

A&O SHEARMAN



Regulatory monitoring

NEWSLETTER
DECEMBER 2025

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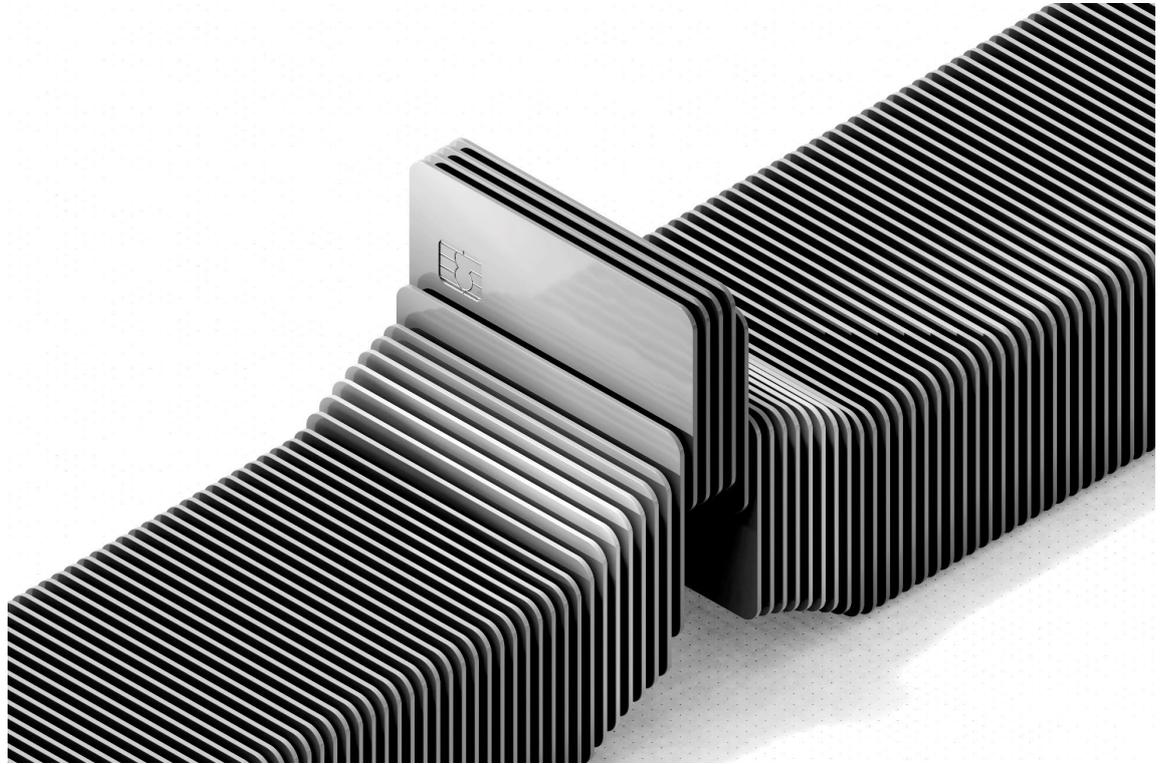
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CHANGE ANALYSIS AND PREVIEW OF RULES

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) Germany

BaFin: Renewed survey of German credit and securities institutions on cum/cum transactions **(Erneute Abfrage deutscher Kredit- und Wertpapierinstitute zu Cum/Cum-Geschäften)**

Status: Final

BaFin announced that it has launched a new survey on cum/cum transactions, following surveys in 2017, 2020 and 2021. The survey is aimed at the majority of German credit institutions, selected investment institutions and institutions in the field of financial market infrastructures, all external capital management companies with a licence that manage open-ended securities funds, as well as insurance companies and pension funds under federal supervision. The purpose of the new survey is to obtain an up-to-date overview of the financial burdens on the companies surveyed and to examine the need for supervisory action. This is important as participation in cum/cum transactions is not only of supervisory relevance for the assessment of financial risks, but can also have an impact on how BaFin assesses the governance or business organisation of supervised entities.

Date of publication: 15/12/2025

BReg: Government draft on the Banking Directive Implementation and Bureaucracy Relief Act **(Regierungsentwurf zur Bankenrichtlinienumsetzungs- und Bürokratieentlastungsgesetz – BRUBEG)**

Status: Draft

The German Government (*Bundesregierung* – BReg) published its draft of the Banking Directive Implementation and Bureaucracy Relief Act (*Bankenrichtlinienumsetzungs- und Bürokratieentlastungsgesetz* – BRUBEG). BRUBEG transposes the provisions of CRD VI into national law and at the same time aims to reduce excessive bureaucracy in the banking sector in Germany. This is intended to improve resilience of banks while ensuring financing for the real economy, strengthening competitiveness and growth prospects and facilitating necessary investment. For that purpose, the draft aims to simplify regulatory requirements where there are no supervisory concerns, and to facilitate the granting of loans by banks. Small and medium-sized enterprises in particular are expected to benefit from these changes.

The draft also strengthens the investigative powers of the BaFin: In Germany, growing crime in new forms (money laundering networks, black capital market, criminal or terrorist organisations, etc.) as well as technical innovations such as unauthorised transactions, which are to a large extent also advertised via the Internet, can be observed. These developments require BaFin's powers in the supervisory laws to be adapted to these new challenges and strengthened in a targeted manner.

On 21 November 2025, the German Federal Council (*Bundesrat* – BRat) had published an **Opinion** (*Stellungnahme*) on the previous version of this draft bill.

Date of publication: 03/12/2025

(ii) EU

EBA: Final report on Guidelines amending Guidelines EBA/GL/2022/04 on the equivalence of confidentiality regimes

Status: Final

The EBA published its final report on Guidelines amending Guidelines EBA/GL/2022/04 on the equivalence of confidentiality and professional secrecy regimes in third countries, reinforcing the EU's commitment to safeguarding confidential information and enabling effective cross-border supervisory cooperation. The update expands the scope of the 2022 Guidelines to reflect new requirements under MiCAR and incorporate the latest EBA equivalence assessments. The updated framework confirms that the confidentiality and professional secrecy regimes of several authorities, including those in Australia, China, Montenegro, Peru, Serbia, and the UK, are now considered equivalent to EU standards. In addition, the revised Guidelines streamline definitions, update legal references, and clarify how competent authorities should apply the framework when sharing information or engaging in supervisory cooperation.

Date of publication: 22/12/2025

EBA: Public summary on updated report on equivalence monitoring

Status: Final

The EBA updated its confidential report on equivalence monitoring activities and submitted it to the ESAs. To enhance transparency, the EBA also published a public summary outlining recent regulatory and supervisory developments in 26 non-EU jurisdictions deemed equivalent under the CRR, accompanied by a [press release](#). The report provides factual information on regulatory and supervisory changes, identifies areas that may require continued monitoring, and ensures that the criteria for equivalence decisions continue to be met. The public summary offers insight into the EBA's monitoring approach while respecting the confidentiality of the detailed report. The summary also provides information on the methodology, scope, parameters, and inherent limitations of the equivalence assessments. It states that the nature and extent of any subsequent follow-up actions will be contingent upon the number and significance of the material findings identified for each jurisdiction.

Date of publication: 18/12/2025

Council of the EU: Adoption of conclusions on simplifying EU financial services regulation

Status: Final

The Council of the EU adopted conclusions on simplifying the EU's financial services regulation as part of its broader competitiveness agenda. The Council emphasises that simplification should reduce unnecessary complexity and administrative burdens, particularly for SMEs, without undermining financial stability or core regulatory pillars such as capital requirements, consumer protection, and anti-money laundering frameworks. Key principles include eliminating duplicative or outdated provisions, improving coherence across legislation, streamlining reporting requirements, and ensuring robust stakeholder consultation and impact assessments. The Council calls on the EC to swiftly propose ambitious simplification packages, review existing legislation and explore technological tools such as AI to enhance efficiency. It also urges better coordination among EU institutions and supervisory authorities, including the European Supervisory Authorities and the EU's Anti-Money Laundering Authority, and calls on them to adopt a simpler and more targeted approach to developing RTS, ITS, Guidelines, etc. The EC is invited to report back on progress with simplification initiatives and prepare a report (scheduled for 2026) assessing the overall state of the banking system in the Single Market and evaluating its competitiveness.

Date of publication: 12/12/2025

(iii) International

BCBS: Revised handbook for jurisdictional assessments on the regulatory consistency assessment programme

Status: Final

The BCBS published its revised handbook for jurisdictional assessments. It describes the methodology used by the Basel Committee to assess the completeness and consistency of domestic prudential regulations with the Basel framework. These assessments are conducted as part of the Committee's Regulatory Consistency Assessment Programme (RCAP). The handbook is designed to be a flexible compendium, with its guidance and principles being revised or expanded as the RCAP evolves. This revised version of the handbook includes specific guidance for the assessment of the Basel III revisions to risk-weighted assets and the leverage ratio framework.

