper containing draft technical standards (**RTS**) under Regulation (**EU**) 2024/3005 (**ESG Ratings Regulation**).

The ESG Ratings Regulation establishes a new regulatory framework from 2 July 2026 which will govern the provision and distribution of ESG ratings within the EU. It imposes obligations on EU ESG rating providers as well as certain non-EU ESG rating providers. It also amends the SFDR to require any financial market participant or financial advisor which issue and distribute an ESG rating in their marketing communications to comply with certain disclosure requirements.

The draft RTS address:

- information that should be provided in the applications for authorisation and recognition.
- the measures and safeguards that should be put in place to mitigate risks of conflicts of interest within ESG rating providers who carry out activities other than the provision of ESG ratings and
- the information that should be disclosed to the public, rated items and issuers of rated items, as well as users of ESG ratings.

Importantly, the draft RTS proposed under the Consultation do not contain draft RTS which will govern the disclosure obligations applicable to fund management companies falling within the scope of the SFDR or which will otherwise apply to regulated financial services providers.

The consultation closed on 20 June 2025.

A copy of the consultation is available [here](#).

5 MONEY MARKET FUNDS

5.1 Central Bank publishes Notice of Intention relating to updated guidelines on stress test scenarios under the MMFR

On 17 April 2025, the Central Bank published a Notice of Intention in which it advised that it expects full compliance with the ESMA updated guidelines on stress test scenarios which must be used when performing the mandatory stress testing on EU money market funds under Article 28 of the MMFR from 4 May 2025.

A copy of the Guidelines is available [here](#).

A copy of the Notice of Intention is available [here](#).

6 ETF

6.1 Central Bank of Ireland relaxes portfolio transparency requirements for UCITS ETF

On 17 April 2025, the Central Bank of Ireland (**Central Bank**) released an updated version of its UCITS Q&A, in which it has introduced changes to the portfolio transparency requirements for Irish domiciled UCITS exchange traded funds or UCITS ETF share classes (collectively **ETFs**).

The revised UCITS Q&A allows for greater flexibility in the frequency of portfolio holdings' disclosure of Irish domiciled UCITS ETFs, while retaining the requirement for appropriate information to be disclosed on a daily basis to facilitate an effective arbitrage mechanism.

It provides as follows:

- Where a UCITS retains the position of providing daily portfolio information disclosures to the market, the UCITS manager must ensure that the prospectus discloses the type of information that will be provided in relation to the portfolio and that such portfolio information is made available on a non-discriminatory basis.
- Where a UCITS elects to provide portfolio information disclosures to the market on a periodic basis, the "periodic" disclosures will be permitted to be made to the broader market as at the end of each calendar quarter within 30 business days of the end of that quarter. In such circumstances, the UCITS manager must ensure that specific conditions as set out in the UCITS Q&A are satisfied.

A copy of the Q&A is available [here](#).

A detailed overview of this development is provided in our briefing on the topic which is available [here](#).

7 PRIIPS

7.1 On 5th May 2025, the European Supervisory Authorities published a revised edition of their Q&A on the PRIIPs KID (Q&A).

The updated Q&A provide additional guidance on the following matters:

- (i) the circumstances in which a change to a different MRM class (which is relevant to the calculation of the SRI figure) may trigger an obligation to publish a revised KID
- (ii) confirming how entry costs should be treated when calculating the "total costs" table and the "composition of costs" table in the PRIIPs KID
- (iii) the calculation of performance scenarios.

A copy of the revised Q&A is available [here](#).

Key Action Points

Those management companies currently producing PRIIPS KID should assess their existing PRIIPS frameworks against the guidance provided in the revised Q&A and make any necessary adaptations to ensure compliance with supervisory expectations.

8 AML & CTF

8.1 Beneficial Ownership Register of Certain Financial Vehicles Guidance

The Central Bank published the sixth and seventh versions of the Guidance of the Beneficial Ownership on 28 May 2025 and 30 June 2025 respectively.

