

A&O SHEARMAN



Regulatory monitoring

NEWSLETTER
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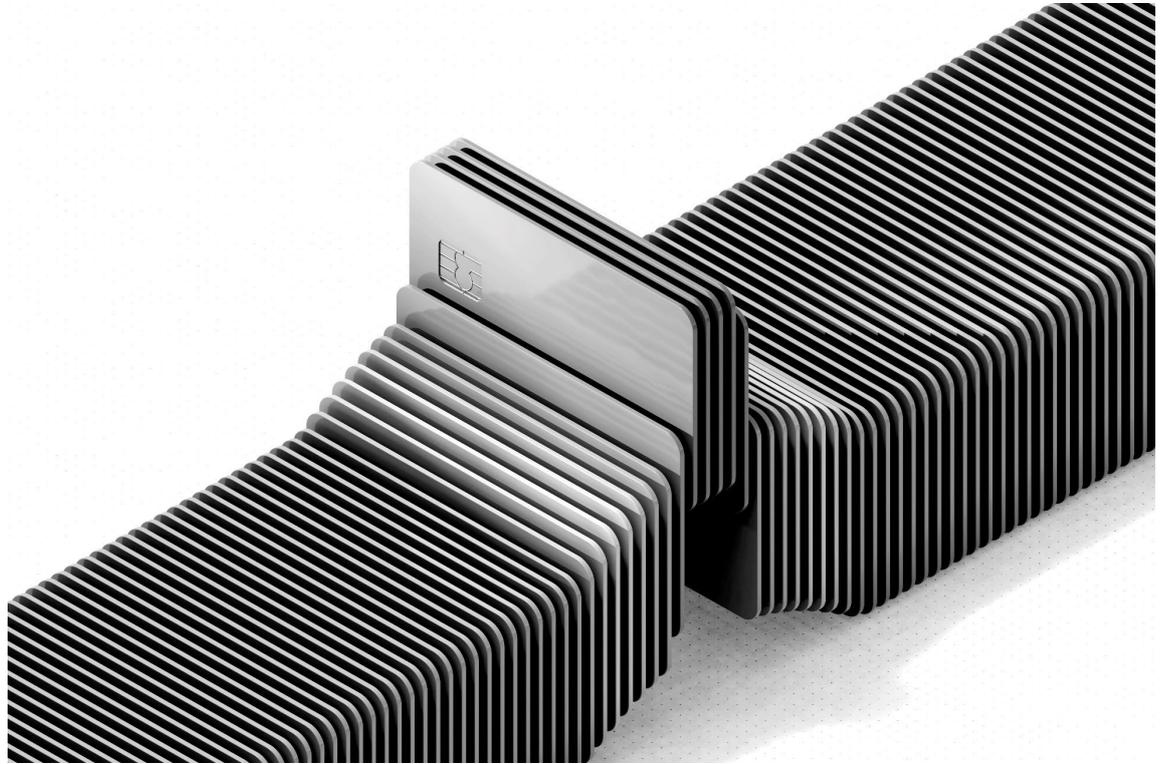
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FEATURES

HORIZON SCANNING/REGULATORY MONITORING

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

FINANCIAL REGULATORY LAW SOURCEBOOK

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

IMPLEMENTATION MANAGEMENT

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

CHANGE ANALYSIS AND PREVIEW OF RULES

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

1. Bank regulation

1.1 PRUDENTIAL REGULATION

a) General

(i) EU

EBA: Consultation on draft Guidelines on the authorisation of third country branches in accordance with Article 48c(8) CRD VI

Status: Consultation

Deadline for the submission of comments: 03/02/2026

The EBA launched a consultation on draft Guidelines on the authorisation of third-country branches (TCBs) under Article 48c(8) CRD VI. The Guidelines set out: (i) the list of information to be included in the application, concerning matters such as the business plan, capital endowment, liquidity, internal governance, booking arrangement and reporting requirements and information about head undertaking(s), in particular their compliance with prudential requirements and a reasoned, third party legal opinion on the absence of impediments in the third country's framework precluding the ability of the TCB to comply with the EU and prudential legislation and regulation; (ii) the procedure for authorisation, as well as standard forms and templates for the provision of the information required; (iii) the conditions for granting authorisation; and (iv) the conditions under which competent authorities may rely on information that has already been provided in the process of any prior authorisation third country branch authorisation.

The Guidelines apply to national competent authorities and TCBs subject to the requirements set out in Title VI of the CRD. For TCBs treated under national law as credit institutions, the Guidelines apply only to the extent that the requirements in CRD VI specific to TCBs (such as booking requirements for originated business) do not apply to credit institutions.

A public hearing is scheduled for 10 December. Following consultation and approval, the Guidelines will be translated into the official EU languages and published on the EBA website, with competent authorities required to report on whether they comply or intend to comply within two months. They will apply from 11 January 2027, in line with the commencement date of the harmonised authorisation requirements for TCBs introduced by CRD VI.

Date of publication: 03/11/2025

(ii) International

BCBS: Report on further information related to its 2025 assessment of G-SIBs

Status: Final

The BCBS published a report on further information related to its 2025 assessment of global systemically important banks (G-SIBs), with additional details to improve understanding of the scoring methodology. It sets out that further details include global denominators and individual bank indicators. The release accompanies the FSB's updated [G-SIB list](#).

Date of publication: 27/11/2025

BCBS: Summary of meeting discussion and forward-looking priorities

Status: Final

BCBS published a summary of its latest meeting in which members discussed a range of initiatives. The committee reaffirmed its commitment to full and consistent implementation of Basel III standards and approved final principles for managing third-party risk in banking, which will be released next month. It also agreed to expedite a targeted review of its prudential standard for banks' cryptoasset exposures in response to market developments. Other priorities include examining synthetic risk transfers (SRTs), consulting on machine-readable Pillar 3 disclosures (expected in December) and consolidating Guidelines into a more user-friendly format. The committee also approved assessment reports on the UK implementation of the net stable funding ratio and large exposures framework, which are expected next month, and committed to pursue further analytical work into financial risks arising from extreme weather events.

Date of publication: 19/11/2025

b) Solvency/Own funds issues

(i) EU

Commission Implementing Regulation (EU) 2025/2338 amending Implementing Regulation (EU) 2016/100 laying down ITS specifying the joint decision process with regard to the application for certain prudential permissions pursuant to the CRR

Status: Published in the OJ

Date of entry into force: 11/12/2025

Date of application: 11/12/2025

The Commission Implementing Regulation (EU) 2025/2338 was published in the OJ. The amendments update the ITS under Commission Implementing Regulation (EU) 2016/100, which govern the joint decision process for competent authorities when granting permission to use internal models for credit risk, counterparty credit risk and market risk for prudential purposes for certain entities in banking groups, as required by Article 20(8) CRR.

The amending regulation introduces three key changes: (i) the removal of the advanced measurement approach for operational risk, reflecting amendments to the CRR by CRR III (Regulation (EU) 2024/1623); (ii) the alignment with new RTS and ITS on the functioning of supervisory colleges that were published in August (Commission Delegated Regulation (EU) 2025/791 and Implementing Regulation (EU) 2025/790); and (iii) Commission Delegated Regulation (EU) 2025/1496, which sets out that the current requirements on the calculation of own funds requirements for market risk will apply until 1 January 2027.

Date of publication: 21/11/2025

EC: Call for evidence on application of market risk prudential framework

Status: Call for evidence

Deadline for the submission of comments: 16/12/2025

The EC published a call for evidence on a proposed delegated act to amend market risk rules under the Fundamental Review of the Trading Book (FRTB) in Basel III. This follows the November consultation where responses are due by 6 January 2026. Although most Basel III requirements have applied since January, the EC postponed FRTB implementation on several occasions and most recently to 1 January 2027 due to delays and uncertainty regarding FRTB implementation in other major jurisdictions. As a result, the EC is evaluating whether to use the empowerment granted under Article 461a of the Capital Requirements Regulation to adopt a delegated act

to mitigate potential negative impacts arising from an unlevel playing field in the international implementation of the FRTB. It would also aim to incorporate those targeted changes already proposed by other jurisdictions that the EC believes can improve the EU framework (e.g., removing excessive rigidity and preventing excessive operational burden on banks). The deadline for feedback is 18 December.

Date of publication: 18/11/2025

EC: Targeted consultation on the application of the market risk prudential framework

Status: Consultation

Deadline for the submission of comments: 06/01/2026

The EC **launched** a consultation on the Fundamental Review of the Trading Book (FRTB) under Basel III, focusing on market risk for banks. Although most Basel III requirements have applied since January, the EC **postponed FRTB implementation** on several occasions and most recently to 1 January 2027 due to delays and uncertainty regarding FRTB implementation in other major jurisdictions. To address potential negative impacts arising from an unlevel playing field in the international implementation of the FRTB, the consultation seeks feedback on whether the EC should adopt a delegated act, using its powers under Article 461a of the Capital Requirements Regulation by the end of March 2026. This empowerment, due to previous postponements, now allows the introduction of targeted relief measures and targeted multipliers for only up to three years. Longer-term solutions will be duly considered in a comprehensive and timely way. The proposed policy options comprise two main components: (i) the introduction of temporary targeted amendments to the market risk framework that would address aspects of the framework on which other jurisdictions have already deviated or indicated that they would plan to deviate in their final FRTB implementation; and (ii) the introduction of a multiplier for the overall market risk capital requirements that banks negatively impacted by the new rules (i.e., banks facing an increase in capital requirements for market risk) would be allowed to use to significantly limit for three years their increases in market risk capital requirements increases. The EC highlights that due to the temporary nature of the multiplier and its objective, the methodology should be simple and risk-sensitive, and relatively easy to implement, maintain and supervise.