Date of publication: 03/12/2025

b) Solvency/Own funds issues

(i) Germany

BaFin: General Administrative Act on Common Equity Tier 1 capital instruments (*Neue Allgemeinverfügung zu Instrumenten des harten Kernkapitals*)

Status: Published

Date of effect: 01/01/2026

Date of expiry: 31/12/2026

BaFin published a new General Administrative Act on Common Equity Tier 1 capital instruments, pursuant to Article 26(3), Article 77(1)(a) and Article 78(1)(b) CRR and Article 32(2) Delegated Regulation (EU) 241/2014. This document sets out requirements for credit institutions (within the meaning of Section 1(3d)(1) of the German Banking Act (*Kreditwesengesetz – KWG*)) in the legal form of a registered cooperative society which are not directly supervised by the ECB. In particular, it regulates the extent to which newly issued shares in cooperative societies can be classified as instruments of Common Equity Tier 1 capital. In this version, BaFin also determines the conditions under which the redemption of business assets due to terminated cooperative shares is approved in advance.

Date of publication: 02/01/2026

BaFin: Exposures and losses with regard to immovable property (*Risikopositionen und Verlustraten hinsichtlich Immobilien*)

Status: Final

BaFin published the following two documents on exposures and losses with regard to immovable property:

- ◆ Loss rates for exposures secured by mortgages on immovable property pursuant to Articles 125, 126, 199 CRR (*Verlustraten für mit Immobilien besicherte Risikopositionen gemäß Art. 125, 126, 199 CRR*)
- ◆ Exposures and losses from lending collateralised immovable property in 2024 in Germany (*Risikopositionen und Verlustraten durch Darlehensgeschäfte, die durch Immobilien besichert sind für 2024 in Deutschland*)

Date of publication: 16/12/2025

BaFin: Protocol on the 20. meeting of the expert committee on the IRRBB (*Protokoll der 20. Sitzung des Fachgremiums IRRBB*)

Status: Final

BaFin published the minutes of the 20th meeting of the expert committee on the IRRBB (*Zinsänderungsrisiko im Anlagebuch*). Participants discussed the practical application of the credit spread risk in the banking book (CSRBB) and its recent developments, and highlighted analyses regarding the IRRBB.

Date of publication: 03/12/2025

(ii) EU

ECB: Launch of fast-track assessments for capital and securitisation

Status: Final

The ECB launched its fast-track assessments for banks' capital and securitisation operations. As of January 2026, it enables banks to receive a faster response from the ECB when they seek to reduce their capital by repurchasing shares or other capital instruments, or reduce their capital requirements after a significant risk transfer. The ECB advises that the faster processes will apply to standardised operations and clarifies that, despite the faster process, all global standards and European regulations will still apply in full. The normal procedure, which entails a more detailed assessment of the operation and the risks involved, will still apply to operations ineligible for fast-track processing. By applying these two new fast-track processes, the ECB aims to cut approval times to two weeks, down from three months currently. In the broader context of streamlining supervision and making it more efficient and effective, these fast-track processes are expected to save time in routine operations and allow supervisors to focus on more complex assessments.

Date of publication: 19/12/2025

EBA: Final report on draft RTS on the treatment of structural FX positions under Article 104c CRR

Status: Final

The EBA **published** its final report on draft RTS on the treatment of structural foreign exchange (FX) positions under the CRR. The draft RTS, developed under Article 104c CRR (inserted by the CRR III), build on the EBA's 2020 Guidelines and were **consulted** on in October 2024. Most provisions from the existing EBA 2020 Guidelines have been retained with a few notable changes, including: (i) allowing institutions to consider only credit risk own funds requirements when determining the maximum open position that neutralises sensitivity to capital ratios where credit risk is the main driver of ratio variability; (ii) providing further guidance on how institutions should remove FX risk positions from own funds requirements; and (iii) introducing dedicated provisions for currencies that are illiquid in the market, including those impacted by EU restrictive measures.

The final draft RTS will be submitted to the EC for endorsement, following which they will enter into force on the 20th day following publication in the OJ.

Date of publication: 12/12/2025

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

Status: Final

The EBA published its final report on draft RTS amending Delegated Regulation (EU) 2023/206 (which supplements the CRR). The EBA is mandated by Article 124(11) CRR to draft RTS which specify: (i) the types of factors to be considered by national authorities in assessing the appropriateness of the risk weights for exposures secured by immovable property; and (ii) the conditions to be considered for the assessment of the appropriateness of minimum loss given default values for exposures secured by immovable property. The only amendment identified for the existing RTS is an update of relevant legal references to align with the revised CRR (CRR3) framework. Following the April [consultation](#), no changes were made to the draft RTS, noting no responses were received. The RTS will now be submitted to the European Commission for endorsement before being published in the OJ.

Date of publication: 10/12/2025

c) Securitisation

(i) EU

Council of the EU: Agreement of position on the two proposed Regulations as part of the EU securitisation reform

Status: Draft

The Council of the EU agreed its position on the two proposed Regulations as part of the EU securitisation reform, which aims to revive and simplify the EU's securitisation market ahead of negotiations with the EP. This securitisation package is one of the first key deliverables of the EU's savings and investment union (SIU) initiative. The Council of the EU explains that it takes an overall balanced approach to expanding market activity while also preserving financial stability.

With this agreed position, the Council of the EU can now enter into negotiations with the EP to agree on final legal texts.

Date of publication: 19/12/2025

ECB: Launch of fast-track assessments for capital and securitisation

Status: Final

The ECB launched its fast-track assessments for banks' capital and securitisation operations. For more information, please see section 1.1b) above.

Date of publication: 19/12/2025

ECON/Council of the EU: Publication of draft reports and compromise texts on the EU securitisation reform

Status: Draft

The ECON published two draft reports following the EC's [securitisation package](#) (adopted in June) which aims to strengthen and simplify the EU securitisation framework. The [first report](#) proposes amendments to the EC's legislative proposal for a Regulation amending the CRR as regards requirements for securitisation exposures. While supportive of the EC's objectives, the rapporteur is concerned that the proposal may not fully achieve them, particularly where the primary aim should be to ensure greater risk adequacy within the regulatory framework. The report notes that the concept of "resilient positions" introduces additional complexity and may hinder market development. The rapporteur recommends several simplifications for synthetic securitisations and the removal of the resilience concept for traditional securitisations. Instead of the latter, he suggests that the well-established simple, transparent and standardised (STS) category should be reinforced and all STS senior tranches of traditional securitisations should be treated as "resilient".

The [second report](#) proposes amendments to the EC's draft proposal amending the Securitisation Regulation (SECR). While supportive of the amendments proposed by the EC, the report states that broadening the definition of public securitisations to include private transactions could have a severe impact on the market, resulting in unnecessary and disproportionate costs for additional depositories. The report therefore proposes to maintain the current definition, which distinguishes between public and private transactions and has worked well in the past. The report is also supportive of streamlining due diligence for EU securitisations.

In parallel, the Council of the EU published the following compromise texts: document [16740/25](#), which sets out the Council's compromise proposal on amending the SECR, and document [16741/25](#), which contains the Council's compromise proposal on the Regulation amending the CRR as regards requirements for securitisation exposures. The Council also published an "[I](#)" [Item Note](#) from its General Secretariat, inviting the Permanent Representatives Committee (COREPER) to adopt the proposed compromise texts as the Council's negotiating mandate for upcoming trilogue negotiations with the EP.

Date of publication: 15/12/2025

EC: Publication of capital market integration package

Status: Draft

The EC [published](#) a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. The package seeks to address obstacles to innovation and barriers to integration resulting from divergent rules, duplicative requirements and inconsistent supervision. The EC proposes a suite of amendments to key EU financial services and capital markets legislation in a package described as a central component of the [savings and investments union \(SIU\)](#), specifically:

- ♦ A [Regulation](#) which will amend: (i) the ESMA Regulation; (ii) the European Markets Infrastructure Regulation (EMIR); (iii) the Markets in Financial Instruments Regulation (MiFIR); (iv) the Central Securities Depositories Regulation (CSDR); (v) the Distributed Ledger Technology Pilot Regulation (DLTPR); (vi) the Markets in Crypto-Assets Regulation (MiCAR); and (vii) the Cross-Border Distribution of Funds Regulation (CBDR). In line with the changes proposed to the ESMA regulation aimed at making EU supervision more efficient, it also includes targeted amendments to: (a) the Central Counterparties Recovery and Resolution Regulation (CCPRR); (b) the Securities Financing Transactions Regulation (SFTR); (c) the Credit Ratings Agency Regulation (CRAR); (d) the Benchmark Regulation (BMR); (e) the simple, transparent and standardised (STS) securitisation Regulation; (f) the European Green Bond Regulation (EuGB Regulation); and (g) the environmental, social and governance (ESG) rating Regulation.