In line the European Union (Anti - Money Laundering: Beneficial Ownership of Corporate Entities) (Amendment) Regulations 2023⁷ (Regulations), the amended Guidance provides that in order to successfully demonstrate a legitimate interest to access information held in the Beneficial Ownership Registers of Certain Financial Vehicles (BORCFV), a requestor must be able to demonstrate the following:

- (a) that the person is engaged in the prevention, detection or investigation of money laundering or terrorist financing offences; and
- (b) that the person is seeking to inspect the information for the purposes of an activity in which he/she is engaged in the prevention, detection or investigation of money laundering or terrorist financing offences (but such activity need not necessarily relate to cases of pending administrative or legal proceedings in respect of the relevant entity concerned); and
- (c) that the relevant entity concerned -(i) is connected with persons convicted (whether in the State or elsewhere) of an offence consisting of money laundering or terrorist financing, or (ii) holds assets in a high-risk third country.

The amended Guidance sets out that an application will be considered upon completion of a BOR5 FORM - Legitimate Interest and submission to BOR@centralbank.ie.

Certain other minor amendments are also incorporated into the revised Guidance.

The full updated Guidance can be accessed [here](#).

9 DORA

9.1 Delegated Regulation on RTS on threat-led penetration testing under DORA

On 18 June 2025, Commission Delegated Regulation (EU) 2025/1190 was published in the Official Journal of the European Union.

The Regulation contains regulatory technical standards (**RTS**) on threat-led penetration testing supplementing the DORA Regulation (**DORA**⁸).

The RTS is available [here](#).

10 EMIR & SFTR

10.1 ESMA consults on amendments to RTS on clearing thresholds under EMIR

On 8 April 2025, ESMA published a consultation paper setting out proposed amendments to the regulatory technical

⁷ .SI 308 of 2023

⁸ Regulation (EU) 2022/2554

standards set out in Commission Delegated Regulation (EU) 149/2013 on clearing thresholds⁹ under EMIR¹⁰ (**Draft RTS**).

The Draft RTS specify proposals for:

- clearing thresholds for aggregate positions (applicable to financial counterparties only) and for uncleared positions (applicable to both financial counterparties and non-financial counterparties).
- triggers for launching a review of the value of the clearing thresholds.
- considerations for hedging exemptions for non-financial counterparties.

The Draft RTS set out the proposed amended values of the clearing thresholds for the aggregate positions test and introduces new values for the uncleared position calculation.

ESMA has not proposed any amendments to the criteria for establishing which OTC derivatives contracts are measurable as reducing risks in the Draft RTS. It considers that the existing framework already provides for a clear view of which contracts can be considered "risk reducing transactions" under EMIR however has sought feedback on whether any further amendments to the existing framework is required.

The consultation period ended on 16 June 2025. ESMA is expected to publish a final report and submit finalised draft RTS to the European Commission by the end of 2025.

A copy of the Draft RTS is available [here](#).

A copy of ESMA's press release is available [here](#).

10.2 ESMA Final Report on RTS specifying conditions of active account requirement under EMIR 3.0

On 19 June 2025, ESMA published its final report regulatory technical standards (**Finalised Draft RTS**) specifying the operational conditions, the representativeness obligation and the reporting requirements of the active account requirement (or "**AAR**") under EMIR 3.0¹¹.

ESMA consulted on a draft of the RTS in November 2024 (**Consultation**). The Finalised Draft RTS have revised and streamlined certain aspects of the draft RTS contained in the Consultation, including the operational conditions and the stress testing provisions. Amongst other matters, it has also simplified the reporting requirements related to risks and activities.

The Finalised Draft RTS have now been submitted to the European Commission for endorsement. If adopted by the European Commission, the RTS will then be subject to scrutiny by the European Parliament and the Council of the EU.

The Finalised Draft RTS can be accessed [here](#).

10.3 ESMA publishes Call for Evidence on Simplification of Financial Transaction Reporting

On 23 June 2025, ESMA published a call for evidence on the simplification of financial transaction reporting (**Call for Evidence**).

