



# Regulatory Insights

Financial services

June 2025

# Anti-Money Laundering (1)

## FATF calls for stronger global AML/CFT implementation on virtual assets

The FATF published on 26 June 2025 its [sixth targeted update assessing jurisdictions' implementation of its Recommendation 15 and Interpretative Note \(R.15/INR.15\)](#), which extend Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) requirements to Virtual Assets and Virtual Asset Service Providers (VASPs). The report finds notable progress among jurisdictions with materially significant VASP activity but identifies several ongoing weaknesses and urgent areas for action.

While most jurisdictions have made efforts to introduce relevant legislation and oversight, FATF stresses persistent challenges in ensuring comprehensive supervision and mitigating cross-border risks:

- ✓ **Licensing and registration gaps:** Difficulties persist in identifying legal or natural persons conducting VASP activities, particularly in offshore settings.
- ✓ **Travel Rule implementation:** 99 jurisdictions have implemented or are in the process of implementing the FATF's Travel Rule. To support this, FATF also published [Best Practices on Travel Rule Supervision](#) to help regulators strengthen compliance frameworks.
- ✓ **Emerging illicit finance risks:** The misuse of stablecoins by illicit actors has grown rapidly. North Korea (DPRK) has been linked to a record \$1.46 billion virtual asset theft from the VASP ByBit, with only 3.8% recovered to date.
- ✓ **Fraud and scam prevalence:** Industry estimates indicate that on-chain fraud and scam-related activity reached approximately \$51 billion in 2024, highlighting the escalating threat such activity poses to financial integrity.
- ✓ **Need for global coordination:** Enforcement examples like the UK's *Operation Destabilise* highlight the importance of international cooperation and asset freezing powers to disrupt sophisticated criminal networks. The FATF underscores that gaps in implementation - particularly among jurisdictions with high VASP activity - could undermine the stability of the global financial system. It urges both public authorities and the private sector to strengthen supervisory frameworks and international coordination to keep pace with evolving risks in the virtual assets ecosystem.

## FATF updates "grey list" of jurisdictions under increased monitoring

The FATF published on 13 June 2025 its [latest update on jurisdictions under increased monitoring](#) - commonly known as the "grey list". These jurisdictions are actively working with the FATF or FATF-style regional bodies (FSRBs) to resolve identified deficiencies in their anti-money laundering, counter-terrorist financing, and counter-proliferation financing frameworks.

Jurisdictions placed on this list have committed to implementing time-bound action plans and are subject to close scrutiny but are not subject to FATF calls for enhanced due diligence or blanket de-risking. FATF reiterates the importance of a risk-based approach and urges countries to avoid disrupting flows of humanitarian aid, NPO activities, or remittances, in line with UN Security Council Resolution 2761 (2024).

# Anti-Money Laundering (2)

(continued)

FATF June 2025 update: High-Risk Jurisdictions ("Black List") and enhanced due diligence calls

Key points:

- ✓ Jurisdictions reviewed since February 2025 include: Angola, Bulgaria, Burkina Faso, Cameroon, Côte d'Ivoire, Croatia, DRC, Haiti, Kenya, Mali, Monaco, Mozambique, Namibia, Nigeria, South Africa, South Sudan, Tanzania, Venezuela, and Vietnam.
- ✓ Deferred reporting: Algeria, Lao PDR, Lebanon, Nepal, Syria, and Yemen have opted not to provide updated reporting; previous statements remain applicable but may not reflect current conditions.

FATF continues to encourage jurisdictions to make timely progress on their action plans and reminds all stakeholders that wholesale de-risking contradicts FATF Standards and could undermine financial inclusion and legitimate financial flows.

The FATF reaffirmed on 13 June 2025 its [call for countermeasures or enhanced due diligence against high-risk jurisdictions](#) with serious deficiencies in anti-money laundering, counter-terrorist financing, and counter-proliferation financing frameworks. These countries pose significant risks to the international financial system and are subject to intensified scrutiny.

**Jurisdictions subject to countermeasures:**

- ✓ **Democratic People's Republic of Korea (DPRK):** Continues to pose serious AML/CFT and proliferation financing (PF) risks. FATF urges full implementation of UN sanctions, including severing correspondent banking ties and closing DPRK bank branches. Renewed emphasis is placed on countermeasures due to increased DPRK financial connectivity and WMD proliferation risks.
- ✓ **Iran:** Remains on the blacklist for failing to fully implement its 2016 action plan. The FATF calls for countermeasures, including increased supervisory scrutiny, transaction reporting, and external audits. The lack of ratification of the Palermo and Terrorist Financing Conventions continues to pose systemic risks.

**Jurisdiction subject to enhanced due diligence:**

- ✓ **Myanmar:** FATF maintains its 2022 call for enhanced due diligence due to longstanding deficiencies. While some progress was made, FATF warns that countermeasures may be considered if no further improvement is demonstrated by October 2025.

FATF reiterates that jurisdictions should implement these measures proportionate to risk, and must preserve legitimate financial flows, including those related to humanitarian aid, non-profit organisations, and remittances. The FATF also references UNSCR 2761 (2024), which mandates humanitarian carve-outs in sanctions enforcement.

# Anti-Money Laundering (3)

(continued)

A [joint Plenary of the Financial Action Task Force \(FATF\) and MONEYVAL](#) concluded in Strasbourg on 13 June 2025, hosted by the Council of Europe. The meeting brought together delegates from over 200 jurisdictions to discuss global efforts to combat money laundering, terrorist financing, and proliferation financing.