- ♦ A **Directive** which will amend: (i) the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive; (ii) the Alternative Investment Fund Managers Directive (AIFMD); and (iii) the Markets in Financial Instruments Directive (MiFID).
- ♦ A **Regulation** replacing the Settlement Finality Directive and amending the Financial Collateral Directive (FCD).

The proposed changes relate to:

- ♦ **Supervision:** Transferring direct supervision of significant trading venues, CCPs, CSDs, and all cryptoasset service providers to ESMA, strengthening supervisory convergence tools, and introducing a new Executive Board for impartial EU-level decisions.
- ♦ **Market integration:** Removing barriers to cross-border trading and settlement, streamlining passporting for funds and infrastructure, and introducing an optional Pan-European Market Operator licence to simplify operations across member states.
- ♦ **Simplification:** Converting directives into directly applicable regulations, reducing gold-plating and duplicative requirements, and harmonising authorisation and reporting processes to cut compliance costs and improve legal certainty.
- ♦ **Innovation:** Modernising rules to support Distributed Ledger Technology (DLT), expand the scope and flexibility of the DLT Pilot Regime, and ensure technological neutrality in settlement and collateral frameworks to foster digital finance.

ESMA published a **statement** welcoming this proposal. The proposals must now be reviewed, negotiated and approved by the European Parliament and the Council.

Date of publication: 04/12/2025

d) Liquidity

(i) Eurozone

ECB: Invitation of counterparties to regularly test their operational readiness to access Eurosystem standard refinancing operations

Status: Final

The ECB invites counterparties to regularly test their operational readiness to access Eurosystem standard refinancing operations, such as the main refinancing operations (MROs) and/or the three-month longer-term refinancing operations (LTROs) on a voluntary basis as of 2026. According to the ECB, periodic testing of these refinancing operations – which are an integral part of the smooth implementation of monetary policy – supports the regular maintenance of the operational framework and helps counterparties evaluate their level of operational readiness.

Date of publication: 19/12/2025

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

(i) Germany

BaFin: Application of the ESMA Guidelines on outsourcing to cloud service providers (*Anwendung der ESMA-Leitlinien zur Auslagerung an Cloud-Anbieter*)

Status: Final

BaFin announced that it will apply the [ESMA Guidelines on outsourcing to cloud service providers](#), published on 30 September 2025. The guidelines only apply to AIFs that do not qualify as financial institutions and are not covered by DORA.

Date of publication: 01/12/2025

(ii) EU

ECB: Guideline (EU) 2025/2595 on the supervisory approach by NCAs to coverage of non-performing exposures held by LSIs

Status: Published in the OJ

Date of effect: 12/12/2025

The ECB published Guideline (EU) 2025/2595 on the supervisory approach of national competent authorities (NCAs) to the coverage of non-performing exposures (NPEs) held by less significant supervised entities (LSIs). The Guideline addresses persistent legacy NPE challenges by establishing supervisory coverage expectations for exposures originating from before 26 April 2019 which fall outside the scope of existing CRR deduction requirements. Developed in collaboration with NCAs, the Guideline reflects the ECB's oversight role within the Single Supervisory Mechanism (SSM), promoting the consistent application of high supervisory standards across participating member states while allowing for NCAs' supervisory discretion under the Pillar 2 framework.

Building on the successful application of a similar approach for significant institutions since 2018, the Guideline is tailored to the specific characteristics of LSIs. It introduces a risk-based, proportionate approach, enabling an NCA to annually determine which LSIs fall under its remit based on specific risk and contextual criteria. This is intended to help in avoiding distortive effects, and ensures tailored supervisory follow-up on a case-by-case basis, taking into account the individual circumstances of each bank. Implementation will be phased-in gradually between 31 December 2025 and 31 December 2028, with relevant reporting requirements based on a concise template closely aligned with the existing common reporting (COREP) data submissions.

Date of publication: 19/12/2025

f) Cyber security

(i) EU

ESAs: Joint report in response to the EC consultation pursuant to Article 58(3) DORA

Status: Final

The ESAs published a joint report (dated 4 December 2025) responding to the EC's [request](#) under Article 58(3) DORA. The report assesses whether statutory auditors and audit firms should be subject to strengthened digital operational resilience requirements by means of inclusion in the scope of DORA or by means of amendments to the Statutory Audit Directive. While acknowledging the critical role that auditors play in financial stability and the fact

that the confidentiality, integrity and availability of information accessed during audits are critical, the report clarifies that audit activities do not form part of the operational value chain of the auditee and therefore do not directly affect the continuity of financial or other services. The ESAs conclude that the identified negative implications of the application of DORA to statutory auditors and audit firms (such as increased fixed costs, limited audit choice, increased audit fees and significant re-skilling of national audit oversight authorities) appear to outweigh the potential benefits. Therefore, including statutory auditors and audit firms within DORA's scope is not warranted at this stage.

Date of publication: 17/12/2025

Commission Implementing Regulation (EU) 2025/2462 amending Implementing Regulation (EU) 2024/482 as regards definitions, ICT product series certification, assurance continuity and state-of-the-art documents

Status: Published in the OJ

Date of entry into force: 29/12/2025

Date of application: 29/12/2025

Implementing Regulation (EU) 2025/2462 amending Implementing Regulation (EU) 2024/482 as regards definitions, ICT product series certification, assurance continuity and state-of-the-art documents was published in the OJ. The amended Implementing Regulation aims at specifying the roles, rules, obligations, and structure of the EUCC in accordance with the European cybersecurity certification framework set out in the Cybersecurity Regulation. The EUCC builds on the Mutual Recognition Agreement (MRA) of Information Technology Security Certificates of the Senior Officials Group Information Systems Security (SOG-IS) using the Common Criteria, including the group's procedures and documents.

Date of publication: 09/12/2025

g) Qualifying holdings

(i) EU

EBA: Consultation on draft RTS on the minimum information to be provided, the common assessment methodology of assessment criteria and process applicable to the notification and the prudential assessment of acquisitions of a material holding, material transfer of assets or liabilities, mergers and divisions under Article 27b(7) of CRD IV, and amending Commission Delegated Regulation (EU) No 2022/2580, and on draft ITS on common procedures, forms and templates for the consultation process between the relevant competent authorities under Articles 27c and 27k of CRD IV

Status: Consultation

Deadline for the submission of comments: 05/03/2026

The EBA launched a consultation on draft RTS and ITS under the revised Capital Requirements Directive (CRD VI) concerning prudentially material transactions. The RTS specify the minimum information to be provided, common assessment methodology, and processes for notifications and prudential assessments of material acquisitions, transfers of assets or liabilities, mergers, and divisions. The ITS establish common procedures, forms and templates for cooperation between competent authorities. The draft RTS embed proportionality by exempting information already held by authorities, using documents prepared for mergers or divisions under the Company Law Directive, coordinating with related procedures (e.g., authorisation of credit institutions where the merger requires a new licence), and allowing flexibility for divisions on the basis of their rarity. In the absence of a materiality threshold in

the CRD, they also introduce some proportionality criteria for notifications and assessments, especially for mergers involving small, non-complex or intra-group institutions, to streamline implementation of the merger. Building on common information requirements and terminology, the RTS clarify complex aspects and supplement Level 1 provisions. Final draft RTS and ITS are due for submission to the EC by July 2026 (RTS) and January 2027 (ITS), respectively.

Date of publication: 05/12/2025

h) Notifications

(i) Germany

BuBa: Updated overview of the most important notification and reporting regulations for small and medium securities services (*Aktualisierte Übersicht über die wichtigsten Anzeige- und Meldevorschriften für Kleine und Mittlere Wertpapierinstitute*)

Status: Final

BaFin updated its overview of the most important notification and reporting regulations for small and medium investment firms.

Date of publication: 04/12/2025

i) Supervisory reporting

(i) Germany

BuBa: Updated overview of the most important notification and reporting regulations for small and medium securities services (*Aktualisierte Übersicht über die wichtigsten Anzeige- und Meldevorschriften für Kleine und Mittlere Wertpapierinstitute*)

Status: Final

BaFin updated its overview of the most important notification and reporting regulations for small and medium investment firms. Please also see section 1.1p) above.

Date of publication: 04/12/2025

(ii) EU

EBA: Guidance to banks on enhanced reporting requirements for operational risk ahead of new June 2026 reference date

Status: Final

Following the postponement of the first reference date under the amended ITS, the EBA published clear guidance for banks on how to manage enhanced reporting requirements for operational risk. This move comes after the EC adopted Regulation (EU) 2025/2475, which delays the application of new operational risk reporting obligations to the end of June 2026.

Date of publication: 17/12/2025

EBA: Revised list of ITS validation rules and new website location

Status: Final

The EBA published a revised list of validation rules under its ITS on supervisory reporting. This update highlights rules that have been deactivated due to inaccuracies or IT-related issues. NCAs across the EU are reminded that data submitted according to these ITS should not be formally validated against the deactivated rules.