Date of publication: 06/11/2025

EBA: Peer review follow-up report excluding transactions with non-financial counterparties established in a third country from CVA risk

Status: Final

The EBA published a follow-up peer review report examining the supervisory practices of EU competent authorities regarding their assessment of credit valuation adjustment (CVA) risk of the institutions under their supervision. The same four EU competent authorities that were part of the EBA's **2023 peer review** were also part of this follow-up review. The EBA found that competent authorities continue to largely assess CVA risk sufficiently, using approaches that are fit for purpose in satisfying the regulatory and supervisory review and evaluation process Guidelines. Furthermore, since the 2023 report, all competent authorities have made progress to strengthen their CVA risk assessments and address the follow-up measures suggested as part of that report. However, only one competent authority was found to have made specific efforts to review compliance with the **RTS** in Commission Delegated Regulation (EU) 2018/728 on the procedures for excluding transactions with non-financial counterparties established in a third country from the own funds requirements for CVA risk (Exclusion RTS). The EBA urges continued efforts to ensure robust CVA risk management and compliance with the Exclusion RTS to ensure that this risk is properly managed and capitalised by the institutions under their supervision.

Date of publication: 06/11/2025

(ii) International

BCBS: Technical amendment on the hedging of counterparty credit risk exposures

Status: Final

The BCBS published a final technical amendment to the Basel framework, clarifying the treatment of guarantees and credit derivatives used to hedge counterparty credit risk (CCR) from derivative exposures subject to the standardised approach to counterparty credit risk or the internal models method.

Date of publication: 28/11/2025

FSB: Reaffirmation of the decision to use IAIS holistic framework assessments instead of an annual identification of G-SIIs

Status: Final

The FSB published a reaffirmation of the decision to use IAIS holistic framework assessments instead of an annual identification of G-SIIs. This communication replaces the public communication issued on the same topic in 2022.

Date of publication: 25/11/2025

c) Securitisation

(i) EU

ECB: Opinion regarding EC's proposed securitisation reforms

Status: Final

The ECB issued its opinion on the European Commission's proposed amendments to the EU securitisation framework, which was submitted in June. The package consists of a [proposal to amend the EU Securitisation Regulation](#), a [proposal to amend the Capital Requirements Regulation](#) as regards exposures to securitisations and a [consultation on measures to amend the Liquidity Coverage Ratio \(LCR\) Delegated Regulation](#). The ECB broadly supports the reforms aimed at enhancing the functioning of the EU's securitisation market, but makes a number of general and specific observations, including that:

- ◆ Proposed changes to synthetic securitisations require careful consideration. Although this segment is driving market growth, if not properly managed by originator credit institutions, large synthetic securitisations could amplify procyclicality through rollover risk, potentially affecting financial stability.
- ◆ Lowering capital requirements should apply only to securitisations of very high structural and credit quality, with safeguards to maintain resilience. While welcoming the concept of "resilient transactions," the ECB finds the proposed recalibration of existing requirements overly complex and excessive. It proposes specific changes concerning the recalibration of the securitisation prudential framework, including the p factor and risk weight floor.
- ◆ Proportionality and simplification in investor due diligence requirements is welcome, but the ECB urges a clearer legal basis and supervisory safeguards.
- ◆ The ECB supports risk retention exemptions for public-guaranteed tranches but suggests additional safeguards for high-risk/NPE transactions.
- ◆ Disclosure requirements may be simplified but must maintain essential data quality. To this end, the ECB insists on the retention of essential data and inclusion of climate-related indicators.
- ◆ The proposal to amend the homogeneity requirement for STS securitisations backed by loans to small and medium-sized enterprises should be complemented by additional restrictions for the remaining pool exposure.

- ♦ The proposal to broaden the eligibility criteria for credit protection agreements under the STS framework to include unfunded guarantees provided by (re)insurance companies risks increasing both concentration and counterparty risk.
- ♦ Caution should be exercised to avoid redefining “public” securitisations in ways that disrupt private market functioning.
- ♦ EU-level supervision for STS criteria is a market supervision task, not a traditional prudential task. Assigning it to prudential supervisors, like the ECB, would require additional resources.

Where the ECB recommends that the proposed regulations are amended, specific drafting proposals are set out in [a separate technical working document](#).

Date of publication: 11/11/2025

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

(i) EU

ECB: Results of the SREP for 2025

Status: Final

The ECB published its results of the SREP for 2025. The review covers 105 banks under ECB supervision and looks at their capital, liquidity, profitability, governance and risk management. Overall, banks maintained robust capital and liquidity positions and strong profitability in the second quarter of 2025. It found, among others, that the assessed banks maintained robust capital and liquidity positions and strong profitability in the second quarter of 2025. Similarly, liquidity buffers remained well above the 100% minimum requirement, with the aggregate liquidity coverage ratio (LCR) at 158% in the second quarter of 2025. Banks retained good access to retail and wholesale funding, with an average net stable funding ratio (NSFR) broadly stable at 127%.

Date of publication: 18/11/2025

e) Internal governance/“Authorised Persons Regime”

(i) EU

EBA: Peer review on gender diversity

Status: Final

The EBA [published](#) a peer review report assessing how competent authorities have implemented and supervised gender diversity requirements. EU legislation requires that credit institutions have robust governance arrangements, including gender-neutral remuneration policies and diversity policies. The review examined six competent authorities, including the ECB, on the application of the respective requirements under CRD IV, the CRR and certain EBA guidelines across six major areas. It found that most requirements checked have been fully or largely incorporated into the supervisory framework by all supervisors reviewed. However, deficiencies were noted, particularly in the use of supervisors’ own benchmarking of diversity practices, where three supervisors were rated “partially applied” overall, with five out of six supervisors being rated “partially applied” on the second criterion of that benchmark, which concerns the further use of own diversity benchmarking results. The EBA recommends improvements in collecting and publishing supervisors’ benchmarking results to enhance transparency and to improve the ability of credit institutions to compare with their peers. Both individual and general follow-up measures, as well as best practices, have been adopted to strengthen consistency and effectiveness across the

EU. The EBA will conduct a follow-up peer review of the implementation of the measures included in the report in two years.

Date of publication: 26/11/2025

f) Qualifying holdings

(i) Germany

Regulation simplifying holder control procedures and specific disclosure of individuals (Verordnung zur Vereinfachung von Inhaberkontrollverfahren und bestimmter Personenanzeigen)

Status: Published in the Federal Gazette

Date of entry into force: 25/11/2025

The Regulation simplifying holder control procedures and specific disclosure of individuals, amending the holder control regulation (*Inhaberkontrollverordnung*), was published in the Federal Gazette. The simplification e.g. provides that indirect acquirers that are not the ultimate parent of a group no longer need to provide supporting documentation beyond the notification of their intent to acquire a qualifying holding and a reduction in terms of supporting documentation required for individuals in relation to their suitability. Interested parties can now express their opinion on the planned changes.

Date of publication: 24/11/2025

g) Supervisory reporting

(i) EU

EBA: Final technical package for its 4.2 reporting framework to ensure compliance with EU regulatory reporting obligations and to conclude the transition to DPM 2.0

Status: Final

The EBA published the final technical package for version 4.2 of its reporting framework, marking a major step in the implementation of the DPM 2.0 semantic glossary and the modernisation of supervisory reporting across the EU. The final package will be applicable from December 2025. The draft technical package provides the standard specifications which include the validation rules, the data point model (DPM) and the XBRL taxonomies to support several reporting obligations.

Date of publication: 25/11/2025

1.2 RECOVERY AND RESOLUTION

(i) Germany

BaFin: Circular 12/2025 regarding the revised minimum requirements for the feasibility of a bail-in (Rundschreiben 12/2025 über die Mindestanforderungen zur Umsetzbarkeit eines Bail-in – MaBail-in)

Status: Final

BaFin published its circular on improving the resolvability of institutions. The document contains revised minimum requirements for the feasibility of a bail-in (*Mindestanforderungen zur Umsetzbarkeit eines Bail-in – MaBail-in*). It is

aimed at all institutions and companies belonging to the group for which BaFin is responsible as the resolution authority. It does not apply to institutions and group companies for which the resolution plan provides for insolvency. The circular is an extension of the existing Circular 02/2024 and focuses on aligning MaBail-in with the minimum bail-in data template (MBDT) of the single resolution board (SRB), including the country annex for Germany.