## Key outcomes include:

### ✓ **Strengthening cross-border payments**

One of the most significant achievements was the approval of revisions to the FATF Standards, particularly to Recommendation 16. These changes aim to enhance transparency in cross-border payments over USD/EUR 1,000 by clarifying who is sending and receiving funds. The revisions, part of the G20 initiative to improve global payments, also introduce technology-based safeguards against fraud and errors.

The [revised standards](#) were formally published on 18 June 2025, with implementation expected by 2030.

### ✓ **Country evaluations and monitoring**

#### ❑ **Latvia's Evaluation**

The Plenary adopted MONEYVAL's mutual evaluation report of Latvia — the first under the new evaluation cycle, focusing on effectiveness based on risk exposure. The report will be published later in 2025 following quality assurance.

#### ❑ **Progress under compliance enhancing procedures**

Czechia, Georgia, and the Slovak Republic — all under MONEYVAL's Compliance Enhancing Procedures — reported progress on addressing moderate shortcomings in key FATF Recommendations. These countries are expected to provide a further update in December 2025.

#### ❑ **Updates to increased monitoring ("Grey List")**

- **Added:** Bolivia and the Virgin Islands (UK) are now under increased monitoring due to strategic deficiencies in their AML/CFT/CPF frameworks.
- **Removed:** Croatia, Mali, and the United Republic of Tanzania were removed from the list, having successfully completed their action plans within the agreed timelines. They will continue engaging with their regional bodies to sustain improvements.

# Anti-Money Laundering (4)

(continued)

## ☐ High-risk jurisdictions and strategic concerns

The FATF reiterated its concerns about jurisdictions with serious deficiencies, including Iran, the DPRK, and Myanmar (as previously noted).

The suspension of **Russia's FATF membership** remains in place. Jurisdictions are reminded to stay alert to emerging risks of sanctions evasion involving Russian entities.

## ☒ Financial inclusion and risk-based approach

The FATF endorsed updated guidance to support **financial inclusion**, aimed at helping providers implement simplified measures where risks are low. This guidance offers practical approaches to managing risks without resorting to de-risking — the blanket refusal of services.

Additionally, a **new national risk assessment toolkit** was approved, and FATF's mutual evaluation methodology was updated to reflect a stronger focus on how jurisdictions apply risk-based principles in practice.

## ☒ Safeguarding civil society

To address the unintended consequences of AML/CFT rules on Non-Profit Organisations (NPOs), the Plenary approved new procedures. These changes aim to ensure that FATF standards are not misapplied in ways that hinder legitimate civil society activity.

## ☒ New threat assessments and global guidance

The Plenary greenlit several upcoming publications:

- ☐ A **comprehensive terrorist financing risk report**, the largest to date, with contributions from over 80 jurisdictions.
- ☐ A **targeted update on virtual assets and service providers**, assessing how jurisdictions are implementing related FATF standards.
- ☐ A **report on complex proliferation financing and sanctions evasion schemes**, which will expand existing guidance for both the public and private sectors.

FATF also approved new collaborative guidance — developed with Interpol, the UN Office on Drugs and Crime, and the Egmont Group — to help jurisdictions better investigate and prosecute money laundering cases.

# Anti-Money Laundering (5)

(continued)

EU Commission updates list of high-risk third countries under EU AML rules

## ✓ International cooperation and inclusion

On the margins of the Plenary, a donor coordination meeting and a high-level meeting of FATF-style regional body chairs were held to strengthen alignment on technical assistance and reinforce global coordination efforts.

Delegates also welcomed the participation of Kenya, the Cayman Islands, and Senegal as guests - part of FATF's effort to better reflect regional perspectives and promote inclusivity in global standard-setting.

The EU Commission adopted a [Delegated Regulation](#) under Article 9(2) of the Fourth Anti-Money Laundering Directive (MLD4) to update the list of high-risk third countries with strategic deficiencies in their Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) regimes.

## ✓ Key changes:

❑ Added to the high-risk list:

*Algeria, Angola, Côte d'Ivoire, Kenya, Laos, Lebanon, Monaco, Namibia, Nepal, and Venezuela.*

These jurisdictions pose significant AML/CFT threats to the EU's financial system. All have committed at a high political level to remediate their deficiencies and are working with the Financial Action Task Force (FATF) on implementation plans.

❑ Removed from the list:

*Barbados, Gibraltar, Jamaica, Panama, the Philippines, Senegal, Uganda, and the United Arab Emirates (UAE).*

These countries have successfully strengthened their AML/CFT frameworks and addressed strategic deficiencies identified by the FATF.

## 📅 Next steps

The updated list will enter into force **20 days after publication in the EU's Official Journal**.

This revision supports the EU's ongoing efforts to protect its financial system and ensure robust AML/CFT standards globally.





# Asset Management (1)

## ESMA issues advice on UCITS eligible assets

On 26 June 2025, ESMA published its [technical advice](#) to the EU Commission on the review of the UCITS Eligible Assets Directive (EAD). The EAD defines what assets UCITS funds may invest in, and ESMA's advice aims to improve clarity, consistency, and supervisory convergence across Member States.