In support of the European Commission's simplification mandate which is intended to reduce regulatory burdens on EU entities, ESMA is assessing the possibility of integrating reporting of financial transactions across the existing frameworks to simplify, better integrate and streamline supervisory reporting.

⁹ Commission Delegated Regulation (EU) 149/2013

¹⁰ Regulation (EU) No 648/2012, as may be amended, supplemented, consolidated or replaced from time to time including inter alia Regulation (EU) 2019/834 and Regulation (EU) 2024/2987.

¹¹ ESMA Final Report (ESMA91-1505572268-4201)

In the Call for Evidence, ESMA outlines some of the challenges with the existing reporting frameworks such as those established under EMIR, SFTR and MiFIR and sets out two options for the simplification of regulatory reporting:

- eliminating overlaps without any changes to the current reporting channels or
- creating a unified reporting template based on the “report once” principle to replace multiple reporting frameworks.

The deadline for responding to the Call for Evidence is 19 September 2025 with ESMA due to issue a final report outlining its recommendations at the beginning of 2026.

A copy of the Call for Evidence is available [here](#).

Key Action Points

Those interested in providing feedback to ESMA on how financial transaction reporting should be simplified can respond to the Call for Evidence via the [ESMA portal](#) on or before 19 September 2025.

10.4 EBA technical advice on fees for validation of pro forma models under EMIR

On 30 June 2025, the European Banking Authority (**EBA**) published a final report containing technical advice on a delegated act on the fees to be paid by financial and non-financial counterparties requiring the validation of pro forma models under EMIR. This follows a call for advice from the European Commission on 31 July 2024.

EMIR 3.0 requires the establishment a new EBA central validation function for pro forma models such as the ISDA SIMM Model¹².

The final report addresses the determination of the amount of the fees and the modalities of the payment.

The final report can be accessed [here](#).

11 AI

11.1 European Commission publishes targeted consultation on rules governing use of general-purpose AI models

On 22 April 2025, the European Commission published a targeted consultation on rules governing the use of general-purpose AI (**GPAI**) models under the EU AI Act¹³ (**Consultation**).

Responses to the Consultation, which closed on 22 May 2025, will inform guidelines due to be published by the European Commission ahead of 2 August 2025 when the rules governing the use of GPAI models under the EU AI Act begin to apply (**Guidelines**).

The Guidelines will clarify key concepts underlying the provisions in the EU AI Act on GPAI models, including guidelines on what constitutes a GPAI model, which entities are “providers” and which actions constitute a “placing on the market” for the purpose of the rules. While they will not be binding, the Guidelines will provide clarification on how the European Commission will interpret and apply the general-purpose AI rules.

A copy of the Consultation is available [here](#).

11.2 European Commission publishes EU AI Act implementation timeline

¹² Standard Initial Margin Model developed by the International Swaps and Derivatives Association (**ISDA**)

¹³ Regulation (EU) 2024/1689

On 10 June 2025, the European Parliament published an AI Act implementation timeline which sets out the application date of each of the various sections of the EU AI Act, including identifying those obligations which apply from 2 August 2025.

A copy of the timeline is available [here](#).

12 EU SAVINGS & INVESTMENTS UNION

12.1 European Commission Proposal to Overhaul EU Securitisation Framework

On 17 June 2025, the European Commission published its legislative proposal to reform the EU securitisation framework (**Proposal**), the first of the initiatives proposed under its Savings and Investments Union strategy. The reform of the EU securitisation framework has been identified by the EU legislators as being a key element of rebuilding EU capital markets and improving EU competitiveness.