Date of publication: 13/11/2025

(ii) EU

EC: Commission Implementing Regulation (EU) .../... laying down ITS with regard to procedures, standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to the BRRD, and repealing Commission Implementing Regulation (EU) 2018/1624

Status: Adopted by the EC

The EC adopted a commission implementing regulation laying down ITS with regard to procedures, standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to the BRRD, and repealing Commission Implementing Regulation (EU) 2018/1624. Firms must provide necessary information to resolution authorities, as mandated by the BRRD, to develop resolution plans. The implementing regulation outlines procedures, standard forms and templates for the provision of information required by resolution authorities to draw up these plans. This comprehensive review of the ITS aims to achieve full harmonisation and simplification of EU reporting requirements, reducing compliance costs by avoiding duplication of data requests and eliminating data points that are either redundant or of limited value. Measures to support this in the new document includes: (i) relieving entities from parallel data collections based on legal obligations coming from different authorities; (ii) implementing a modular core-plus-supplement approach that reduces the scope of reporting obligations for certain categories of reporting entities based on their size and complexity; and (iii) removing duplications and overlapping data points with MREL/TLAC, CoRep and FinRep, where the reporting entity has already submitted this data. This Implementing Regulation will repeal the EC's Implementing Regulation (EU) 2018/1624, with a view to making the technical standards more user-friendly for institutions.

Date of publication: 14/11/2025

Council of the EU: Invitation for COREPER to confirm provisional agreement on CMDI framework

Status: Draft

The Council of the EU published an "I" item note from the Presidency to its Permanent Representatives Committee (COREPER) inviting it to confirm the provisional political agreement on the Crisis Management and Deposit Insurance (CMDI) legislative package. This package includes amendments to the Bank Recovery and Resolution Directive (2014/59/EU) (BRRD), the Deposit Guarantee Schemes Directive (2014/49/EU) (DGSD) and the Single Resolution Mechanism Regulation (806/2014) (SRM). The [provisional political agreement](#) on these legislative proposals was reached between the EP and the Council of the EU in June. On 5 November 2025, the ECON endorsed the texts. Following this, the Chair of ECON sent a letter to the Chair of COREPER indicating that, if the Council of the EU transmits its agreed position (subject to legal-linguistic review), she will recommend that the EP accept the Council's position without amendments at second reading. The texts accompanying that letter are identical to those Annexed to the note, which include:

- ♦ The [proposal for a Directive](#) amending the BRRD regarding early intervention measures, conditions for resolution and financing of resolution action.

- ♦ The [proposal for a Directive](#) amending the DGSD regarding the scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation and transparency.
- ♦ The [proposal for a Regulation](#) amending the SRM regarding early intervention measures, conditions for resolution and funding of resolution action.

COREPER is invited to reach a political agreement at its meeting on 12 November, to enable an early second-reading agreement.

Date of publication: 10/11/2025

(iii) Eurozone

SRB: 2026 annual work programme

Status: Final

The SRB published its 2026 work programme, outlining key priorities and building on the Single Resolution Mechanism (SRM) Vision 2028 strategy. The SRB will focus on advancing further the operationalisation of resolution tools and apply revised methodologies, including the revamped resolvability assessment and dry runs in close cooperation with the national resolution authorities. It will also implement the new multi-annual testing framework established under EBA guidelines to ensure banks' resolvability capabilities remain adequate over time. Further, the SRB will support EU and global policy debates on simplification initiatives without compromising on resolvability and contribute to regulatory work on the implementation of the [crisis management and deposit insurance \(CMDI\) framework](#), completion of the Banking Union as part of the Savings and Investment Union, digitalisation in financial services, the macroprudential framework review and other global developments.

Additionally, the SRB will host its first international economic conference to foster dialogue on resolution policy and competitiveness in the EU financial sector. The overarching goal is to ensure banks are resolvable not only in theory but in practice. The SRB will also intensify efforts to streamline decision-making processes and to foster a shared SRM culture together with national resolution authorities. Other priorities include advancing digital transformation through a Data Quality Framework, accelerating key data initiatives, conducting a mid-term review of the SRM Vision 2028 and progressing HR initiatives on mobility, talent management and diversity and inclusion.

Date of publication: 26/11/2025

(iv) International

FSB: Consultation report on the scope of insurers subject to the recovery and resolution planning requirements in the FSB key attributes

Status: Consultation

Deadline for the submission of comments: 06/02/2025

The FSB launched a consultation on a draft Guidance regarding the scope of insurers subject to the recovery and resolution planning requirements in the FSB key attributes. This draft Guidance seeks to support authorities in mitigating potential disruptions to the financial system and the real economy that could result from the stress or failure of certain insurers. It offers a structured approach for authorities to assess which insurers should be subject to RRP requirements.

Date of publication: 25/11/2025

FSB: Practices paper on the operationalisation of transfer tools

Status: Final

The FSB published a practices paper outlining how authorities can operationalise transfer tools to ensure the orderly resolution of failing banks without taxpayer losses. Transfer tools, a key element of the FSB's "key attributes of effective resolution regimes", help maintain continuity of critical banking functions by transferring all or part of a failed institution to a private purchaser or bridge entity. The paper covers defining transfer perimeters, arrangements for operational continuity (such as transitional service agreements and management of third-party contracts) and approaches to marketing the transfer perimeter under tight timelines and confidentiality. It also explains mechanisms for loss absorption in line with creditor hierarchy, including write-downs and conversions, and outlines challenges in cross-border execution. Case studies of real resolution cases are also included, illustrating operational issues and practices to enhance readiness for deploying these tools effectively.

Date of publication: 17/11/2025

2. Investment firms regulation

(i) EU

EC: Commission Implementing Regulation (EU) .../... laying down ITS with regard to procedures, standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to the BRRD, and repealing Commission Implementing Regulation (EU) 2018/1624

Status: Adopted by the EC

The EC adopted a commission implementing regulation laying down ITS with regard to procedures, standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms pursuant to the BRRD, and repealing Commission Implementing Regulation (EU) 2018/1624. For more information, please see section 1.2 above.

Date of publication: 14/11/2025

3. Market regulation/ Conduct rules

3.1 GENERAL

(i) EU

ESRB: Report on credit default swaps – analysis and policies

Status: Final

The ESRB published a report analysing the credit default swaps (CDS) market, with a particular focus on single-name CDSs in terms of their market structure and current regulatory framework. The report evaluates the EU regulatory framework for CDSs and the functioning of the CDS market in light of recent derivatives market instability, notably the March 2023 banking turmoil. The ESRB identifies key vulnerabilities and calls for improved data quality, enhanced transparency, and greater cross-border regulatory co-ordination. To address these issues, it sets out a medium-term policy roadmap aimed at improving the functioning of the single-name CDS market and addressing systemic risks. Key proposals include:

- ◆ Enhancing post-trade market transparency for single-name CDSs.
- ◆ Strengthening supervisory access to information through improved quality and standardisation of data reported as well as through enhanced global co-operation.
- ◆ Promoting the efficiency and functioning of the single-name CDS market.
- ◆ Improving credit risk assessment frameworks by reducing excessive reliance on CDS spreads and raising awareness of the price formation mechanisms.

Date of publication: 04/11/2025

(ii) International

IOSCO: Report on neo-brokers

Status: Final

IOSCO published its final report on neo-brokers. These are a sub-set of digital-first broker-dealers leveraging social media and online platforms to provide low-cost, online-only investment services with minimal human interaction. While these evolving business models enhance market access, IOSCO highlights the associated risks and provides five key recommendations for regulators and firms to ensure that neo-brokers operate in an environment that upholds investor protection and market transparency. These include: (i) acting honestly and fairly with retail investors; (ii) providing clear disclosure of fees and charges to retail investors and advertising; (iii) ensuring transparency of revenue and obtaining consent before providing ancillary services; (iv) assessing the impact of payment for order flow on the best execution of customer orders; and (v) maintaining robust IT infrastructure to prevent service disruptions.

Date of publication: 12/11/2025

IOSCO: Final report on single-name credit default swaps market

Status: Final

IOSCO published its final report examining the single-name CDS market from a global perspective. The report assesses current levels of post-trade transparency in member jurisdictions, explores potential measures to encourage greater post-trade transparency, and considers the advantages and disadvantages of these measures. The report also considers the impact of the liquidity crisis that affected the banking industry in March 2023 on the single-name CDS markets. The report finds that the response to these events was an increase in activity in the CDS market, as participants sought to hedge their portfolios amid a climate of uncertainty and market stress. The increase in the level of activity in a market that generally has low levels of liquidity likely led to a rise in CDS spreads of banks. The increase in CDS spreads, coupled with the decline in equity prices, served as indicators of heightened stress. The report does not find evidence of causation between sharp movements in the prices of single-name CDSs and the subsequent sudden drop in the shares of certain banks at the time. IOSCO concludes the report by encouraging each member jurisdiction to take steps toward enhancing post-trade transparency in the single-name CDS market in its jurisdiction should they conclude that such efforts would not have a substantial negative effect on market risk exposure or market activity.