A key proposal is the adoption of a look-through approach for at least 90% of UCITS portfolios, ensuring transparency in asset eligibility. ESMA also recommends permitting up to 10% indirect exposure to alternative assets—under strict conditions—to enhance portfolio diversification and potential returns. To further support regulatory harmonisation, ESMA proposes clearer definitions and alignment with other EU legislation. The advice also explores improved retail access to EU AIFs and considers a future retail AIF product. In relation to efficient portfolio management (EPM), the advice addresses three areas:

- ✓ **Costs:** While no immediate changes are proposed, ESMA recommends incorporating policies from its 2023 opinion on undue costs in a future UCITS review.
- ✓ **Collateral:** Proposes legal clarity allowing non-title transfer arrangements for EPM, aligned with existing UCITS guidelines.
- ✓ **SFTR alignment:** Suggests definitions from the SFTR be used as reference where consistent with UCITS rules, without imposing full alignment or added costs.

ESMA also calls for greater transparency in securities lending fee splits, advocating clear disclosures and safeguards against undue costs—especially in related-party transactions.

These proposals reflect ESMA's continued focus on investor protection, regulatory consistency, and market efficiency, and are expected to inform the EU Commission's upcoming review of the UCITS framework.


## ESMA seeks input on simplifying fund reporting requirements

On 23 June 2025, ESMA published a [discussion paper](#) inviting feedback on how to streamline fund data reporting in the EU asset management sector. The initiative aims to address the current fragmentation across national and EU-level reporting regimes, which has led to high compliance costs for market participants. The paper explores options for:

Reducing duplication across reporting templates,

- ✓ Centralising reporting infrastructures, and
- ✓ Improving data sharing between authorities.

This forms part of ESMA's broader effort to simplify and reduce regulatory burdens while maintaining market integrity and investor protection.

 **Next steps:** Stakeholders can submit feedback until 21 September 2025. A final report is expected in April 2026.

# Asset Management (2)

EFAMA publishes 2025 fact book highlighting key industry trends and regulatory developments

On 24 June 2025, the European Fund and Asset Management Association (EFAMA) released its 2025 [Fact Book](#), offering an in-depth review of market trends in the European investment fund industry for 2024 and beyond, alongside an overview of regulatory developments across 29 European jurisdictions.

The publication also includes info-boxes on key policy areas EFAMA is actively engaged in, such as retail investment, sustainability reporting, securitisation, financial data access, the Debt-Equity Bias Reduction Allowance (DEBRA), artificial intelligence, and tokenisation.

✓ Key industry trends highlighted:

❑ Fund costs continue to decline:

Average costs for equity UCITS fell by 21% (2020–2024) to 0.75%, bond UCITS by 13% to 0.56%, and multi-asset UCITS by 8% to 1.16%.

❑ Market concentration increases:

Funds under EUR 100 million represent less than 4% of UCITS assets, while those over EUR 1 billion, especially over EUR 10 billion, continue to grow, driven by ETF and MMF demand.

❑ Surge in passive investing:

The market share of passive UCITS reached 29% by end-2024, up from 11% in 2014, largely due to the increasing appeal of ETFs.

❑ US equities dominate UCITS allocation:

US stocks made up 51% of equity UCITS holdings in 2024, nearly double their 2014 share, though early 2025 suggests a possible reversal as European equities gain ground.

✓ Other key developments in 2024:

❑ ETF sales hit record highs:

UCITS ETFs saw EUR 269 billion in net inflows - driven mainly by equity ETFs - while non-ETF equity UCITS posted EUR 53 billion in outflows.

❑ SFDR fund dynamics shift:

Article 9 funds recorded net outflows, while Article 6 and 8 funds saw renewed investor interest, especially in ETF and MMF formats.

❑ Strong UCITS performance:

All major UCITS types outperformed their 5-year averages, with equity UCITS returning 18.1%, followed by multi-asset (9.8%), bond (8.9%), and money market funds (7.8%).

❑ Retail fund investment rebounds:

European households invested EUR 258 billion in funds - marking the second-highest inflow in a decade, following a dip in direct debt security purchases.



# Banking & Finance (1)

The EBA issues revised list of validation rules on supervisory reporting

EBA publishes key regulatory standards on operational risk capital and reporting

EBA issued on 12 June 2025 [a revised list of validation rules](#) in its Implementing Technical Standards (ITS) on supervisory reporting, highlighting those which have been deactivated either for incorrectness or for triggering IT problems. NCAs throughout the EU are informed that data submitted in accordance with these ITS should not be formally validated against the set of deactivated rules. The EBA also released a small validation package including a micro taxonomy package and DPM VR deactivation updates scripts, which are needed from release 4.0, for each deactivation exercises, to deactivate rules in taxonomy and in DPM in a consistent manner.

On 16 June 2025, EBA [published](#) final reports and draft technical standards crucial for the implementation of the EU Banking Package, aiming to improve the consistency and quality of supervision regarding operational risk capital requirements.

✓ **Key publications:**

- ❑ **Regulatory Technical Standards (RTS):** Define the components of the Business Indicator (BI) under Articles 314(9)(a) and (b) of the Capital Requirements Regulation (CRR), specifying what to include and exclude, along with adjustments related to mergers, acquisitions, and disposals as per Article 315(3)(a), (b), and (c).
- ❑ **Implementing Technical Standards (ITS):** Provide detailed mapping of BI components to corresponding supervisory reporting references under Article 314(10) of the CRR.
- ❑ **Final Draft ITS on supervisory reporting for operational risk (CRR3 Phase 1):** Update reporting frameworks aligned with the revised operational risk framework.
- ❑ **IT Solutions:** Clean and track-change versions of operational risk reporting templates and instructions.