Date of publication: 12/12/2025

EC: Commission Delegated Regulation (EU) .../... amending the RTS laid down in Delegated Regulation (EU) 2019/815 as regards the 2025 update of the taxonomy for the single electronic reporting format

Status: Adopted by the EC

The EC adopted the Commission Delegated Regulation amending the RTS laid down in Delegated Regulation (EU) 2019/815 as regards the 2025 update of the taxonomy for the single electronic reporting format.

Date of publication: 12/12/2025

Commission Implementing Regulation (EU) 2025/2475 amending the ITS laid down in Implementing Regulation (EU) 2024/3117 as regards operational risk supervisory reporting of institutions

Status: Published in the OJ

Date of entry into force: 29/12/2025

Date of application: 29/12/2025

Implementing Regulation (EU) 2025/2475 was published in the OJ. The regulation makes amendments in relation to the implementing technical standards (ITS) on operational risk supervisory reporting of institutions for the purposes of Article 430(7) of the Capital Requirements Regulation (CRR). The ITS specify uniform reporting formats and IT solutions (including instructions) for the supervisory reporting requirements for institutions. The current ITS were revised in the context of the Basel III reforms and the resulting CRR amendments, with an earlier implementing regulation setting out the incoming replacement ITS and repealing the existing ITS published in the OJ in 2024. This current implementing regulation extends certain transitional provisions to reflect the postponement of the date of application of the incoming CRR own funds requirements for market risk to 1 January 2027 and delay the repeal of the existing ITS.

Date of publication: 09/12/2025

-
- j) Disclosure
 - (i) International

BCBS: Consultation on standard format for machine-readable disclosures

Status: Consultation

Deadline for the submission of comments: 05/03/2026

The BCBS published a consultation on introducing a standard format for machine-readable Pillar 3 disclosures by internationally active banks. Most banks currently publish their disclosures in PDF format only, which makes it difficult to aggregate, process and compare data across banks. The proposal aims to enhance accessibility and comparability of key risk metrics by requiring quantitative disclosures to be published in a standardised, machine-readable format, without altering existing disclosure requirements. National supervisors would determine whether

banks should publish machine-readable Pillar 3 disclosures on their own websites or via a centralised data repository.

Date of publication: 05/12/2025

k) Accounting/Prudential filter/Audit

(i) EU

ESAs: Joint report in response to the EC consultation pursuant to Article 58(3) DORA

Status: Final

The ESAs published a joint report (dated 4 December) responding to the EC's request under Article 58(3) DORA. For more information, please see section 1.1f) above.

Date of publication: 17/12/2025

1.2 RECOVERY AND RESOLUTION

(i) Germany

Implementation law regarding the Daisy Chain Directive amending the BRRD and SRMR as regards certain aspects of the minimum requirement for own funds and eligible liabilities (*Gesetz zur Umsetzung der Daisy-Chain Richtlinie zur Änderung der BRRD und SRMR im Hinblick auf bestimmte Aspekte der Mindestanforderung an Eigenmittel und berücksichtigungsfähige Verbindlichkeiten*)

Status: Published in the Federal Gazette

Date of entry into force: 23/12/2025

The Implementation law regarding the Daisy Chain Directive amending the BRRD and SRMR as regards certain aspects of the minimum requirement for own funds and eligible liabilities was published in the Federal Gazette. It implements the new aspects by making the necessary amendments to the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz – SAG*).

Date of publication: 22/12/2025

(ii) EU

Commission Implementing Regulation (EU) 2025/2303 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: Published in the OJ

Date of entry into force: 30/12/2025

Date of application: 30/12/2025

Implementing Regulation (EU) 2025/2303 was published in the Official Journal of the European Union. The Regulation lays down updated implementing technical standards on procedures, standard forms and templates for the provision of information required for resolution plans under the Bank Recovery and Resolution Directive (BRRD) (Directive 2014/59/EU). This Regulation repeals Implementing Regulation (EU) 2018/1624 and introduces a revised set of templates to enhance harmonisation of reporting obligations across the EU, reflecting amendments to the

BRRD and the experience gained by resolution authorities. Key changes include: (i) differentiated reporting requirements for resolution entities, liquidation entities, and entities belonging to resolution groups; (ii) updated thresholds for identifying relevant legal entities; and (iii) the adoption of a single data point model subject to common validation rules, and provisions to avoid duplication of data.

Date of publication: 10/12/2025

(iii) Eurozone

SRB: Approach to simplification

Status: Final

The SRB published its approach to simplification. The SRB states that it is working to simplify its own processes and approaches, which will result in fewer deliverables requested from banks, greater stability and predictability in data requirements and policies, and faster interactions. The SRB's work on simplification is guided by four core principles: supporting competitiveness, supporting Banking Union integration, focusing on actions that enhance efficiency without compromising resolvability, and acknowledging that cooperation and trust are critical to effective crisis management.

The SRB outlines its ongoing actions related to simplification, focusing on (i) streamlining information and reporting requirements; (ii) adjusting the frequency and intensity of resolution planning and testing; and (iii) providing clear, predictable, and stable guidance to enhance transparency and efficiency. Key measures include reducing the burden of data requests, decreasing the frequency of mature deliverables, and simplifying the prior permissions regime for MREL instruments in line with SRB practices to make authorisation more agile. The SRB is recommending legislative changes allowing a move to a two- or three-year resolution planning cycle, to further reduce the burden for authorities and banks, to focus resolution planning on specific elements, and to facilitate work on operationalisation and testing. The SRB is also exploring the development of digital solutions to facilitate the processing of information.

Date of publication: 18/12/2025

SRB: List on upcoming consultations and requests to the industry for 2026

Status: Final

The SRB published its list of consultations and industry requests for 2026. The list is presented in four tables covering expected consultations, data requests and deliverables arising from EU legal acts, [the SRB's expectations for banks](#) and the ongoing shift towards bank-led testing and resolvability assessments. For clarity, the SRB has explicitly separated data- and content-related requests into two categories: (i) those applicable to all banks earmarked for resolution; and (ii) those targeting a subset of banks based on their resolution strategy and risk profile. The tables provide a comprehensive overview of potential requirements for 2026. Banks have been informed through their priority letters as to which (if any) additional obligations apply to them individually. From 2026, many bank-specific deliverables previously requested annually will only be required in exceptional cases, such as when gaps in resolvability remain or previously submitted information becomes outdated.

Date of publication: 01/12/2025

1.3 STRESS TESTS/MACROPRUDENTIAL TOPICS

(i) EU

ECB: Upcoming assessment of banks' stress testing capabilities to capture geopolitical risk

Status: Final

The ECB announced it will conduct a geopolitical risk reverse stress test on 110 directly supervised banks in the Single Supervisory Mechanism in 2026. In a reverse stress test, a pre-defined outcome is set, and each bank defines the scenario in which that outcome would materialise. This exercise will complement the 2025 EBA stress test, which applied a common scenario for all banks and resulted in various differences in their capital depletion. The 2026 stress test will focus on how geopolitical risk could affect banks' business models, who should identify relevant geopolitical events and quantify their impact. Additionally, banks will be asked to describe how they would act to reduce that impact, if necessary, with a view to ensuring that they have robust governance and operational resilience frameworks in place.

Specifically, banks will be expected to identify the most relevant geopolitical events that could lead to at least a 300-basis point depletion in Common Equity Tier 1 capital. Banks will also be asked to provide information about how it may affect their liquidity and funding conditions. To maintain cost efficiency, the exercise will be integrated into the 2026 internal capital adequacy assessment process, so banks will mainly be able to use existing data collection templates. The geopolitical risk reverse stress test is not intended to have any implications for Pillar 2 guidance. The results will help to inform and complement the supervisory review and evaluation process (SREP) qualitatively. Weaknesses identified by the stress test will feed into the SREP assessment, focusing on banks' ability to incorporate geopolitical risks into their risk materiality assessments, stress-testing framework, risk data aggregation and reporting capabilities. Aggregate results will be published in the summer of 2026.

Date of publication: 12/12/2025

2. Investment firms regulation

(i) Germany

Commission Implementing Regulation (EU) 2025/2303 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: Published in the OJ

Date of entry into force: 30/12/2025

Date of application: 30/12/2025

Implementing Regulation (EU) 2025/2303 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, was published in the OJ. For more information, please see section 1.2 above.

Date of publication: 10/12/2025

(ii) International

ESAs: Joint report in response to the EC consultation pursuant to Article 58(3) DORA

Status: Final

The ESAs published a joint report (dated 4 December 2025) responding to the EC's request under Article 58(3) DORA. For more information, please see section 1.1f) above.

Date of publication: 17/12/2025

3. Market regulation/ Conduct rules

3.1 GENERAL

(i) EU

ESMA: Final report on supervisory expectations for the management body

Status: Final

ESMA published its final report on supervisory expectations for management bodies of firms directly supervised by ESMA. A management body is the body or bodies legally appointed and empowered to set the strategy, objectives and overall direction of a firm, and oversee and monitor decision-making, and includes those who effectively direct the firm's business. The concept of management body is taken to include a supervisory function and a management function.