The European Commission has proposed a number of changes to the existing framework which are of particular interest to fund management companies which invest in “securitisations” within the meaning of the EU Securitisation Regulation¹⁴. These include the following:

- Adaptation of due diligence requirements imposed on institutional investors
 - Simplified due diligence for EU securitisations under which it will not be necessary to confirm compliance with risk retention rules and transparency obligations where the sell-side is based and supervised in the EU
 - Less prescriptive risk assessment and risk monitoring requirements
 - Adaptation of rules for secondary market transactions under which the due diligence can be carried out up to 15 calendar days after acquiring the relevant securitisation
 - Adaptation of rules for repeat securitisations
 - Disapplication of due diligence requirements for certain types of securitisations
- A calibrated transparency regime depending on whether the transaction in question is a “public securitisation” or a “private securitisation”

Under the Proposal, fund management companies will still be required to comply with due diligence requirements in respect of non-EU securitisations, meaning that such non-EU securitisations will be required to report in accordance with the revised transparency regime in order to be eligible for investment by an EU fund.

The Proposal must now be considered by the European Parliament and the Council of the EU under the ordinary legislative procedure. As a result, the Proposal put forward by the European Commission may be significantly amended before it becomes law.

The Proposal put forward by the European Commission is available [here](#).

For a detailed analysis on the Proposal, please access our Dillon Eustace briefing which is available [here](#).

Key Action Points

Noting that the Proposal may be subject to further change as it proceeds through the EU legislative process, those management companies subject to due diligence requirements under the EU Securitisation Regulation should review the Proposal to assess any potential

¹⁴ Regulation (EU) 2017/2402 as amended

implications on their existing due diligence arrangements if implemented in the form put forward by the European Commission.

12.2 European Commission publishes targeted consultation on integration of EU capital markets

On 15 April 2025, the European Commission published a targeted consultation on the integration of EU capital markets (**Consultation**).

This follows the publication of a communication on its strategy for the EU Savings & Investments Union in March 2025 (**Communication**) in which it outlined the steps it will take over the next two years to revive the EU economy and increase EU competitiveness. As well as identifying specific legislative proposals that it intends to publish over that period in the Communication, the European Commission also committed to establishing specific reporting channels in Quarter 2 of this year to allow market participants to outline barriers they have experienced within the EU single market.

The Consultation sought feedback from a range of stakeholders on obstacles to financial market integration across the EU, including those operating in the asset management and funds sector.

This included asking a range of questions intended to help it identify obstacles experienced by EU funds and asset managers in accessing the single market and managing cross-border investment funds. It also sought feedback on how current requirements could be simplified, including whether certain investment limits currently imposed on UCITS funds should be relaxed and the effectiveness of the current supervisory framework as well as asking specific questions on the supervision of funds and asset managers.

The consultation closed on 10 June 2025.

A copy of the consultation is available [here](#).

A copy of a Dillon Eustace briefing on the topic is available [here](#).

12.3 European Commission publishes Call for Evidence on EU blueprint for savings and investments accounts

In its communication on its strategy for the EU Savings & Investments Union published in March 2025, the European Commission outlined that it would adopt either legislative or non-legislative measures in Quarter 3 2025 to “*create a European blueprint for savings and investment accounts or products based on existing best practice*” in order to increase retail participation in EU capital markets.

On 10 June 2025, it published a Call for Evidence in which it sought feedback on the characteristics and features of such savings and investment accounts (**SIAs**). It notes that some EU Member States have already introduced SIAs which allow retail investors to access a “broad set of investment opportunities, such as equities, bonds and investment funds, as well as other financial products, that best suit their needs in the short as well as in the long term”.

The European Commission confirms in the Call for Evidence that it intends to issue a Commission Recommendation on such SIAs. This recommendation will not impose any legal obligations on EU Member States but will set down its view and expectation on the adoption of best practices as regards EU retail access to financial services via such SIAs.

The consultation closed on **8 July 2025**

A copy of the Call for Evidence is available [here](#).

13 MISCELLANEOUS

13.1 European Union (Gender Balance on Boards of Certain Companies) Regulations 2025

The European Union (Gender Balance on Boards of Certain Companies) Regulations 2025 (**Irish Regulations**) took effect on 29 May 2025.