✓ **Background:**

The CRR 3 reforms operational risk capital requirements by replacing all previous calculation methods with the Business Indicator approach. The final reports and IT solutions follow a comprehensive public consultation that closed in May 2024, addressing many stakeholder comments mainly on policy rationale and essential reporting clarifications.

✓ **Key updates include:**

- ❑ Refined BI components reflecting updated accounting standards and clearer financial calculation methods.
- ❑ Specific rules for BI adjustments in cases of mergers, acquisitions, and disposals, including thresholds allowing minor disposals without supervisory approval.
- ❑ Harmonised mapping between BI components and FINREP reporting to streamline data submission.
- ❑ Enhanced supervisory reporting requirements to ensure authorities have detailed data while minimising burdens on institutions.

# Banking & Finance (2)

(continued)

EBA consults on draft RTS for acquisitions in credit institutions

EBA confirms payment account terminology remains appropriate

## Next steps

- ❑ The draft RTS will be submitted to the EU Commission for endorsement and then undergo scrutiny by the European Parliament and Council before official publication in the EU's Official Journal.
- ❑ Upon Commission adoption of the ITS, the EBA will release IT tools, binding instructions, and a full technical package - including data point models, validation rules, and taxonomy- by Q4 2025.
- ❑ The first reporting reference date under the new ITS will be 31 March 2026.
- ❑ An updated mapping tool linking supervisory reporting and disclosure requirements for operational risk will be published shortly.

The EBA launched on 18 June 2025 a [public consultation](#) on draft Regulatory Technical Standards (RTS) detailing the minimum information required when notifying acquisitions of qualifying holdings in credit institutions. The goal is to harmonise EU-wide assessments under the Capital Requirements Directive (CRD).

The draft RTS require details on the acquirer's identity, reputation, financial soundness, business plan (if control is acquired), and funding sources. Proportionality measures include reduced requirements for low-impact structures and exemptions for information already held by supervisors.

## Next steps

The consultation closes on **18 September 2025**, with a [public hearing](#) scheduled online for 15 July 2025; registration is open until 11 July 2025.

EBA published on 20 June 2025 a [review of the standardised terms](#) for the most common services linked to payment accounts, as required by the Payment Accounts Directive (PAD). First introduced in 2018, these terms aim to help consumers better understand and compare payment account fees, including across borders.

The EBA's 2025 review - based on input from national authorities, stakeholders, and internal data - concludes that the current terminology remains fit-for-purpose and does not require changes at this stage. While instant credit transfers are becoming more common due to the Instant Payments Regulation, the EBA found the cost of updating documents across the EU currently outweighs the benefits.

As a result, the EBA will not amend the Regulatory Technical Standards (RTS) now but plans to revisit the topic in four years or earlier if warranted by future developments.



# Banking & Finance (3)

Council adopts permanent adjustment to bank liquidity rules to preserve market liquidity

EU Commission proposes one-year delay to Basel III market risk rules (FRTB) implementation in the EU

The Council of the EU [approved](#) targeted changes to the Capital Requirements Regulation (CRR), making permanent the existing lower ratio levels applied to certain Short-Term Securities Financing Transactions (SFTs) in the Net Stable Funding Ratio (NSFR) calculation. The move aims to preserve market liquidity, particularly in sovereign bond and repo markets, and ensure EU banks remain competitive with international peers.

Without this decision, higher NSFR requirements for short-term SFTs - set under Basel III standards - would have automatically applied from 28 June 2025, potentially constraining EU banks' market activity. The adopted changes avoid this by keeping in place lower RSF factors used in NSFR calculations, similar to measures already adopted in other major jurisdictions.

## Next steps

The amendment has been published in the EU's Official Journal and became applicable on 29 June 2025. EBA will assess the long-term impact of the rule every five years.

The EU Commission adopted a [delegated act](#) to postpone by one additional year — until 1 January 2027 — the application of the Fundamental Review of the Trading Book (FRTB), the last remaining Basel III element pending implementation in the EU.

The FRTB introduces enhanced methodologies for measuring market risk, better aligning capital requirements with banks' actual trading exposures. While most Basel III standards took effect in the EU on 1 January 2025 via the 2024 Banking Package, the FRTB's application had already been delayed once to 2026.

This further delay responds to international developments showing other major jurisdictions have also postponed implementation, raising concerns about maintaining a global level playing field for EU banks active in capital markets.

The decision follows public consultation feedback and a Commission technical review. It is in line with the Savings and Investments Union (SIU) strategy, which prioritises preserving competitiveness of EU banks and avoiding disproportionate burdens in global markets.

## Next steps

The delegated act will now be reviewed by the European Parliament and the Council during a 3-month scrutiny period, extendable once. The EU Commission will continue monitoring global progress and reassess implementation steps to support fair international alignment.

## Background

The FRTB is part of the Basel III post-crisis regulatory reforms and aims to reduce variability in market risk capital requirements. The delay does not affect the broader implementation of Basel III standards already in force in the EU.