Date of publication: 04/11/2025

IOSCO: Final report on pre-hedging

Status: Final

The IOSCO published a final report providing guidance on pre-hedging (FR/14/25). Pre-hedging is a practice used by dealers to manage the risk of anticipated primary principal market offerings and secondary market transactions, mainly in wholesale markets. While pre-hedging can offer benefits such as enabling price discovery, reducing market risk and market impact, assisting liquidity, and improving competition, IOSCO notes that certain practices pose potential risks including in relation to misuse of information, inability to understand risks, lack of transparency and adverse impact on price and liquidity. The report defines pre-hedging and reviews existing regulatory approaches and industry standards. It identifies potential issues and gaps in current industry practices and regulation and aims to promote consistent interpretation across jurisdictions. IOSCO also sets out recommendations to guide regulators in determining acceptable pre-hedging practices and managing the associated conduct risks effectively. Additionally, a dedicated chapter summarises feedback from its earlier [consultation](#) on pre-hedging.

Date of publication: 03/11/2025

3.2 BENCHMARKS

(i) EU

Publication of Commission Implementing Decision (EU) 2025/2197 on the equivalence of the legal and supervisory framework applicable to benchmarks in New Zealand in accordance with the Benchmark Regulation

Status: Published in the OJ

Date of entry into force: 03/11/2025

The Commission Implementing Decision (EU) 2025/2197 was published in the OJ, confirming the equivalence of New Zealand's legal and supervisory framework for financial benchmarks in accordance with the Benchmarks Regulation. Since 2018, non-EU benchmark administrators have benefited from a transitional period allowing

continued use of third-country benchmarks within the EU, which was most recently extended in October 2023 by [Commission Implementing Decision \(EU\) 2023/2222](#) until 31 December. The new equivalence Decision will mean that benchmarks administered by licensed entities in New Zealand, such as the New Zealand Bill Benchmark Rate, can continue to be used within the EU following the expiry of the transitional period on 31 December.

In New Zealand, benchmark administrators may apply for a market services licence from the Financial Markets Authority (FMA) under the Financial Markets Conduct Act 2013 (FMC Act). The EC has concluded that the binding requirements with respect to administrators that have opted into the licensing scheme under the FMC Act are subject to effective supervision and enforcement on an ongoing basis. The EC has assessed the rules and supervisory procedures applicable to licensed benchmark administrators in New Zealand under the FMC Act and concludes that the regime is equivalent to the EU regime. In addition, EU benchmark administrators do not need to obtain a licence for their benchmarks to be used in New Zealand but can voluntarily seek to be licensed in New Zealand. The Decision highlights that it should be complemented by co-operation arrangements between ESMA and the FMA to support supervisory co-ordination.

Date of publication: 31/10/2025

3.3 MARKET ABUSE

(i) EU

ESMA: Algorithmic trading tops the agenda of the financial and energy regulators' forum

Status: Final

ESMA explains that the Energy Trading Enforcement Forum (ETEF) is the forum where energy and financial regulators and the two EU Agencies (ESMA and ACER) meet annually. At its eighth forum in Paris on 6 November, the main topics discussed included trends in manipulative behaviour based on algorithmic trading and the first referrals from National Competent Authorities to prosecutors for market abuse involving energy products classed as financial instruments. The forum also covered the importance of data sharing and the continued cooperation between authorities, as the regulatory oversight of potential market abuse in the trading of energy and financial products falls under two EU regulatory frameworks: the Wholesale Energy Market Integrity and Transparency (REMIT) and MAR.

Date of publication: 28/11/2025

3.4 MIFID/MIFIR

(i) EU

EC: Commission Delegated Regulation (EU) .../... amending Delegated Regulation (EU) 2017/567 as regards the determination of what constitutes a liquid market for equity instruments, the obligation to provide market data on a reasonable commercial basis, the size specific to the instrument for the purposes of obligations for systematic internalisers, and the definition of and disclosure for post-trade risk reduction services

Status: Adopted by the EC

The EC adopted a delegated regulation amending Delegated Regulation (EU) 2017/567 as regards RTS on equity transparency requirements under MiFIR. The amendments follow the EBA's [final report](#) in December 2024 and reflect changes introduced by the [MiFIR review](#) and the amendments to MiFID II. The changes cover: (i) the

determination of what constitutes a liquid market for equity instruments, with liquidity assessment now based on the “market capitalisation” criterion, replacing the previous “free-float” criterion; (ii) the obligation to provide market data on a “reasonable commercial basis”; (iii) the size specific to the financial instrument for the purposes of obligations for systematic internalisers; and (iv) the definition of, and disclosure for, post-trade risk reduction (PTRR) services.

The Delegated Regulation will be subject to scrutiny by the Council of the EU and the European Parliament. If neither object, it will be published in the OJ. It will enter into force on the third day following publication in the OJ, with Article 1, point (4), applying from 23 August 2026.

Date of publication: 24/11/2025

ESMA: Statement that no changes are introduced for data reporting services providers following the 2025 assessment of derogation criteria

Status: Final

ESMA finalised its annual assessment of the derogation criteria for Data Reporting Services Providers (DRSPs), based on data from the 2024 calendar year. Based on the 2025 assessment, the supervisory designations established in 2024 remain unchanged. The ten DRSPs currently supervised by ESMA continued to exceed the thresholds, while those under NCA supervision remained below them. Accordingly, no changes to supervisory responsibilities are expected in 2026 or 2027.

Date of publication: 19/11/2025

Publication of technical standards on consolidated tape under MiFIR

Status: Published in the OJ

Date of entry into force: 23/11/2025

Five technical standards supplementing MiFIR enabling the creation of the consolidated tape were published in the OJ:

- ◆ **Commission Delegated Regulation (EU) 2025/1143** regarding RTS on the authorisation and organisational requirements for approved publication arrangements (APAs) and approved reporting mechanisms (ARMs), and on the authorisation requirements for consolidated tape providers, and repealing Commission Delegated Regulation (EU) 2017/571.
- ◆ **Commission Delegated Regulation (EU) 2025/1155** regarding RTS specifying the input and output data of consolidated tapes, the synchronisation of business clocks and the revenue redistribution by the consolidated tape provider for shares and exchange traded funds, and repealing Commission Delegated Regulation (EU) 2017/574 from 2 March 2026. Articles 11 to 16 will apply from 2 March 2026.
- ◆ **Commission Delegated Regulation (EU) 2025/1156** regarding RTS on the obligation to make market data available to the public on a reasonable commercial basis. For market operators and investment firms operating a trading venue, APAs and systematic internalisers which are authorised before 23 November 2025, this Delegated Regulation will apply from 23 August 2026.
- ◆ **Commission Implementing Regulation (EU) 2025/1157** laying down ITS regarding the standard forms, templates and procedures for the authorisation of APAs, ARMs and consolidated tape providers, and related notifications, and repealing Commission Implementing Regulation (EU) 2017/1110.
- ◆ **Commission Delegated Regulation (EU) 2025/1246** amending the RTS laid down in Delegated Regulations (EU) 2017/583 and (EU) 2017/587 as regards transparency requirements for trading venues and investment firms in

respect of bonds, structured finance products, emission allowances and equity instruments. Article 1, Article 2, point (2), points (3)(a) and (c), point (5), point (10)(a), and point (13) will apply from 2 March 2026.

Date of publication: 03/11/2025

3.5 PACKAGED RETAIL AND INSURANCE-BASED INVESTMENT PRODUCTS (PRIIPS)

(i) EU

EC: Adoption of a proposal to amend SFDR simplifying transparency rules for sustainable financial products

Status: Adopted by the EC

The EC adopted a [proposal](#) for a regulation to amend the SFDR. The SFDR, which has been in application since March 2021, sets detailed sustainability disclosure requirements for financial intermediaries and financial products regarding consideration of ESG factors. The proposed amendments are aimed at simplifying the framework and making disclosures more retail friendly. An EC review found that the current regime produces lengthy, complex disclosures that hinder investor understanding and comparability.

Key elements of the proposal include: (i) removing entity-level disclosure requirements on principal adverse impacts and reducing product-level requirements; (ii) introducing a new clear categorisation system comprising of three product categories for ESG claims, based on existing market practice and the latest [regulatory guidance](#); and (iii) repealing Commission Delegated Regulation (EU) 2022/1288 supplementing the SFDR, to remove the complex templates and entity-level requirements under it. The EC proposal will now be submitted to the European Parliament and Council of the EU for their deliberation.

Date of publication: 20/11/2025

3.6 SHORT SELLING

(i) EU

ESRB: Report on credit default swaps – analysis and policies

Status: Final

The ESRB [published](#) a report analysing the credit default swaps (CDS) market, with a particular focus on single-name CDSs in terms of their market structure and current regulatory framework. For more information, please see section 3.1 above.

Date of publication: 04/11/2025

(ii) International

IOSCO: Final report on single-name credit default swaps market

Status: Final

IOSCO published its final report examining the single-name CDS market from a global perspective. For more information, please see section 3.1 above.