The report sets out 12 high-level principles to guide governance and oversight arrangements for entities under its direct supervision and those seeking ESMA registration and authorisation, including: credit rating agencies; benchmark administrators of EU critical benchmarks and third-country recognised benchmarks; third-country Tier 2 (i.e., systemically important) central counterparties; data reporting service providers; securitisation repositories; and trade repositories. The principles follow the prescriptive draft consulted on in July 2024 and aim to provide outcome-based guidance, allowing proportional application based on an entity's nature, scale and complexity. While the expectations are not legally binding, ESMA states that they serve as best practice benchmarks for supervisory dialogue. ESMA will consider its supervisory expectations on 10 March 2026, three months after publication of the final report. The report is accompanied by a fact sheet.

Date of publication: 10/12/2025

3.2 BENCHMARKS

(i) EU

ESMA: MoU with New Zealand FMA on benchmarks

Status: Final

ESMA and the New Zealand Financial Markets Authority (FMA) published a Memorandum of Understanding (MoU) establishing cooperation arrangements under the Benchmarks Regulation (BMR). This follows Implementing Decision (EU) 2025/2197, published in the OJ in October, which grants equivalence to New Zealand's legal and supervisory framework for benchmarks. The MoU sets out mechanisms for the exchange of information, including prompt notifications of breaches, and procedures concerning the coordination of supervisory activities, including on-site inspections in exceptional cases. While ESMA does not have direct supervisory powers over New Zealand administrators, it relies on the FMA's enforcement capabilities and commits to ongoing cooperation to ensure compliance with BMR-equivalent standards.

Date of publication: 17/12/2025

ESMA: Public statement on transitional provisions under BMR review

Status: Final

ESMA issued a public statement outlining transitional provisions under the Benchmark Regulation (BMR) review. Benchmarks provided by third-country administrators that apply for recognition or endorsement by 31 December may continue to be used in the EU unless ESMA refuses their application. ESMA also confirmed that administrators already listed in the BMR register as authorised, registered, recognised, or endorsing will retain their status until 30 September 2026 and will not need to reapply, provided they remain within the scope of the revised BMR on or before such date. ESMA or other competent authorities have until 30 September 2026 to designate any benchmarks provided by an administrator and included in the register on 31 December 2025 as significant.

Date of publication: 16/12/2025

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1(c) above.

Date of publication: 04/12/2025

3.3 CAPITAL MARKETS UNION

(i) EU

EC: Proposal on Delegated Directive regarding the Listing Act

Status: Consultation

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

The EC launched a consultation on a Delegated Directive regarding the Listing Act. It aims to require firms to inform their clients about the way the firms pay for research and execution services, and sets out the transparency requirements associated with their decisions.

Date of publication: 04/12/2025

3.4 CONSUMER PROTECTION RULES

(i) EU

ESMA: Report on the 2024 cross-border provision of investment services to retail clients in the EU and EEA

Status: Final

ESMA published a report on the 2024 cross-border provision of investment services to retail clients in the EU and EEA. In cooperation with NCAs, it completed an analysis of the cross-border provision of investment services in 2024, based on data from investment firms across 30 jurisdictions in the EU/EEA.

Date of publication: 22/12/2025

ESAs: Factsheets with key tips to help consumers detect, prevent, and act on online frauds and scams

Status: Final

The ESAs published two factsheets designed to help consumers protect themselves from crypto and other online frauds and scams, and explain how fraudsters are increasingly using AI to deceive consumers. To make the information easily accessible, the factsheets will be translated into all official EU languages and reproduced by national authorities.

- ◆ [Factsheet on online financial frauds and scams in an AI world](#)
- ◆ [Factsheet on crypto frauds and scams](#)

Date of publication: 15/12/2025

3.5 CREDIT RATING AGENCIES

- (i) EU

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

3.6 MARKET ABUSE

- (i) Germany

BaFin: Updated Issuer Guidelines Module C – requirements based on the MAR (*Aktualisierter Emittentenleitfaden Modul C – Regelungen aufgrund der MAR*)

Status: Final

BaFin updated Module C of its Issuer Guidelines, published in [English](#) and [German](#). The non-binding Guidelines are aimed at issuers supervised by BaFin, providing practical assistance in applying the provisions of securities trading law (*Wertpapierhandelsrecht*). The guidelines offer an introduction to the legal matter and explain the administrative practice of BaFin. Module C is concerned with requirements based on the MAR and covers the topics of: (i) ad hoc publicity and insider trading bans; (ii) proprietary trading by managers pursuant to Article 19 MAR; (iii) the prohibition of market manipulation; (iv) buyback programmes and stabilisation measures; (v) insider lists; and (vi) market soundings.

Date of publication: 18/12/2025

BaFin: General Administrative Act regarding the increase of the threshold to 50,000.00 EUR for managers' transactions subject to a notification requirement under the MAR (*Allgemeinverfügung zur Anhebung des Schwellenwertes auf 50.000,00 EUR für zu meldende Eigengeschäfte*)

Status: Published

Date of effect: 01/01/2026

BaFin published a General Administrative Act pursuant to Article 19(9) MAR. The act increases the threshold of every transaction conducted by managers on their own account that must be notified to BaFin under Article 19(1), (8) MAR from EUR20,000 to EUR50,000.

Date of publication: 04/12/2025

(ii) EU

ESMA: Report on suspicious transactions and order reports (STORs)

Status: Final

ESMA published a report on suspicious transactions and order reports (STORs). STORs are a key information tool in market abuse investigations. The ESMA report aims at providing the market with an overview of the use of STORs in different jurisdictions across the EU and how such use has evolved over time. The report focuses mainly on 2024 but ESMA notes that there are no major changes when compared with the previous years, although there is a slight decrease in the total number of notifications received by NCAs. Other indicators, such as the type of reporting entities, the type of, and the types of violation point towards very similar results, despite some minor discrepancies.

Date of publication: 19/12/2025

ESMA: Q&A on the MAR

Status: Final

ESMA published a new Q&A on the MAR regarding the scope of the exception in Article 19(12a) MAR to the general prohibition of Persons Discharging Managerial Responsibilities (PDMRs) from trading during the closed period.

Date of publication: 19/12/2025

EC: Consultation on MAR amendments on market manipulation indicators and defines scope of new order data exchange mechanism

Status: Consultation

Deadline for the submission of comments: 14/01/2026

The EC launched a consultation on a draft act amending Delegated Regulation (EU) 2016/522 under the MAR. The amendment delivers on two separate actions: The first is the EC mandate to adopt a delegated act establishing a list of designated trading venues that have a significant cross-border dimension for the purpose of exchanging order data in relation to certain financial instruments. This derives from changes to the MAR made by the EU Listing Act package, which introduced a new requirement (Article 25a) for national competent authorities to establish a mechanism to allow such exchange of order data and a Commission mandate to produce a list of designated venues.

The second is the EC empowerment to clarify indicators of market manipulation (Article 12(5)). The draft act accordingly amends Delegated Regulation (EU) 2016/522 and (i) establishes a list of trading venues with a

significant cross-border dimension by inserting a new Annex III, and (ii) updates the existing Annex II to clarify indicators of market manipulation in light of technical developments such as algorithmic trading. The mechanism will be operational in two stages: (1) by 5 June 2026 for share; and (2) by 5 June 2028 for bonds and futures. The draft follows ESMA's technical advice [consulted](#) on in December 2024 and is intended to strengthen authorities' ability to detect and enforce market abuse in an increasingly complex trading environment.

Date of publication: 17/12/2025

3.7 MIFID/MIFIR

(i) EU

ESMA: Manual on pre-trade and post-trade transparency under MiFID II/ MiFIR

Status: Final

ESMA published a manual on pre-trade and post-trade transparency under MiFID II/MiFIR. This manual is intended to be a convergence tool to promote common approaches and practices in the areas of pre-trade and post-trade transparency, reporting to the CTP and the transparency calculations.

Date of publication: 19/12/2025

ESMA: Selection of EuroCTP as first Consolidated Tape Provider for shares and ETFs

Status: Final

ESMA published its selection of EuroCTP as the first Consolidated Tape Provider (CTP) for shares and exchange-traded funds (ETFs) in the EU, a step forward for the transparency of equity markets in the EU. The selection is based on an in-depth assessment of its offer against the criteria listed in MiFIR. EuroCTP has met all the selection criteria and has demonstrated a solid approach towards ESMA's overall expectations for the award criteria. EuroCTP is a joint venture based in the Netherlands, with 15 European exchange groups as current shareholders.