# Digital assets (1)

ESMA recommends making the DLT Pilot Regime permanent

On 25 June 2025, ESMA published a pivotal [report](#) recommending significant amendments to the EU's Distributed Ledger Technology (DLT) Pilot Regime, aimed at addressing industry concerns over the framework's current limitations. While initial uptake has been modest—with only three institutions authorised so far—growing interest from new applicants signals strong momentum.

The DLT Pilot Regime allows market infrastructures to test the use of tokenised securities under regulatory exemptions. However, ESMA acknowledges the framework's restrictiveness, particularly regarding thresholds, eligible instruments, and interoperability with traditional market infrastructure.

Key recommendations include:

- ✓ **Making the regime permanent**, removing the six-year sunset clause that requires authorised platforms to eventually wind down.
- ✓ **Revising issuance and market cap limits**—currently set at €6 billion and €500 million respectively—by enabling risk-based flexibility, similar to the UK's Digital Securities Sandbox.
- ✓ **Expanding asset scope** beyond vanilla equities, bonds, and funds to include private equity and AIFs, subject to investor protection measures.
- ✓ **Permitting atomic settlement and direct retail investor access**, under clear regulatory conditions.
- ✓ **Maintaining central bank money** as the preferred settlement method, with tighter safeguards for stablecoins and e-money tokens.
- ✓ **Enabling a graduated model**, where compliant platforms may progressively increase operational thresholds instead of facing closure.

The report also identifies lack of interoperability with existing financial infrastructure as a critical barrier to broader adoption.

These proposals reflect feedback from national regulators, the ECB, and market participants, and are designed to encourage greater innovation while maintaining robust safeguards. The EU Commission is expected to present its response within three months, with options to extend, amend, or convert the regime into permanent legislation.

New EU rules on cyber resilience testing published

The EU Commission published on 18 June 2025 the [Delegated Regulation \(EU\) 2025/1190](#), setting out Regulatory Technical Standards (RTS) on Threat-Led Penetration Testing (TLPT) under the Digital Operational Resilience Act (DORA).

The RTS cover:

- ☐ How to identify which financial entities must perform TLPT
- ☐ Rules for using internal testers
- ☐ Requirements for test scope, methodology, results, and remediation
- ☐ Coordination and cooperation between authorities.

 The Regulation will enter into force on **8 July 2025**.

# Digital assets (2)

EBA no-action letter on the Payment Services Directive (PSD2/3) and the Markets in Crypto-Assets Regulation (MiCA)

New MiCA rules on crypto service providers and issuers published

EBA [advised](#) on 10 June 2025 EU authorities to avoid requiring Crypto Asset Service Providers (CASPs) to get dual authorisation under both PSD2 and MiCA for transactions involving Electronic Money Tokens (EMTs).

✓ **Current situation:** PSD2 still applies, but the EBA recommends that national regulators only require PSD2 authorisation for a specific subset of CASPs dealing with EMTs, and only after a transition period ending 2 March 2026.

✓ **Key guidance:**

- ❑ Transfers of crypto assets involving EMTs should be treated as payment services under PSD2 when done on behalf of clients.
- ❑ Custody and administration of EMTs qualify as payment services; custodial wallets that allow sending and receiving EMTs are considered payment accounts.
- ❑ From 2 March 2026, authorisation under PSD2 will be required but should use streamlined procedures, leveraging information already submitted for CASP authorisation under MiCA.

✓ **Supervision focus:**

After authorisation, regulators should prioritise important PSD2 rules like strong customer authentication and fraud reporting but deprioritise others like consumer charge disclosures or open banking for EMT services.

✓ **Exemptions:**

- ❑ Exchanging crypto-assets for funds or for other crypto-assets under MiCA should *not* be treated as payment services under PSD2.
- ❑ CASPs facilitating crypto-asset purchases with EMTs are also exempt from PSD2 licensing and requirements.

✓ **Rationale:**

The EBA's approach avoids burdening CASPs with dual authorisation, which would be costly and complex. However, the EBA notes that MiCA authorisation alone does not fully cover risks linked to EMT transactions, highlighting the importance of PSD2's protections.

✓ **Background:**

This letter responds to a request from the EU Commission of December 2024 to clarify overlaps between MiCA and PSD2. It is issued under EBA's regulatory mandate (Article 9c of Regulation EU 1093/2010).

The EU has published three Regulatory Technical Standards (RTS) under the Markets in Cryptoassets Regulation (MiCA) in the Official Journal. These Level 2 measures cover:

✓ **Record-keeping:** Rules on the records that cryptoasset service providers (CASPs) must keep for services, orders, and transactions. ([Regulation \(EU\) 2025/1140](#))

✓ **Conflicts of interest – CASPs:** Requirements for CASPs to have policies on conflicts of interest and how they must disclose them. ([Regulation \(EU\) 2025/1142](#))

✓ **Conflicts of interest – ART issuers:** Rules on managing conflicts of interest for issuers of asset-referenced tokens (ARTs). ([Regulation \(EU\) 2025/1141](#))

All three regulations became applicable on 30 June 2025.



# Insolvency Law

Council agrees position on EU insolvency law reform to boost cross-border investment

The Council of the EU agreed its general approach on a [proposed directive to harmonise certain aspects of insolvency law](#) across Member States. The aim is to reduce legal fragmentation and make the EU more attractive to cross-border and foreign investors.