Date of publication: 04/11/2025

4. Market infrastructure

4.1 EMIR

(i) EU

EBA: Call on financial and non-financial counterparties using an initial margin model based on ISDA SIMM to seek authorisation through their competent authorities

Status: Draft

The EBA launched a data collection, through competent authorities, to identify EU counterparties who must apply to the EBA for validation of the ISDA standard initial margin model (SIMM) under EMIR and their contact persons. All financial and non-financial counterparties exchanging initial margins calculated using ISDA SIMM, directly or indirectly, must apply for authorisation from their competent authority, as mandated by Article 11(3) EMIR and the EBA's [no-action letter](#) of 17 December 2024. The information provided will be used to onboard counterparties onto the EBA's validation system during the first half of 2026, ahead of counterparties' applications to the EBA for validation of ISDA SIMM expected in the second half of 2026. Failure to obtain validation will prohibit the use of ISDA SIMM until counterparties rectify their status with the EBA. A list of validated counterparties is expected by the end of 2026.

Date of publication: 07/11/2025

EBA: Call on financial and non-financial counterparties using an initial margin model based on ISDA SIMM to seek authorisation through their competent authorities

Status: Final

The EBA launched a data collection, through the competent authorities, to obtain the list of EU counterparties that will be required to apply to the EBA for validation of ISDA SIMM, as well as their contact persons. The EBA underscores the counterparties' obligation to apply for the authorisation of the use of initial margin models and warns of the legal consequences in case of non-authorised use under EMIR.

All financial and non-financial counterparties exchanging initial margins (IM) calculated – directly or indirectly – using IM models based on ISDA SIMM should apply to their competent authorities for the authorisation of such models as per EMIR and the [EBA's no-action letter published on 17 December 2024](#). Counterparties must provide their competent authorities with the information requested. This information will be used to onboard counterparties onto the EBA's validation system during the first semester of 2026, ahead of counterparties' applications to the EBA for validation of ISDA SIMM expected in the second semester of 2026. Counterparties failing to apply for the EBA's validation will no longer be permitted to use ISDA SIMM under EMIR until they rectify their status with the EBA.

The EBA clarifies that its no-action letter remains in force.

Date of publication: 07/11/2025

(ii) International

BCBS/IOSCO: Consultation on report on FMIs' management of general business risks and general business losses: Further guidance to the PFMI

Status: Consultation

Deadline for the submission of comments: 06/02/2026

The BCBS's CPMI and the IOSCO launched a consultation on a report on financial market infrastructures' (FMIs) management of general business risks and general business losses. The consultative report sets out proposed supplemental guidance for FMIs and relevant authorities on certain principles and key considerations relating to FMIs' management of general business risks and general business losses, including in the context of recovery and orderly wind-down.

Date of publication: 07/11/2025

BCBS/IOSCO: Report on implementation monitoring of the PFMI: Level 3 assessment on general business risks

Status: Final

The BCBS's CPMI and the IOSCO published two reports addressing financial market infrastructures' (FMIs) management of general business risks and losses. The Level 3 assessment report reviews compliance with **PFMI Principle 15** ("general business risk") across 34 FMIs based on work carried out in 2023–24. The report identifies six significant concerns highlighting clear challenges for FMIs' resilience to different types of risk that could result in general business losses. These include: (i) failure to consider general business risk when determining liquid net assets funded by equity (LNAFE); (ii) insufficient resources for recovery and wind-down plans; (iii) lack of additional LNAFE beyond participant default coverage; (iv) absence of recovery plans; (v) gaps in orderly wind-down planning; and (vi) no explicit plan for raising additional equity in case of capital shortfalls. In response, the CPMI and IOSCO issued a **consultative report** proposing supplemental guidance to the PFMI. The guidance does not introduce new standards but elaborates on the existing PFMI principles. It clarifies the scope of general business risk and its interaction with other principles, and provides guidance on identifying, monitoring and managing general business risks; determining the minimum amount of LNAFE; and governance and transparency. The guidance also considers the findings from the Level 3 assessment report. The deadline for comments is 6 February 2026.

The BCBS's CPMI and the IOSCO published an update on the implementation monitoring of the Principles for financial market infrastructures (PFMI). This report reviews the implementation of the PFMI Principle 15 on general business risk at a sample of 34 financial market infrastructures (FMIs) from 27 jurisdictions, based on work carried out in 2023–24. The report identifies a number of serious issues of concern relating to: (i) determining FMIs' needs for liquid net assets funded by equity (LNAFE) to cover potential losses arising from general business risk and for implementing plans for recovery and orderly wind-down; (ii) holding LNAFE in addition to resources held for risks other than general business risk; (iii) recovery and orderly wind-down planning for general business risk; and (iv) plans for raising additional equity in case of capital shortfalls.

Date of publication: 07/11/2025

5. Anti-money laundering

(i) Germany

BaFin: Updated guidance on the suspicious transaction reporting system of BaFin and FIU (*Aktualisierte Orientierungshilfe zum Verdachtsmeldewesen der BaFin und FIU*)

Status: Final

BaFin updated its guidance on the suspicious transaction reporting system, together with the Financial Intelligence Unit (FIU) on the terms "immediacy" and "completeness" of a suspicious transaction report pursuant to Section 43 of the German money laundering act (*Geldwäschegesetz – GwG*).

Date of publication: 28/11/2025

BaFin: Speech on the risk as a pacesetter for prevention of money laundering

Status: Final

BaFin published the speech by Birgit Rodolphe, Executive Director of Resolution and Money Laundering Prevention, which outlined the crucial role of risk in the prevention of money laundering and terrorist financing. She explained that institution-specific risk is the most important factor. The countermeasures and due diligence obligations to be fulfilled by companies depend on this. Since the risk landscape is constantly changing – for example due to fragmented payment transactions, crypto transactions and circumvention transactions in connection with high-risk countries or sanctions – BaFin expects supervised institutions to continuously record and reduce money laundering risks.

Supervisory practice shows that even small institutions are not automatically low-risk. If an institution incurs high money laundering risks, it must adapt its preventive measures accordingly. The Executive Director underlined that a tailored calibration requires supervised entities to know their customers, understand their business models and be able to understand their transactions. From BaFin's point of view, ignorance about customers and their business models is dangerous and untenable.

Date of publication: 20/11/2025

(ii) EU

EC: Request for feedback on an initiative regarding formats for the submission of beneficial ownership information to central registers under the AML Regulation

Status: Consultation

Deadline for the submission of comments: 24/12/2025

The EC launched a consultation on an initiative, aiming to publish an implementing regulation. This initiative will establish the formats used to submit beneficial ownership information referred to in Article 62 of the AML Regulation to central registers. The concept of beneficial ownership was introduced to increase the transparency of complex corporate structures in the fight against money laundering and terrorist financing. It will include a checklist of minimum requirements for this information to be examined by the entity in charge of the central register.

Date of publication: 26/11/2025

(iii) International

FATF: Asset recovery guidance and best practices

Status: Final

The FATF published new guidance and best practices that aim to intensify global efforts to recover criminal assets. The guidance covers key topics from modern financial investigations and swiftly securing assets, to safeguarding rights and compensating victims with recovered funds. It recognises that depriving criminals of their gains is as important as prosecuting them. Removing the financial motivation for crime is critical to disrupting and deterring criminal organisations, terrorists, and scammers around the world.

Date of publication: 04/11/2025



6. Payments

6.1 PAYMENT SERVICES/E-MONEY

(i) Germany

BaFin: Updated Circular 05/2024 on the transmission of operational and security-related risks pursuant to Section 53(2) ZAG (Anpassung des Rundschreibens 05/2024 zur Übermittlung operationeller und sicherheitsrelevanter Risiken gemäß § 53 Abs. 2 ZAG)

Status: Final

BaFin updated its Circular 05/2024 on the transmission of operational and security-related risks pursuant to Section 53(2) of the Payment Services Oversight Act (*Zahlungsdiensteaufsichtsgesetz – ZAG*). According to Section 53(2) ZAG, a payment services provider must submit to BaFin a yearly up-to-date and comprehensive assessment of: (i) the operational and security-related risks in connection with the payment services it provides; and (ii) the adequacy of the risk mitigation measures and control mechanisms it has implemented to manage these risks. To do so, the payment service provider should use the form provided in the appendix. The reporting deadline is 31 December of each year. The report must be sent to BaFin within two months of this deadline.

The update aims to reduce the bureaucratic requirements by determining that all payment service providers that have already submitted a complete report will only have to submit reports from the cut-off date of 31 December 2025 in two cases: (1) if they reclassify at least one new risk with an overall rating of "high" or (2) if they newly classify as "high" at least one of the risks that have already been reported.

Date of publication: 17/11/2025

(ii) EU

Council of the EU/EP: Provisional political agreement on the Payment Services Regulation and amended Payment Services Directive

Status: Adopted by the Council of the EU

The Council of the EU and the EP announced a provisional political agreement on the EU payments package. While the final texts of PSD3 and the Payment Services Regulation (PSR) are not yet available, press releases indicate that negotiations centred on three key areas: fraud prevention, transparency and open banking.

For further details, you may like to read our blog post "[European Council and Parliament reach provisional agreement on EU Payments Package](#)".