Date of publication: 19/12/2025

Council of the EU/EP: Agreement on package for retail investment strategy

Status: Draft

The Council of the EU and the [European Parliament](#) (EP) reached a provisional political agreement on an updated [retail investment strategy](#) package to empower and protect consumers and increase competitiveness in the EU's financial markets. The package takes the form of a directive containing targeted amendments to a number of other EU directives in the area of financial services such as MiFID, the Solvency II directive, the directive for UCITS and the AIFMD, and a regulation amending the PRIIPs Regulation. The Council of the EU and EP confirm that agreement has been reached in the following areas:

- ◆ Value for money – firms must identify and quantify all costs borne by retail investors related to the investment products they advise and assess whether total costs are justified and proportionate based on agreed standards (peer groupings, including supervisory benchmarks to be introduced). Products failing to offer value for money should not be released onto the market and sold to retail investors, and who should be able to compare investment products' costs, charges, risks and expected returns, via notably updated PRIIPs KIDs.

- ◆ Inducements – a new test will be introduced to ensure firms act honestly, fairly and professionally in the clients’ best interests. Firms must ensure any inducement delivers a tangible benefit to the client, and disclose its cost clearly and separately from other fees. Member states may choose to impose a full inducement ban.
- ◆ Investment advice – advisers must ensure that products and services are suitable for clients’ needs by assessing factors such as a client’s knowledge, experience, financial situation, risk tolerance, and investment objectives.
- ◆ Suitability test – suitability assessments continue to match products to clients’ financial situations, needs and objectives. However, under a new simplified regime, advisers providing recommendations to retail investors relating to diversified, non-complex and cost-efficient instruments will no longer need to assess clients’ knowledge and experience as part of the suitability assessment.
- ◆ Financial literacy and financial influencers – member states must promote the financial literacy and education of customers to empower consumers to understand investment risks and benefits and to evaluate advice critically. Measures include providing appropriate educational materials and ensuring firms’ marketing communications are fair, clear and not misleading. It also highlights risks from financial influencers (‘finfluencers’) offering superficial advice on social media.
- ◆ Professional clients – access to professional client status should be widened for experienced retail investors, reflecting that they may require less protection. Investors can opt up by meeting two of three relaxed criteria, with one important restriction:
 - ◆ Revised activity threshold: 15 significant transactions over three years, or 30 in the previous year, or 10 transactions over EUR30,000 in unlisted companies over five years (replacing the current 10 transactions per quarter over four quarters).
 - ◆ Lower portfolio threshold: average portfolio over EUR250,000 in the last three years (down from EUR500,000).
 - ◆ Experience or education: at least one year’s relevant financial-sector work, or proof of education/training and ability to assess risk. The education/training criterion cannot be combined with the portfolio criterion to qualify.

In addition, managers and directors subject to fit-and-proper assessments under existing financial rules, and AIFM employees with sufficient knowledge and experience of those funds, will also be treated as professional clients.

The provisional agreement now needs to be approved by both the EP and the Council before the new rules can enter into force. Technical work will continue to finalise the legal texts in early 2026. Member states will have to transpose the new rules within 24 months following their publication in the Official Journal of the European Union. They will apply 30 months following their publication, except for the new rules under PRIIPs, which would apply 18 months following publication.

Date of publication: 18/12/2025

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

ESMA: Launch of CSA on MiFID II conflicts of interest requirements

Status: Final

ESMA announced that it will launch a Common Supervisory Action (CSA) with national competent authorities in 2026 to review compliance with MiFID II conflicts of interest requirements in the distribution of financial instruments. In a press release, ESMA confirmed that the CSA will examine how firms identify, prevent and manage conflicts when offering investment products to retail clients. It will focus on: (i) the possible influence of staff remuneration and inducements on what products are offered to investors; (ii) the role of digital platforms in product selection and whether this serves the investor's best interests; and (iii) the management of conflicts between firm profitability and the needs of retail investors.

Date of publication: 02/12/2025

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

(i) EU

Council of the EU/EP: Agreement on package for retail investment strategy

Status: Draft

The Council of the EU and the [European Parliament](#) (EP) reached a provisional political agreement on an updated [retail investment strategy](#) package to empower and protect consumers and increase competitiveness in the EU's financial markets. For more information, please see section 3.7 above.

Date of publication: 18/12/2025

ESAs: Consolidated Q&A on PRIIPs KID update

Status: Final

The ESAs updated their consolidated Q&A on the PRIIPs key information document (KID). The consolidated document combines responses given by the EC in relation to interpretation of Union law with responses given by the ESAs in relation to the application or implementation of the PRIIPs legislation. The updated document includes five new Q&As on performance scenario calculations under section VI.

Date of publication: 05/12/2025

3.9 PROSPECTUS REGULATION

(i) EU

ESMA: Q&A regarding the Prospectus Regulation

Status: Final

ESMA published the following two Q&A with regard to the Prospectus Regulation:

- ◆ [Q&A on documents drawn up in accordance with Annex IX PR](#)
- ◆ [Q&A on prospectus exemption: subscription rights](#)

Date of publication: 19/12/2025

3.10 SECURITIES FINANCING TRANSACTIONS

(i) EU

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025



4. Market infrastructure

4.1 CUSTODY RULES

(i) EU

EBA: Final report on draft RTS on the determination of the threshold referred to in Article 54(5) CSDR and accompanying appropriate risk management and accompanying prudential requirements to mitigate risks in relation to the designation of credit institutions in accordance with Article 54(2a) CSDR

Status: Final

The EBA published its final report on draft regulatory technical standards (RTS) on the threshold of activity at which designated credit institutions and central securities depositories (CSDs) providing 'banking-type ancillary services' to a designating CSD must comply with the prudential risk management requirements set out in Articles 54(4) and 54(4a) of the Central Securities Depositories Regulation (CSDR). Banking-type ancillary services include activities such as providing cash accounts to, and accepting deposits from, participants in a securities settlement system, and payment services involving the processing of cash and foreign exchange transactions. The draft RTS were consulted on in March, following which only minimal changes have been made.

Key provisions in the draft RTS include: (i) a minimum threshold set at EUR3.75 billion and 1.5% of annual settlement volume, and a maximum threshold of EUR6.25bn and 2.5% of annual settlement volume; (ii) introducing a dynamic threshold that adjusts according to the risk profile of both the designating CSD and the designated credit institution, with a corresponding increase in prudential and risk management requirements as activity levels rise; and (iii) accompanying risk management and prudential measures which are proportionate to the threshold.

Date of publication: 16/12/2025

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

EBA: Consultation on draft RTS amending Delegated Regulation 2017/390 supplementing the CSDR on prudential requirements for CSDs and designated credit institutions offering banking-type ancillary services

Status: Consultation

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

The EBA published a consultation paper on draft amendments to the RTS under Delegated Regulation (EU) 2017/390, supplementing the CSDR prudential framework. The changes respond to the CSDR Refit (Regulation (EU) 2023/2845), which now permits banking CSDs to provide banking-type ancillary services to participants in other CSDs, including foreign currency cash settlement. This expansion introduces potential credit, liquidity, and concentration risks, prompting the EBA to propose updates to prudential requirements, including enhanced

frameworks for intraday credit and liquidity risk management, credit limits and collateral management. The draft RTS also aligns references with amendments made to the Capital Requirements Regulation.

Date of publication: 03/12/2025

4.2 EMIR

(i) EU

ESMA: Statement on upcoming reporting obligations under EMIR 3

Status: Final

ESMA published a statement clarifying upcoming reporting obligations under EMIR 3 (Regulation (EU) 2024/2987). The active account requirement (AAR), effective since 25 June, will require the first reporting submission by July 2026, including backlog data from June 2025 and 2026 activity. ESMA has submitted draft RTS on AAR conditions, which were **adopted** by the EC on 29 October 2025 and are currently under legislative scrutiny. In the interim, ESMA will develop additional instructions on how to report according to the templates included in the RTS. This is to provide clarity for reporting entities and ensure that competent authorities receive meaningful and consistent information.

Additionally, counterparties recognised as third-country central counterparties (CCPs) under EMIR Article 7d must report annually to their competent authorities. ESMA will define the reporting content in forthcoming RTS and ITS. Until these standards are published, inconsistencies and operational burdens may occur. To ease implementation, the first Article 7d report (covering 2025 data) will be submitted with the 2026 cycle after Level 2 measures are in place. ESMA and national authorities will continue stakeholder engagement to ensure smooth EMIR 3 implementation.

Date of publication: 11/12/2025

EC: Publication of capital market integration package

Status: Final

The EC **published** a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

(ii) International

BCBS: Review of the implementation of margin requirements for non-centrally cleared derivatives

Status: Final

The BCBS and IOSCO **published** a joint report reviewing the implementation of their margin requirements framework for non-centrally cleared derivatives. Originally introduced in September 2013, the framework's final phase of implementation was completed in September 2022. According to the report, the implementation process is now steady. The assessment, drawing on a 2024 quantitative impact study, member surveys, and recent international margin-related work, concludes that the framework has been effectively applied and has materially increased the amount of margin exchanged for non-centrally cleared derivatives since 2012, enhancing financial system resilience. No material issues were identified, and no changes to the framework are proposed. However, the

BCBS-IOSCO Working Group on Margining Requirements recommends ongoing monitoring through supervisory information exchange and experience sharing among member authorities to address evolving market practices.