✓ Key features of the Directive:

- ❑ Pre-pack mechanism: All Member States will introduce a system enabling the sale of a debtor's business to be prepared before insolvency proceedings formally open. Essential contracts can be transferred to the buyer without requiring the other party's consent - subject to safeguards protecting contractual freedom.
- ❑ Creditors' committees: In certain cases, Member States will be required to set up creditors' committees to strengthen creditor involvement and oversight. The Directive harmonises the composition, responsibilities, and liability of committee members, with flexibility for Member States to limit this obligation to large enterprises.
- ❑ Other provisions: The EU Council had already agreed in December 2024 on related measures, including rules on preserving the insolvency estate, directors' duties to initiate proceedings, and transparency requirements.

## Next steps

The EU Council's position allows it to enter negotiations with the EU Parliament once the latter has adopted its stance. The final Directive will be agreed jointly under the ordinary legislative procedure.

## Background:

The Commission proposed the Directive in December 2022 as part of broader efforts to develop the EU's Capital Markets Union. The lack of harmonised insolvency laws remains a key obstacle to cross-border investment in the EU. Aligning these frameworks is expected to enhance investor certainty and reduce legal costs.





# Securities & Markets (1)

## ESMA issues guidance on CCP resolution cash calls

On 25 June 2025, ESMA published its first [resolution briefing](#) for Central Counterparties (CCPs), offering practical guidance to National Resolution Authorities (NRAs) on implementing the cash call mechanism - a key resolution tool for crisis scenarios.

Developed by ESMA's CCP resolution committee, the briefing outlines how NRAs should structure and operationalise cash calls within resolution plans. This includes:

- ✓ Defining the data CCPs must provide,
- ✓ Calibrating cash call resources,
- ✓ Assessing potential impacts on clearing members and financial markets,
- ✓ Establishing procedures for execution, and
- ✓ Conducting dry runs to ensure readiness.

By promoting consistent methodologies across Member States, the guidance aims to strengthen resolution planning and enhance financial stability in the EU.


## ESMA launches consultation on clearing costs and margin transparency

On 24 June 2025, ESMA launched two public consultations as part of the implementation of EMIR 3, focusing on improving transparency and competitiveness in EU clearing services.

The consultations seek feedback on:

- ✓ [Cost disclosures](#) by Clearing Service Providers (CSPs) to clients regarding clearing services; and
- ✓ [Margin simulation tools](#), including requirements for CCP and CSP transparency on margin models and simulations.

These proposals aim to enhance client understanding of margin requirements and associated costs, aligning with EMIR 3's goal of making EU CCPs more efficient and competitive.


 **Next steps:** Stakeholders are invited to respond by **8 September 2025**. ESMA will submit final draft technical standards to the EU Commission by 25 December 2025.

## ESMA launches consultation on streamlining transaction reporting

On 23 June 2025, ESMA issued a [call for evidence](#) seeking stakeholder input on how to simplify and streamline supervisory transaction reporting across regulatory frameworks such as MiFIR, EMIR, and SFTR. The initiative forms part of ESMA's Data Strategy and wider burden reduction efforts, aiming to cut compliance costs while enhancing data quality and regulatory oversight. ESMA proposes two main options:

- ✓ Eliminating overlaps while maintaining current reporting channels;
- ✓ Developing a unified 'report-once' framework to replace multiple reporting regimes.

To ease pressure on firms, ESMA announced it will pause changes to reporting standards (RTS 22, 23, 24) under the MiFIR review while the consultation is ongoing.

 **Next steps:** Feedback is open until **19 September 2025**, with a final report expected by early 2026.

# Securities & Markets (2)

## ESMA launches selection process for Consolidated Tape Provider (CTP) for shares and ETFs


On 20 June 2025, ESMA opened the first selection procedure for a Consolidated Tape Provider (CTP) for shares and exchange-traded funds (ETFs), marking a major step in implementing the EU's Capital Markets Union and Savings and Investment Union (SIU) goals.

The CTP will aggregate pre- and post-trade data from trading venues into a single, real-time data stream, aiming to improve market transparency, price discovery, and trading efficiency across the EU.

Applicants must submit their expressions of interest by 25 July 2025 via the [EU funding & tenders portal](#). The selection process is based on criteria set out in the Regulatory Technical Standards (RTS) adopted by the EU Commission on 12 June 2025, including:

✓ [RTS](#) on consolidated tape input/output data, clock synchronisation, and revenue redistribution;

✓ [RTS](#) on reasonable commercial basis obligations for market data.

 **Next steps:** ESMA will assess applications against exclusion and selection criteria, with a final appointment decision expected by year-end 2025.

## ESMA consults on methodology to determine Member States' market capitalisation ratios under FASTER Directive

On 19 June 2025, ESMA launched a [consultation](#) on its proposed methodology for calculating market capitalisation and market capitalisation ratios across EU Member States. This initiative supports the implementation of the FASTER Directive, which aims to streamline and secure the relief of excess withholding taxes in the EU.

Under the Directive, Member States with a market capitalisation above 1.5% of the EU total for four consecutive years will be subject to additional tax-related obligations. ESMA is tasked with publishing these figures starting in 2026.


To ensure consistency and transparency, ESMA proposes a methodology that:

✓ Leverages transaction data reported under MiFIR;

✓ Defines share price and market cap calculations at the instrument and company levels;

✓ Aggregates data by jurisdiction to compute each country's market capitalisation ratio.

This framework will play a key role in ensuring accurate identification of jurisdictions subject to the Directive, enhancing tax compliance and reducing fraud. It also supports trust and efficiency in EU capital markets.