Date of publication: 27/11/2025

7. Banking union

7.1 SINGLE SUPERVISORY MECHANISM (SSM)

(i) EU

ECB: TIBER-EU SSM implementation guide

Status: Final

The ECB published its guide on implementing the Threat Intelligence-based Ethical Red Teaming (TIBER-EU) framework for mandatory threat-led penetration testing (TLPT) of significant institutions under DORA. Under Articles 26 and 27 of DORA, significant institutions must conduct advanced operational resilience testing by means of TLPT at least every three years. To assist significant institutions in fulfilling the DORA TLPT requirements, the ECB has decided to adopt the TIBER-EU framework. The guide sets out: the ECB's role in identifying significant institutions subject to TLPT requirements; the testing process (preparation, execution and closure); key stakeholder responsibilities, including the use of external threat intelligence providers and red team testers; and general considerations for TLPT, including test management, secrecy and risk management. The ECB clarifies that while the TIBER-EU implementation guide provides detailed operational steps, only DORA and its accompanying regulatory technical standards on TLPT remain legally binding.

Date of publication: 21/11/2025

ECB: Supervisory priorities 2026-2028

Status: Final

The ECB published its supervisory priorities for 2026-2028, reflecting its medium-term strategy for the next three years. Looking ahead, the ECB's supervisory priorities for 2026-2028 reflect a comprehensive assessment of emerging risks and vulnerabilities for supervised entities. Each supervisory priority targets a specific set of vulnerabilities in the banking sector for which dedicated strategic objectives have been set and tailored work programmes developed. There are two key priorities for the ECB:

- ♦ Strengthening resilience to geopolitical and macro-financial risks, including consistent implementation of the revised Capital Requirements Regulation (CRR3), prudent management of risk-tasking and sound credit standards, as well as climate and nature-related risks.
- ♦ Strengthening banks' operational resilience and fostering robust ICT capabilities, in line with the requirements under DORA, particularly those for ICT third-party risk and incident response management.

As part of its medium-to-longer term strategy, the ECB will focus on banks' digital and, in particular, AI-related strategies, governance and risk management. The ECB also published a [speech](#) given by the Chair of the ECB's supervisory board, regarding the 2025 SREP results and the supervisory priorities.

Date of publication: 18/11/2025

8. Institutional supervisory framework

(i) EU

EBA: Consultation on Guidelines on supervisory independence of competent authorities under the CRD

Status: Consultation

Deadline for the submission of comments: 23/01/2025

The EBA launched a consultation on its Guidelines on supervisory independence of competent authorities under the CRD. Risks to supervisory independence pose challenges to the soundness of supervision and good governance and new requirements in the CRD introduce measures to manage them. These Guidelines further clarify the arrangements that competent authorities should have in place to prevent and manage conflicts of interest. The draft Guidelines specify certain aspects concerning the appointment of the members of the competent authorities' management body and clarify the calculation of the 14-year limit for the term of office of those members. Moreover, they harmonise the arrangements to prevent conflicts of interest of their members of staff and of the members of their governance bodies including declarations of interest, limitations on trading of financial instruments, arrangements for the sale or disposal of those instruments and cooling-off restrictions, that competent authorities must have in place.

Date of publication: 12/11/2025

9. Investment funds

9.1 PRODUCT REGULATION

a) AIF

(i) EU

ESMA: Peer review report on the supervision of depositary obligations

Status: Final

ESMA published a peer review report on the supervision of depositary obligations under the UCITS Directive and AIFMD frameworks. The review assessed five jurisdictions: Czechia, Ireland, Italy, Luxembourg and Sweden, with a focus on compliance with oversight and safekeeping obligations. While all NCAs have foundational supervisory frameworks in place, ESMA identified notable divergences in the depth and maturity of supervisory practices across jurisdictions. Czechia and Luxembourg fully met expectations, Ireland and Italy largely met expectations and Sweden only partially met expectations, prompting calls for an overall scale up of supervisory assessments, intrusiveness and intensity.

Key findings highlight the need for more frequent and risk-proportionate supervisory engagement, particularly given the concentration of depositaries and their potential systemic importance. There are also concerns over the depth and intrusiveness of supervisory assessments where depositaries entrust significant tasks to third parties. The report recommends that NCAs strengthen risk-based supervision by increasing the frequency and intrusiveness of engagement with higher-impact entities and ensuring risks are properly identified, assessed and mitigated. Jurisdiction-specific recommendations are detailed in the report's tables. ESMA will follow up on these recommendations and continue discussions on strengthening depositary supervision.

Date of publication: 17/11/2025

EC: Adoption of two delegated regulations supplementing the AIFMD and UCITS Directive with regard to RTS specifying the characteristics of liquidity management tools

Status: Adopted by the EC

The EC adopted two delegated regulations: a delegated regulation supplementing the AIFMD and a delegated regulation supplementing the UCITS Directive. These regulations lay down RTS specifying the characteristics of liquidity management tools (LMTs), following the recent amendments made to AIFMD and UCITS by [Directive \(EU\) 2024/927](#).

The RTS aim to harmonise the characteristics of LMTs across the EU for open-ended AIFs and UCITS, enhancing investor protection and financial stability. The harmonised list of tools, which are set out in the annexes to the Directives, include: suspension of subscriptions, repurchases and redemptions; redemption gates; extension of notice periods; redemption fees; swing pricing; dual pricing; anti-dilution levy; redemption in kind; and side pockets. Under the amended Directives, managers must select at least two appropriate LMTs from this list for potential use, considering the fund's investment strategy, liquidity profile and redemption policy. The Council of the EU and the European Parliament will scrutinise the Delegated Regulations. If neither object, they will enter into force 20 days after publication in the Official Journal of the European Union and apply from 16 April 2026. The RTS also establish a transitional period of application for existing funds constituted before this date.

- ◆ Commission Delegated Regulation (EU) .../... supplementing the UCITS Directive with regard to RTS specifying the characteristics of liquidity management tools
- ◆ Commission Delegated Regulation (EU) .../... supplementing the AIFMD with regard to RTS specifying the characteristics of liquidity management tools

Date of publication: 17/11/2025

b) UCITS

(i) EU

ESMA: Peer review report on the supervision of depositary obligations

Status: Final

ESMA published a peer review report on the supervision of depositary obligations under the UCITS Directive and AIFMD frameworks. For more information, please see section 9.1a) above.

Date of publication: 17/11/2025

EC: Adoption of two delegated regulations supplementing the AIFMD and UCITS Directive with regard to RTS specifying the characteristics of liquidity management tools

Status: Adopted by the EC

The EC adopted the Commission Delegated Regulation supplementing Directive 2009/65/EC with regard to RTS specifying the characteristics of liquidity management tools (LMTs) under the AIFMD and the UCITS. For more information, please see section 9.1a) above.

Date of publication: 17/11/2025

9.2 PRUDENTIAL REGULATION

a) Compliance

(i) International

IOSCO: Consultation report on valuing collective investment schemes

Status: Consultation

Deadline for the submission of comments: 02/02/2026

IOSCO launched a consultation proposing 13 updated recommendations for valuing collective investment schemes (CIS). The revisions seek to update IOSCO's 2007 principles for the valuation of hedge fund portfolios and its 2013 principles for the valuation of collective investment schemes, in light of market developments, including increased exposure to illiquid and private assets and heightened retail participation. The key updates cover: oversight arrangement; governance under stressed market conditions; management of conflicts of interest; fair value; back testing; use of third-party valuation service providers; stale valuations; and record keeping. IOSCO emphasises that robust valuation practices are critical to ensure accurate net asset value calculations of funds and maintain investor protection and market confidence.

Date of publication: 17/11/2025

10. Special topics

10.1 FINTECH/DIGITAL FINANCE

(i) Germany

BaFin: Note on reporting requirements on major ICT incidents under DORA (*Hinweise zur Meldung schwerwiegender IKT-bezogener Vorfälle unter DORA*)

Status: Final

BaFin published a note on reporting requirements on major ICT incidents under DORA. It provides detailed guidance on how to fill in the reporting form.

Date of publication: 20/11/2025

(ii) EU

EC: Adoption of Digital Omnibus Package

Status: Adopted by the EC

The EC adopted its Digital Omnibus Package with a set of proposals which seek to simplify rules on AI, data and cybersecurity. This forms part of the EC's broader [digital initiative](#) to help EU businesses innovate, scale and save on administrative costs. At the core of the package is the [AI Act](#) which introduces technical amendments to a large range of digital laws.

Key measures include:

- ♦ AI – providing clarifications and practical measures to ensure smooth application of AI rules, including provisions for regulatory sandboxes and SME-friendly compliance pathways. Further targeted amendments to the EU AI Act are made through a [separate legal proposal](#) within the package.
- ♦ Cybersecurity – establishing a single-entry reporting mechanism that consolidates mandatory obligations under, among others, the NIS2 Directive, the GDPR and DORA. In a second stage, sector-specific rules in areas such as energy and aviation will also be integrated into this single-entry point.
- ♦ GDPR – introducing targeted amendments to harmonise, clarify and simplify certain rules, and modernising cookie provisions to improve the online user experience.
- ♦ Data access – consolidating all data-related rules through the Data Act, introducing targeted exemptions to some cloud-switching requirements for SMEs and SMCs and offering new compliance guidance with the Data Act.
- ♦ European wallets – establishing digital wallets to provide European companies and public sector bodies with a unified digital tool to digitalise operations and interactions that currently require in-person processes. Businesses will be able to digitally sign, timestamp and seal documents; securely create, store and exchange verified documents; and communicate securely with other businesses or public administrations across all 27 Member States. This is set out in a [separate legal proposal](#) as part of the package.