Date of publication: 12/12/2025

4.3 SETTLEMENT FINALITY/FINANCIAL COLLATERAL

(i) EU

EC: Proposal for a Regulation regarding rules on settlement finality

Status: Request for feedback

Deadline for the submission of comments: 27/02/2026 [as of 02/01/2026]

The EC published a proposal for a Regulation regarding rules on settlement finality. The initial eight-week feedback period will be extended until the proposal is available in all EU languages.

Date of publication: 18/12/2025

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

5. Anti-money laundering

(i) Germany

BaFin: Circular 13/2025 regarding high-risk countries (*Rundschreiben 13/2025 zu Hochrisiko-Staaten*)

Status: Final

BaFin published its updated Circular 13/2025 to provide information about third countries with strategic deficiencies in their anti-money laundering and counter-terrorist financing systems that pose significant risks to the international financial system (high-risk countries).

Date of publication: 01/12/2025

(ii) EU

AMLA: Consultation on draft ITS on cooperation within the AML/CFT supervisory system for the purposes of direct supervision under Art. 15(3) AMLAR

Status: Consultation

Deadline for the submission of comments: 27/01/2026

AMLA launched a consultation on draft ITS regarding the cooperation within the AML/CFT supervisory system for the purpose of direct supervision under Article 15(3) AMLAR, accompanied by a [press release](#). The draft ITS address the operational questions that will arise when obliged entities transition between direct supervision by AMLA and their respective national financial supervisors. It also specifies how the selection process will be carried out, from data collection to the publication of the list of selected obliged entities for direct supervision.

Date of publication: 16/12/2025

EC: Announcement of changes to EU list of high-risk third countries with strategic AML/CTF framework deficiencies

Status: Final

The EC announced that it has listed Russia as a high-risk country with strategic deficiencies in its anti-money laundering and counter-terrorist financing frameworks (AML/CFT) pursuant to the EU's directive on anti-money laundering and terrorist financing (AMLD IV). This follows Delegated Regulation (EU) 2025/1393, adopted in July, which committed the EC to conducting a review of third countries not listed by the FATF but whose membership is suspended. This included Russia, which, following a technical assessment, the EC concluded meets the criteria to be designated as a high-risk third country. The EC has therefore adopted a delegated regulation adding Russia to its list of high-risk jurisdictions presenting strategic deficiencies in their national AML/CFT regimes.

On the following day (4 December 2025), the EC made a further [announcement](#) that it had updated its list of high-risk jurisdictions presenting strategic deficiencies in their national AML/CFT regimes following the decisions taken at the FATF, and its list of Jurisdictions under Increased Monitoring (grey list), following the plenaries of June and October 2025. The EU has adopted a further delegated regulation under AMLD IV, adding new third-country jurisdictions (Bolivia and the British Virgin Islands) to the list of jurisdictions with strategic deficiencies and delisting a number of others (Burkina Faso, Mali, Mozambique, Nigeria, South Africa and Tanzania). The delegated regulations will enter into force after the review and assent of the European Parliament and the Council, within a

period of one month (which can be extended by a further month). EU entities covered by the EU's AML framework are required to apply enhanced vigilance in transactions involving such high-risk jurisdictions.

Date of publication: 03/12/2025

(iii) International

FATF: Consolidated processes and procedures for mutual evaluations and follow-up: “Universal Procedures”

Status: Final

The FATF published a report on consolidated processes and procedures for mutual evaluations and follow-up: Universal Procedures. It sets out the core elements that should form the basis for the mutual evaluations and follow-ups conducted by all assessment bodies.

Date of publication: 03/12/2025

FATF: Update on 2022 procedures for the FATF AML/CFT/CPF mutual evaluations, follow-up and ICRG

Status: Final

The FATF published an updated report on the 2022 procedures for the FATF AML/CFT/CPF mutual evaluations, follow-up and ICRG. This document sets out the procedures that are the basis for the mutual evaluation, follow-up and ICRG processes and should be read in conjunction with the Consolidated Processes and Procedures for AML/CFT/CPF Mutual Evaluations and Follow-up (Universal Procedures) and the FATF Methodology.

Date of publication: 03/12/2025

6. Payments

6.1 PAYMENT SERVICES/E-MONEY

(i) EU

ESAs: Joint report in response to the EC consultation pursuant to Article 58(3) DORA

Status: Final

The ESAs published a joint report (dated 4 December) responding to the EC's [request](#) under Article 58(3) DORA. For more information, please see section 1.1f) above.

Date of publication: 17/12/2025

EBA/ECB: Joint report on payment fraud

Status: Final

The EBA and the ECB published their joint 2025 report examining payment fraud trends across the EU/EEA between H1 2022 and H2 2024. The report confirms that strong customer authentication (SCA), mandated under the revised Payment Services Directive since 2020, remains effective in reducing fraud, particularly for card payments. However, overall fraud losses rose to EUR4.2bn in 2024 (up from EUR3.5bn in 2023). Credit transfer fraud accounted for EUR2.2bn, and card payment fraud accounted for EUR1.3bn, with losses significantly higher for transactions outside the EEA where SCA is not required. The EBA and the ECB stress the need for adaptive security measures and continued monitoring to address evolving fraud risks. For more information, you may like to read our blog post "[Key takeaways from the EBA and ECB joint 2025 report on payment fraud](#)".

Date of publication: 15/12/2025

EBA: Q&A under PSD2 on settling limits for the execution of PSP payment transactions

Status: Final

The EBA published a single rulebook Q&A relating to the revised Payment Services Directive (PSD2). The Q&A addresses whether, under Article 68(1) PSD2, a payment service provider (PSP) may impose general spending limits (daily or per transaction) for payment transactions initiated through specific channels (e.g., mobile banking) to mitigate fraud risk. The question also explores whether PSPs can apply different limits for domestic versus cross-border payments within the EU and whether PSPs are obliged to increase such limits upon a payment service user's (PSU) request for regular credit transfers. Additionally, the query considers the interaction between PSD2 and the Instant Payments Regulation (EU) 2024/886, particularly regarding PSU rights to set or modify limits for instant credit transfers in euro.

Date of publication: 12/12/2025

EBA: Peer review follow-up report on authorisation under PSD2

Status: Final

The EBA published a follow-up peer review report on the authorisation of payment institutions (PIs) and electronic money institutions (EMIs) under the revised Payment Services Directive (PSD2). The review assessed actions taken

by 29 national competent authorities (NCAs) following a [2023 report](#) to address recommendations on authorisation processes, implementation of the EBA Guidelines on authorisation, governance, AML/CFT controls, and local substance. While most NCAs improved efficiency through clearer guidance, pre-application engagement, and streamlined procedures, authorisation timelines remain highly divergent, ranging from between four and six months to 27 months in one member state, with a median of 9.5 months (counting from the date of submission of an application). Delays are attributed to incomplete or low-quality applications and the time applicants take to address deficiencies.

While several supervisors have addressed previously identified deficiencies in the implementation of the EBA Guidelines (notably on business plan assessments and AML/CFT controls) some gaps remain in the assessment of local substance, creating risks of regulatory arbitrage. Therefore, despite notable improvements and a general move towards convergence, further efforts are needed. The EBA calls for further convergence to ensure a level playing field and robust supervisory practices across the EU.

Date of publication: 05/12/2025

6.2 PAYMENT AND SETTLEMENT SYSTEMS

(i) EU

Council of the EU: Agreement of position on three proposed Regulations regarding the establishment of the digital euro

Status: Draft

The Council of the EU published its position on the three proposed Regulations regarding the establishment of the digital euro. These proposals collectively aim to create a comprehensive legal framework for the issuance, use and coexistence of the digital euro alongside physical cash.

With this agreed position, the Council of the EU can enter into negotiations with the EP on the digital euro and the legal tender status of cash.

- ◆ [Negotiating mandate for the proposal for a Regulation on the establishment of the digital euro](#)
- ◆ [Negotiating mandate for the proposal for a Regulation on the provision of digital euro services by non-Euro area PSPs](#)
- ◆ [Negotiating mandate for the proposal for a Regulation on legal tender of euro banknotes and coins](#)

Date of publication: 19/12/2025

EBA/ECB: MoU to support non-bank PSP access to central bank operated payment systems

Status: Final

The EBA, the ECB, national central banks (NCBs), and national supervisory authorities (NSAs) across the EEA signed a Memorandum of Understanding (MoU). The MoU aims to enhance cooperation and information sharing to support non-bank payment service providers' (NB-PSPs) access to central bank operated payment systems. The MoU sets out clear principles for collaboration to achieve three clear objectives: (i) to establish cooperation between NSAs and NCBs in the EEA for the exchange of information to support NCBs in their assessment of the compliance of NB-PSPs with requirements for granting access to central bank operated payment systems in the EU; (ii) to establish procedures in a cross-border scenario for the NCB operating the payment system in the host member state to notify the NSA of the home member state about the NB-PSP's application and the NCB's decision

regarding its participation; and (iii) to harmonise the processes and procedures across the EEA for the exchange of information between NSAs and NCBs, to the extent possible, by specifying the types of information to be shared and the timing and means of such exchange.