 **Next steps:** Stakeholders are invited to submit feedback by 25 July 2025. ESMA plans to finalise the methodology and submit draft regulatory technical standards to the European Commission by **October 2025**.

# Securities & Markets (3)

## ESMA finalises rules for active account requirement under EMIR 3

On 19 June 2025, ESMA published its [final report](#) on the Regulatory Technical Standards (RTS) detailing how market participants should comply with the Active Account Requirement (AAR) introduced by EMIR 3.

The AAR is a key policy tool aimed at enhancing the resilience of the EU clearing ecosystem by requiring EU counterparties to maintain an active clearing account with an EU-based Central Counterparty (CCP) for certain derivative contracts. This initiative seeks to reduce over-reliance on Tier 2 (third-country) CCPs, mitigating systemic risk.

Key highlights of the final RTS:

- ✓ Simplified compliance: ESMA has streamlined operational conditions and revised stress-testing requirements based on industry feedback.
- ✓ Reduced reporting burdens: The final rules simplify reporting obligations related to risk exposure, representativeness of activity, and fulfilment of operational criteria.
- ✓ Clarified obligations: Updates clarify how counterparties demonstrate sufficient activity in their EU accounts to meet the AAR.

The Report reflects input from a diverse range of stakeholders, including CCPs, clearing members, and institutional market participants gathered during the [public consultation](#) phase.

### Next steps:

The RTS will now be submitted to the EU Commission for endorsement, followed by scrutiny by the European Parliament and the Council before entering into force.

## ESMA publishes principles for Third-Party risk supervision

ESMA released on 12 June 2025 a new set of 14 [supervisory principles](#) aimed at enhancing the management and oversight of third-party risks, including outsourcing and delegation arrangements by regulated firms. These principles are designed to support:

- ✓ A common EU-wide supervisory culture across National Competent Authorities (NCAs),
  - ✓ Stronger and more consistent supervision of third-party dependencies,
  - ✓ Improved risk understanding and management by supervised entities.
- Developed in response to the increasing reliance on third-party services, the principles address operational, legal, and reputational risks tied to outsourcing arrangements, and provide a clear supervisory baseline.

### Next steps

ESMA will promote progressive implementation of these principles through:

- ✓ Supervisory dialogues, and
- ✓ Case study reviews among NCAs.

These efforts will contribute to greater supervisory convergence and resilience across the EU's financial sector.

# Securities & Markets (4)

## ESMA's 2024 in Review: Strengthening EU Capital Markets with Citizens and Businesses at the Core

On 16 June 2025, ESMA published its [Annual Report](#) for 2024, highlighting a pivotal year marked by strategic progress in financial supervision, regulatory innovation, and market stability. Amid evolving economic and geopolitical conditions, ESMA reaffirmed its mission to foster stable and effective markets, enhance retail investor protection, and support sustainable finance and digital innovation.

### ✅ Strategic highlights from 2024:

- ❑ Capital markets reform: Published a position paper with 20 recommendations to improve EU capital markets, aimed at better serving citizens and businesses.
- ❑ Settlement cycle modernisation: Finalised the report on transitioning to T+1 settlement, launching implementation work to boost market efficiency.
- ❑ Consolidated Tape Providers (CTPs): Finalised rules and selection guidance to support market transparency and efficient data aggregation.
- ❑ Crypto-Assets Regulation (MiCA): Completed foundational policy work, promoting consistent application of new crypto rules and launching an integrated crypto monitoring framework.
- ❑ European Single Access Point (ESAP): Made significant headway in building this centralised data platform, scheduled to go live in 2026.
- ❑ Transparency & data use: Advanced MiFIR transparency framework reforms, contributing to reporting burden reduction and optimising market data usage EU-wide.
- ❑ Retail investor protection:
  - ❑ Conducted common supervisory actions and a mystery shopping campaign to assess marketing practices.
  - ❑ Issued guidelines on ESG fund naming to address greenwashing risks.
- ❑ Big data & AI integration: Migrated datasets and analytics to a new big data platform, enhancing ESMA's capacity as a data hub and deploying AI tools for market analysis.

### ✅ Supervisory effectiveness:

ESMA strengthened its supervisory capabilities by:

- ❑ Conducting EU-wide stress tests with over 30 CCPs.
- ❑ Enhancing third-country CCP oversight.
- ❑ Enforcing action, including sanctioning a credit rating agency for conflicts of interest.
- ❑ Launching supervisory colleges for cross-border firms.
- ❑ Introducing a Key Outcome Indicator to monitor supervisory risk response rates.



### Preparing for new mandates:

In 2024, ESMA laid the groundwork for its upcoming responsibilities, including supervision of:

- ❑ EU green bond verifiers
- ❑ ESG rating providers
- ❑ Consolidated Tape Providers (CTPs).

# Securities & Markets (5)

## ESMA publishes final advice to streamline prospectuses and review civil liability

ESMA released on 12 June 2025 final reports offering technical advice on the [Prospectus Regulation](#) and [civil prospectus liability](#), aimed at reducing regulatory burdens and enhancing capital market access.