The Digital Omnibus Package is accompanied by the [Data Union Strategy](#) which outlines additional measures focusing on three priorities: (i) scaling up access to data for AI; (ii) streamlining data rules; and (iii) safeguarding the EU's data sovereignty to strengthen its global position on international data flows. The legislative proposals will now

be submitted to the European Parliament and the Council of EU for adoption. This package represents the first step in the EC's strategy to simplify and make more effective the EU's digital rulebook.

Date of publication: 19/11/2025

EC: Consultation on digital fitness check

Status: Consultation

Deadline for the submission of comments: 11/03/2026

The EC launched the second step of the simplification agenda, with a consultation on the Digital Fitness Check. The Digital Fitness Check will "stress test" how the rulebook delivers on its competitiveness objective and examine the coherence and cumulative impact of the EU's digital rules.

Date of publication: 19/11/2025

ESAs: Official list of designated critical CTPPs under DORA

Status: Final

The ESAs published the official list of designated critical ICT third-party providers (CTPPs) under DORA. This designation followed a structured process involving data collection from financial entities' ICT service registers, a criticality assessment in cooperation with national competent authorities and a notification process to those CTPPs identified as critical, after which they benefitted from their right to be heard by providing a reasoned statement. The final designation decisions were adopted following a careful review of all relevant information. Designated CTPPs, which deliver essential ICT services across the EU financial sector, will now be subject to direct oversight by the ESAs to ensure they have appropriate risk management and governance frameworks in place. The ESAs will continue engaging with CTPPs in the course of upcoming examination activities.

Date of publication: 18/11/2025

ECON: Reports on amendments to digital euro legislative package

Status: Final

The ECON published three draft reports proposing amendments to the EC's legislative package on the establishment of the digital euro. These proposals collectively aim to establish a comprehensive legal framework for the issuance, use and coexistence of the digital euro alongside physical cash. The first draft report (COM(2023)0369) proposes amendments to the proposed regulation establishing the digital euro as a central bank digital currency, detailing its governance and operational principles. Accompanying this, the second draft report (COM(2023)0368) proposes limited procedural amendments to the proposed regulation on the provision of digital euro services by payment service providers in Member States whose currency is not the euro. Finally, the third draft report (COM(2023)0364) proposes amendments to the proposed regulation on the legal tender status of euro banknotes and coins. This measure is designed to safeguard the mandatory acceptance of continued use of cash, ensuring it remains a viable payment option alongside the digital euro.

Date of publication: 03/11/2025

(iii) International

FSB: Letter to G20 leaders on priorities for financial stability

Status: Final

The FSB published a letter from the FSB's Chair, Andrew Bailey, addressed to G20 leaders. The letter urges G20 leaders to accelerate efforts to modernise financial regulation while safeguarding stability, citing significant gaps in reform implementation and a challenging economic outlook. The next phase of the FSB's work will look deeper into where full, timely and consistent implementation of global standards, such as Basel III, was not achieved. The letter highlights the growing influence of non-bank financial intermediaries in global financial markets, now estimated at USD2 trillion globally, and stresses the need for robust monitoring to prevent systemic risks. It also calls for continued attention to national policy barriers to achieve the objectives of the G20 Roadmap for enhancing cross-border payments. With the rise of digital assets, the FSB calls on authorities to carefully consider how frameworks are designed to ensure they are effective, consistent, and supportive of safe innovation and notes that it will be equally important to consider how stablecoins can operate effectively and safely across borders. The FSB's work programme for the year ahead will include a focus on stablecoins and other forms of payment.

Date of publication: 18/11/2025

IOSCO: Final report on financial asset tokenization

Status: Final

The IOSCO published its final report on the tokenisation of financial assets. The report summarises observations from IOSCO's monitoring exercise led by its Fintech Task Force. It examines the development and adoption of tokenisation and distributed ledger technology (DLT) in capital markets, to share understanding among IOSCO members of current use cases and regulatory responses. IOSCO finds that while tokenisation, enabled by DLT, offers potential efficiency gains such as shorter settlement cycles and improved collateral mobility, adoption remains limited. This is considered to be due to new or heightened risks such as interoperability challenges and the lack of credible settlement assets, which hinder scalability. Other evolving risks include legal uncertainty, operational vulnerabilities and cyber threats, which mirror existing risk categories but manifest differently under DLT, requiring tailored risk controls. Regulatory approaches to respond to these risks vary globally, with some IOSCO members applying existing frameworks while others have issued new guidance or sandbox programs. The report concludes with examples of steps taken by authorities in various jurisdictions to address the application of existing regulatory frameworks and risks arising from tokenised capital markets products. IOSCO also encourages regulators to apply recommendations from its previous reports on [crypto and digital asset markets](#) and [decentralised finance](#) to ensure consistent outcomes under the principle of "same activities, same risks, same regulatory outcomes".

Date of publication: 11/11/2025

10.2 AI

(i) EU

EP: Resolution on the impact of AI on the financial sector

Status: Adopted by the EP

The EP adopted a resolution on the impact of AI on the financial sector. This follows the [final report](#) published by ECON earlier in November. The [press release](#) confirms that the resolution highlights AI's potential benefits to the

financial sector, including through fraud detection, personalised advice, transaction monitoring and ESG data analysis. However, it also warns of risks such as data bias, model opacity, cybersecurity threats and over-reliance on major tech providers. MEPs call for human oversight, robust data governance and updates to supervisory tools – emphasising that no new legislation is needed; instead, existing rules should be clarified and streamlined to foster innovation without compromising consumer protection or financial stability. The resolution urges the European Commission and supervisors to provide proportionate guidance and to enhance cross-border cooperation and support initiatives such as setting up AI-specific regulatory sandboxes, increasing AI literacy, researching AI’s environmental impact, and reducing regulatory barriers for AI-based financial firms.

Date of publication: 25/11/2025

EBA: Fact sheet on AI Act regarding implications for the EU banking and payments sector

Status: Final

The EBA published a fact sheet summarising the findings from its 2025 mapping exercise on the interaction between the EU AI Act (Regulation EU 2024/1689) and existing banking and payments legislation. This includes the Capital Requirements Regulation (575/2013), the Consumer Credit Directive (2008/48/EC), the Mortgage Credit Directive (2014/17/EU) and the Payment Services Directive ((EU) 2015/2366). The EBA’s key findings include: (i) no significant contradictions have been found between the AI Act and EU banking and payment legislation; (ii) the AI Act is complementary to EU banking and payment sector legislation, which already provides a comprehensive framework to manage risks. However, some efforts may be required by banks and other financial institutions to integrate the two frameworks effectively; and (iii) the co-existence of multiple authorities supervising financial entities’ compliance highlights the importance of supervisory cooperation to ensure effective implementation of the AI Act. The EBA also concludes that no immediate changes to its guidelines or new EBA guidelines are planned. Instead, the EBA will follow up with actions to contribute to a common supervisory approach to supervisory cooperation and implementation of sectoral requirements alongside AI Act requirements. The EBA will undertake specific activities in 2026–2027 to support the implementation of the AI Act in the EU banking and payments sector by: promoting common supervisory approaches and cooperation among national competent authorities responsible for financial sector supervision and market surveillance authorities; and providing input to the AI office, as appropriate, and participating in discussions of the AI Board Subgroup on Financial Services.

Date of publication: 21/11/2025

EC: Adoption of Digital Omnibus Package

Status: Adopted by the EC

The EC adopted its Digital Omnibus Package with a set of proposals which seek to simplify rules on AI, data and cybersecurity. For more information, please see section 10.1 above.

Date of publication: 19/11/2025

10.3 SUSTAINABLE FINANCE

(i) EU

EC: Adoption of a proposal to amend SFDR simplifying transparency rules for sustainable financial products

Status: Adopted by the EC

The EC adopted a [proposal](#) for a regulation to amend the SFDR. For more information, please see section 3.5 above.

Date of publication: 20/11/2025

EP: Adoption of negotiating position on Omnibus sustainability package

Status: Adopted by the EP

The EP announced it has adopted its negotiating mandate on the [Omnibus I sustainability package](#) which proposes targeted amendments to, amongst other things, the CSRD and the CSDDD, aimed at reducing administrative burdens for businesses. The EU already published [Directive \(EU\) 2025/794](#) which implemented the “stop-the-clock” proposal, postponing the application date of aspects of CSRD and CSDDD.