The Irish Regulations transpose [Directive \(EU\) 2022/2381](#) into Irish law and impose specific obligations relating to gender representation on the board of directors of certain Irish listed companies.

The Irish Regulations will apply to Irish domiciled funds which are structured as PLCs and whose shares are admitted to trading on an EU regulated market. Accordingly, unless the relevant fund constitutes an "SME" within the meaning of the Irish Regulations, they will apply to the following types of funds:

- Irish ETF PLCs; and
- Irish non-ETF PLCs which have established ETF share classes whose shares are admitted to trading on an EU regulated market.

Any fund falling within the scope of the Irish Regulations must, no later than 30 June 2026, ensure that at least 40% of its non-executive directors are members of the underrepresented sex, whether the underrepresented sex is male or female (**Gender Balance Requirement**).

This Gender Balance Requirement is satisfied where the number of non-executive directors from the underrepresented sex on the board of directors of the relevant company aligns with the number set down in the Schedule to the Irish Regulations.

If the Gender Balance Requirement is not satisfied by this date, in-scope companies must adjust their selection process for non-executive directors to comply with certain specific requirements set down in the Irish Regulations. If selecting an individual for the position of non-executive director after that date and choosing between candidates who are equally qualified, an in-scope company must give priority to the candidate of the under-represented sex. In exceptional cases, where reasons of greater legal weight exist, such priority can be overridden.

All in-scope companies are subject to specific reporting obligations imposed under the Irish Regulations from 30 November 2026. This includes for example reporting certain information relating to compliance with the requirements introduced under the Irish Regulations to the Minister for Children, Equality and Diversity, on the company website and in the company's annual corporate governance statement.

A copy of the Irish Regulations is available [here](#).

13.2 Reform of EU settlement cycle

On 18 June 2025, provisional agreement was reached between the European Parliament and the Council of the EU to shorten the settlement cycle for securities trades such as transactions in shares or bonds from two days to one days by 11 October 2027.

The proposal to shorten the settlement cycle from T+2 to T+1 was first published by the European Commission on 12 February 2025

The co-legislators agreed to exempt certain securities financing transactions or SFTs from the settlement cycle requirement where the relevant SFT is documented as single transactions composed of two linked operations.

A copy of the press release issued by the Council of the EU on 18 June 2025 is available [here](#).

13.3 Reform of the EU Benchmarks Regulation

On 19 May 2025, Regulation (EU) 2025/914 which amends the EU Benchmarks Regulation¹⁵ (**Amending Regulation**) with the aim of reducing red tape for EU companies was published in the Official Journal of the European Union.

Under the Amending Regulation, the scope of the existing regime will be significantly reduced so that only those fund management companies and corporate funds which use (i) benchmarks deemed “critical” or “significant” under the new framework, (ii) EU Paris-aligned benchmarks and EU Climate Transition benchmarks and (iii) certain commodity benchmarks will be subject to obligations under the Benchmarks Regulation.

The revised framework introduced under the Amending Regulation will apply from 1 January 2026.

A copy of the Amending Regulation is available [here](#).

13.4 ESMA publishes technical advice on Listing Act amendments to Market Abuse Regulation

On 7 May 2025, ESMA published technical advice on the delegated acts to be adopted under the Market Abuse Regulation¹⁶ in order to give further effect to the changes to the EU market abuse regime introduced under the Listing Act (**Final Report**).

The Final Report contains proposed delegated regulations addressing a number of topics including (i) the disclosure of inside information in a protracted process and (ii) conditions to delay the disclosure of inside information.

The Final Report must now be considered by the European Commission which must adopt finalised delegated acts by July 2026 when the revised MAR framework takes effect.

A copy of the Final Report can be accessed [here](#).

¹⁵ Regulation (EU) 2016/1011 as amended

¹⁶ Regulation

Key contacts

If you have any questions in relation to the content of this update, to request copies of our most recent newsletters, briefings or articles, or if you wish to be included on our mailing list going forward, please contact any of the team members below or your usual contact in Dillon Eustace.

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