Key highlights include:

- ✓ Prospectus Regulation advice
  - Content & format updates to simplify and modernise prospectus documents.
  - New disclosure annexes for non-equity securities marketed with ESG features.
  - Streamlined procedures for scrutiny and approval of prospectuses.
  - Updates to data reporting requirements aligned with the Listing Act and the upcoming European Single Access Point (ESAP).
- ✓ Civil Prospectus liability
  - [Call for Evidence](#) (CfE) feedback indicates broad stakeholder support for maintaining the current liability regime, suggesting no urgent need for reform.
  - ESMA includes updated analysis and guidance, revisiting [key findings from its 2013 Report](#).



### Next steps

The EU Commission will decide within three months (with possible one-month extension) whether to adopt [updated RTS](#) related to data reporting. On civil liability, the EU Commission must submit a report to the European Parliament and Council by 31 December 2025, evaluating the potential need for further harmonisation.

These reports support ESMA's broader agenda to simplify capital markets regulation, increase efficiency, and preserve robust investor protection.

## ESMA clarifies and narrows scope of CSDR cash penalties

ESMA published on 26 June 2025 its [final report](#) detailing when cash penalties under the Central Securities Depositories Regulation (CSDR) should apply. The Report aligns with the revised settlement discipline rules introduced by CSDR Refit and aims to simplify post-trading and reduce burdens on market participants.

ESMA's technical advice to the EU Commission identifies settlement fails that are *not* attributable to participants - such as CSD system outages, cyberattacks, and ISIN trading suspensions - and confirms that certain operations, like ETF creations and redemptions on the primary market, are *not* considered trading.



### Next steps

The EU Commission will use this advice to prepare a delegated act refining the scope of the CSDR settlement discipline regime.

# Sustainability

EU updates review process for Taxonomy technical screening criteria	
ESAs launch consultation on ESG integration in financial stress testing	
ESMA highlights areas for improvement in supervision of sustainability risks and disclosures	


On 25 June 2025, the EU Commission updated its [webpage](#) concerning the ongoing review of the Technical Screening Criteria (TSC) under the EU Taxonomy Regulation (Regulation (EU) 2020/852), which aims to support the EU’s sustainable finance framework by defining environmentally sustainable economic activities.

As part of this review, the EU Commission reminded stakeholders that the next cut-off date for submissions via the stakeholder request mechanism is 15 September 2025. This mechanism, launched in October 2023, provides an opportunity for stakeholders to propose:

- ✓ The inclusion of new economic activities within the scope of the Taxonomy; and
- ✓ Amendments to existing TSC, supported by robust scientific or technical evidence.

These inputs may inform the development of a future Delegated Act, which the EU Commission intends to adopt in Q2 2026, following technical analysis and consultation with the Platform on Sustainable Finance and other expert bodies.


ESAs launched on 27 June 2025 a [public consultation](#) on draft Joint Guidelines for integrating environmental, social, and governance (ESG) risks into supervisory stress testing for banks and insurers, as mandated under the Capital Requirements Directive and Solvency II Directive. The proposed Guidelines aim to harmonise ESG stress testing practices across the EU by setting out a common framework for competent authorities. They cover methodological design, governance, resource requirements, data management, and scenario planning. Proportionality, consistency, and adaptability to evolving ESG data and methodologies are central to the approach.

 The consultation is open until **19 September 2025**, with an online public hearing scheduled for 26 August 2025 (10:00–12:00 CEST).

ESMA published on 30 June 2025 [findings](#) from its Common Supervisory Action (CSA) conducted in 2023–2024, in cooperation with National Competent Authorities (NCAs), on the integration of sustainability risks and SFDR disclosures in the investment management sector. While overall compliance was deemed satisfactory, ESMA identified the need for improvement in three key areas:

- ✓ Integration of sustainability risks in investment processes,
- ✓ Entity-level disclosures under the Sustainable Finance Disclosure Regulation (SFDR), and
- ✓ Product-level SFDR disclosures.

The CSA aimed to ensure consistent supervision across the EU, covering compliance with SFDR, the Taxonomy Regulation, and relevant provisions under UCITS and AIFMD. Several breaches were identified during the CSA and have since been addressed by the relevant entities.

 **Next steps**

ESMA will continue facilitating discussions among NCAs and urges ongoing supervisory engagement to address remaining vulnerabilities in sustainability risk management and disclosures.



# Glossary

**AIF** Alternative Investment Fund (EU)

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

**AIFMs** Alternative Investment Fund Managers

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

**CSRD** Corporate Sustainability Reporting Directive

**CySEC** Cyprus Securities and Exchange Commission

**EBA** European Banking Authority

**ECB** European Central Bank

**EIOPA** European Insurance & Occupational Pensions Authority

**EFAMA** European Fund and Asset Management Association

**ESG** environmental, social, and governance

**EMIR** European Market Infrastructure Regulation

**ESAs** European Supervisory Authorities (EBA, EIOPA and ESMA)

**ESMA** European Securities and Markets Authority

**ESRB** European Systemic Risk Board EU European Union

**FATF** Financial Action Task Force

**ICT** Information and Communication Technology

**INTERPOL** International Criminal Police Organisation

**IOSCO** International Organisation of Securities Commissions

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

**MiFID** Markets in Financial Instruments Directive

**NCA** National Competent Authority

**OECD** Organisation for Economic Co-operation and Development

**OJ** Official Journal

**RTS** Regulatory Technical Standards

**SFDR** Sustainable Finance Disclosure Directive

**UNODC** United Nations Office on Drugs and Crime

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

**UCITS** Undertakings for Collective investments in Transferable Securities (EU)

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