It follows the [EP's rejection of the mandate proposed by its Legal Affairs Committee](#) just last month. Although the text of the mandate has not been published, the announcement states that the mandate proposes that sustainability reporting will apply only to companies with over 1,750 employees and annual turnover exceeding EUR450 million, with simplified standards and voluntary sector-specific disclosures. Only businesses within this scope would also be required to provide sustainability reporting under [taxonomy rules](#) (i.e. a classification of sustainable investments).

Due diligence obligations will be limited to large corporations with more than 5,000 employees and turnover above EUR1.5 billion, focusing on a risk-based approach rather than systematic data requests from smaller business partners. Transition plans aligned with the Paris Agreement will no longer be mandatory, and liability for non-compliance with due diligence requirements will be enforced at the national level rather than EU level. The EP also requests the European Commission to establish a new EU digital portal to provide free templates and guidance on all EU reporting requirements complementing the [European Single Access Point](#). The Council of the EU adopted its [negotiating mandate](#) in June. Negotiations between both European bodies will begin on 18 November, with legislation expected to be finalised by the end of year.

Date of publication: 13/11/2025

Commission Delegated Regulation (EU) 2025/1416 amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings

Status: Published in the OJ

Date of entry into force: 13/11/2025

Date of application: 01/01/2025 (retrospectively)

Delegated Regulation 2025/1416 amending [Delegated Regulation \(EU\) 2023/2772](#) was published in the OJ. [Adopted](#) on 11 July, it introduces targeted amendments, referred to as “quick fix” amendments, to defer the application of specific European sustainability reporting standards (ESRS) under the [Omnibus I sustainability package](#), to ease reporting burdens and provide legal certainty for companies already reporting for financial year

2024 (“wave one” companies). The amendments allow these companies to continue omitting certain disclosures for financial years 2025 and 2026. Additionally, larger wave one companies (with over 750 employees) will now benefit from the same phase-in provisions previously reserved for smaller entities. The amendments address gaps left by the “stop-the-clock” Directive, which deferred reporting obligations for wave two and three companies but excluded wave one.

Date of publication: 10/11/2025

EC: Call for evidence for an initiative reviewing the EU taxonomy regarding climate and environmental delegated acts

Status: Call for evidence

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

The EC published calls for evidence on proposals to amend two Delegated Regulations: the Taxonomy Climate Delegated Act and the Taxonomy Environmental Delegated Act. The Taxonomy Climate and Environmental Delegated Acts, adopted respectively in 2021 and 2023, specify the technical screening criteria for activities contributing to the six EU climate and environmental objectives including climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, circular economy, pollution prevention and control and biodiversity. The proposed amendments aim to simplify, clarify and enhance usability of these criteria. This initiative forms part of the EC’s broader effort to reduce reporting burdens for companies and support sustainable finance through clearer and more proportionate rules.

Date of publication: 07/11/2025

EBA: Final report on Guidelines on environmental scenario analysis

Status: Final

Date of application: 01/01/2027

The EBA published a final report on Guidelines for environmental scenario analysis under the CRD, as amended by CRD VI. These Guidelines complement the EBA’s January 2025 ESG risk management framework by clarifying supervisory expectations for how institutions should conduct environmental scenario analysis, including for institutions using the internal ratings-based approach for calculating the own funds requirements for credit risk. The EBA consulted on the Guidelines in January. In response to feedback, the EBA has amended the Guidelines with a focus on enhancing clarity and simplifying expectations in line with operational realities. The scope has been streamlined to focus on environmental risks, with climate as the priority. Institutions may use simplified or qualitative approaches where quantitative modelling would be disproportionate. Scenario analysis on social and governance factors will not be required at this stage, as the approaches are not yet sufficiently mature. However, they may be considered in future updates of the Guidelines. They will be translated into all official EU languages and published on the EBA website. Competent authorities must report compliance within two months after publication of the translations.

These Guidelines will apply from 1 January 2027, even though the EBA Guidelines on the management of ESG risks apply from 11 January 2026. This difference in application dates is to allow institutions to adequately prepare and align internal methodologies, data and governance processes with the new requirements.

Date of publication: 05/11/2025

ESAs: Q&A on the SFDR and the SFDR Delegated Regulation

Status: Final

The ESAs published an updated version of its consolidated Q&A document on the Sustainable Finance Disclosure Regulation (SFDR) and the SFDR Delegated Regulation ([Commission Delegated Regulation \(EU\) 2022/1288](#)). A new Q&A has been added clarifying the requirements under Article 6(2) of the SFDR Delegated Regulation concerning principal adverse impact (PAI) disclosures.

Date of publication: 04/11/2025

(ii) International

International Platform on Sustainable Finance: Annual report 2025

Status: Final

The European Commission's International Platform on Sustainable Finance (IPSF) published its 2025 annual report, assessing progress in sustainable finance framework design to implementation across jurisdictions. The report highlights significant progress in consolidating the core elements of sustainable finance frameworks including: refinement of taxonomies; increased regulatory focus on transition plans; and convergence of disclosure frameworks around international standards, notably the International Sustainability Standards Board (ISSB) and the EU's [European sustainability reporting standards](#) (ESRS). The report underscores efforts by IPSF members in preventing greenwashing and enabling credible capital allocation aligned with real economy needs. There is also a dedicated chapter in the report that addresses transition finance for strategic sectors and critical raw materials. The IPSF notes these sectors (such as metals, mining, and heavy industry) are indispensable for clean technologies but are also among the hardest to decarbonise. The chapter explores how sustainable finance frameworks can help steer investment into these complex areas. Looking ahead, the IPSF will continue this work in 2026, with further attention to transition frameworks, taxonomies, strategic sectors and comparability.

Alongside the report, the IPSF published a [new set of voluntary principles for integrating biodiversity into transition finance](#) and a [technical note](#) on operationalising the "Do No Significant Harm" (DNSH) principle in taxonomies. In parallel, it published two deliverables under its taxonomy roadmap initiative, which was launched at COP29, including the [2025 progress report](#) and [principles for taxonomy interoperability](#).

Date of publication: 14/11/2025

NGFS: Updated guide on climate scenario analysis for central banks and supervisors

Status: Final

The NGFS released an updated guide on climate scenario analysis for central banks and supervisors, building on the [2020 edition](#). The revised guide reflects significant methodological progress and best practices in scenario design, data and modelling, with a new emphasis on short-term scenarios to assess near-term financial risks from climate change and evolving policy developments. While retaining the original four-step framework, which includes: (i) identifying objectives and scope; (ii) choosing climate scenarios; (iii) assessing economic and financial impacts; and (iv) communicating and using results; the guide expands on each step with new insights, methodologies and examples. It serves as a practical reference for authorities and financial institutions integrating climate scenario analysis into their risk management frameworks and will continue evolving alongside ongoing sector developments.

Date of publication: 13/11/2025

NGFS: Explanatory notes on NGFS long-term climate scenarios

Status: Final

The Network for Greening the Financial System (NGFS) published a series of explanatory notes to enhance clarity and usability of its long-term climate scenarios. These notes respond to user feedback seeking greater transparency on underlying assumptions and narratives and aim to support broader application of NGFS scenarios. They cover energy investments, scenario narratives and key findings, key assumptions, physical risks and tipping points in the earth system in the context of NGFS physical risk assessment. The documents form part of Phase V of the NGFS scenario development and go beyond the high-level results presented in the [Phase V presentation deck](#) released in November 2024, offering users a closer look at individual scenario outcomes.

The NGFS also published a [declaration on the economic cost of climate inaction](#) in the context of the COP30 which is supported by the EBA.

Date of publication: 07/11/2025

IOSCO: Final report on ESG indices as benchmarks

Status: Final

The published a final report on ESG indices used as benchmarks (FR/15/25), referred to as “ESG benchmarks”. ESG benchmarks are defined in the report as indices specifically constructed to reflect ESG factors according to its publicly disclosed methodology, and which are used as a reference for assessing ESG risk exposure or ESG impact. The report provides a comparative analysis of ESG benchmarks against IOSCO’s Principles for Financial Benchmarks (PFBs). The report compares key characteristics and vulnerabilities of ESG benchmarks against traditional financial benchmarks. It also focuses on greenwashing vulnerabilities and existing market and regulatory initiatives aimed at addressing these vulnerabilities.

The report’s assessment is structured around the four core pillars of benchmarks, examining how the relevant PFBs apply and whether ESG benchmark administrators should consider any additional factors when embedding these pillars into benchmark design and administration to maintain transparency, consistency, and reliability. The four core pillars consist of:

- ♦ governance and the role and responsibility of the administrators, including overall responsibilities, conflicts of interest and internal and third parties’ oversight functions;
- ♦ quality and integrity of ESG benchmarks;
- ♦ methodology, including aspects around transparency, data inputs, verification of submissions, changes to methodology, and contingency provisions for episodes of market disruptions, illiquidity or other stresses; and
- ♦ accountability, including complaints mechanisms and escalation channels, audit practices and traceability of ESG decisions and methodology.

The report concludes that IOSCO PFBs are broadly applicable and provide a strong foundation for ESG benchmarks, but effective implementation requires proportional application and supplemental measures to address the qualitative and evolving nature of ESG data and methodologies.

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