Date of publication: 18/12/2025



7. Banking union

7.1 SINGLE SUPERVISORY MECHANISM (SSM)

(i) EU

ECB: FAQ on the SSM

Status: Final

The ECB published FAQ on the SSM, explaining the basic functions of the SSM as well as aspects of accountability and consumer protection.

Date of publication: 01/01/2026

ECB: Launch of fast-track assessments for capital and securitisation

Status: Final

The ECB launched its fast-track assessments for banks' capital and securitisation operations. For more information, please see section 1.1b) above.

Date of publication: 19/12/2025

ECB: Guideline (EU) 2025/2595 on the supervisory approach by NCAs to coverage of non-performing exposures held by LSIs

Status: Published in the OJ

Date of effect: 12/12/2025

The ECB published Guideline (EU) 2025/2595 on the supervisory approach by national competent authorities (NCAs) to the coverage of non-performing exposures (NPEs) held by less significant supervised entities (LSIs). For more information, please see section 1.1e) above.

Date of publication: 19/12/2025

ECB: Proposals on simplification of European bank prudential framework and streamlining of supervision

Status: Final

The ECB contributed to the EU's ongoing simplification agenda by endorsing a series of recommendations for the simplification of the EU prudential framework. A total of 17 recommendations were made by the ECB's High-Level Task Force on Simplification across the regulatory, supervisory and reporting frameworks. Key proposed changes include: reducing the number of capital stack elements in the EU risk-weighted framework; expanding the scope of small banks that would qualify for a simplified regulatory framework as small and non-complex institutions (SNCI); giving the ECB Governing Council responsibility for taking a holistic view of the overall level of capital demand across the banking union; and completing the banking union, including finalising the European Deposit Insurance Scheme (EDIS).

Although the recommendations advocate simplification, they are based on the core principles that resilience should be maintained, supervisory bodies should be able to meet their prudential objectives, and international standards should be upheld. The ECB will present the recommendations to the European Commission, which is expected to present a report on the banking system in 2026.

In parallel, the ECB published a [report](#) on its ongoing programme of work to streamline supervision within the single supervisory mechanism while protecting resilience in the banking sector. The ECB's reforms respond to evolving geopolitical and macro-financial risks which require a more efficient and risk-based system of supervision. Expected developments in 2026 include: (i) implementation of proposed improvements to the supervisory review and evaluation process; (ii) implementation of the "Next-level supervision" project, which includes faster decision making and simplified reporting; (iii) a review of the application of the proportionality principles in SNCI supervision; and (iv) a review of the ECB's supervisory guides. The ECB stresses its ongoing commitment to protecting banking sector resilience, ensuring that greater efficiency does not come at the expense of lower supervisory standards.

The ECB also endorsed the ESRB's report on the simplification of its tasks, covered below.

Date of publication: 11/12/2025

7.2 SINGLE RESOLUTION MECHANISM (SRM)

(i) Eurozone

SRB: Report on expectations on valuation capabilities

Status: Final

The SRB published its expectations on valuation capabilities (EoVCs). Crisis readiness – in particular, valuation in crisis – is a key element of the [Single Resolution Mechanism's Vision 2028](#) strategy. The aim of the EoVCs is to ensure that a minimum expected set of data is available to the SRB on a permanent basis to support valuations. Banks are expected to consider the expectations when implementing Principle 5.2 of the SRB's Expectations for Banks, which requires banks to have management information systems in place for valuations.

The main components of the EoVCs are: (i) data requirements in the form of a Valuation Data Index (VDI), consisting of structured and unstructured information; (ii) Data Repository for Resolution (DRR) functionalities; and (iii) expectations on the structure and content of valuation playbooks. The EoVCs will supersede the standardised valuation dataset published by the SRB in December 2020. The timeline for banks to implement the EoVCs is set out on a separate webpage. The SRB expects banks to comply with its expectations for DRR functionalities by 31 December 2027, for the VDI by 31 December 2028, and for the valuation dataset and valuation playbooks by 31 December 2029.

Date of publication: 16/12/2025

7.3 EUROPEAN DEPOSIT INSURANCE SCHEME (EDIS)

(i) EU

ECB: Proposals on simplification of European bank prudential framework and streamlining of supervision

Status: Final

The ECB contributed to the EU's ongoing simplification agenda by endorsing a series of recommendations for the simplification of the EU prudential framework. For more information, please see section 7.1 above.

Date of publication: 11/12/2025

8. Institutional supervisory framework

(i) EU

ESRB: Simplification of ESRB tasks through legislative amendments

Status: Final

The ESRB published an annexed report proposing a simplification of its legislative tasks following a review by the High-Level Group. The ESRB currently performs around 90 tasks under EU law beyond its scope under the Regulation. Using a new scoring framework whereby tasks with lower scores may be discontinued, while tasks with higher scores remain unchanged, the ESRB identified approximately 30 tasks for discontinuation or streamlining, primarily through the removal of legal references or reducing involvement thresholds. The assessment is presented in detail in the annex. The proposals build on the previous recommendations in the ESRB's 2022 Concept Note and discussions at the March 2025 European Commission Expert Group on Banking, Payments and Insurance, which called for: (i) a proportional approach to sectoral systemic risk buffer rates aligned with total risk exposure amounts; (ii) consolidation of the Capital Requirements Regulation provisions on macroprudential risk weights (Articles 124, 164 and 458) into a single section or article with simplified activation procedures; and (iii) mandatory reciprocation for systemic risk buffer and Article 458 measures, subject to materiality thresholds. The ESRB's proposals will be submitted to the EC for consideration as part of targeted legislative amendments.

Date of publication: 11/12/2025

EBA: Risk assessment report autumn 2025

Status: Final

The EBA published its risk assessment report for autumn 2025, confirming that EU/EEA banks remain strong in capital, liquidity, profitability and asset quality. However, the EBA calls for continued vigilance as geopolitical uncertainty, market volatility and increasing operational risks persist. The report was published alongside the 2025 EU-wide transparency exercise, providing detailed and comparable data for 119 banks across 25 countries of the EU and the EEA, and is supplemented by the [autumn 2025 Risk Assessment Questionnaire \(RAQ\)](#).

Date of publication: 04/12/2025

9. Investment funds

9.1 PRODUCT REGULATION

a) AIF

(i) Germany

BaFin: Application of the ESMA Guidelines on outsourcing to cloud service providers (*Anwendung der ESMA-Leitlinien zur Auslagerung an Cloud-Anbieter*)

Status: Final

BaFin announced that it will apply the [ESMA Guidelines on outsourcing to cloud service providers](#) published on 30 September 2025. For more information, please see section 1.1e) above.

Date of publication: 01/12/2025

(ii) EU

ESMA: Q&A on the exclusion related to UNGC/OECD Guidelines

Status: Final

ESMA published a new Q&A on AIFMD on how fund managers should apply the exclusion of companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. The exclusion applies to funds using ESG or sustainability-related terms in their names under the ESMA guidelines. ESMA clarified that the exclusion covers companies that “fund managers” find in violation of the UNGC principles or the OECD Guidelines for Multinational Enterprises.

Date of publication: 19/12/2025

ESMA: Report on amended Guidelines on LMTs of UCITS and open-ended AIFs

Status: Final

ESMA published a report with amended Guidelines on liquidity management tools (LMTs) of UCITS and open-ended AIFs. The amendments aim to align with the RTS [adopted](#) by the European Commission on 17 November. To ensure consistency between the Guidelines and the RTS, ESMA has made some targeted amendments to the Guidelines in two areas: (i) the inclusion of investor-level redemption gates to mitigate first-mover advantage, and (ii) the calculation of implicit transaction costs for anti-dilution LMTs, which should only be considered where appropriate to the fund’s investment strategy and estimated on a best-effort basis. The Guidelines will be translated into all official EU languages and published on ESMA’s website. National competent authorities will have two months to notify ESMA as to whether they comply or intend to comply with the Guidelines. The updated Guidelines will apply from the RTS application date (which is specified as 16 April 2026), with a 12-month transitional period for existing funds.

Date of publication: 18/12/2025

Council of the EU/EP: Agreement on package for retail investment strategy

Status: Draft

The Council of the EU and the [European Parliament](#) (EP) reached a provisional political agreement on an updated [retail investment strategy](#) package to empower and protect consumers and increase competitiveness in the EU's financial markets. For more information, please see section 3.7 above.

Date of publication: 18/12/2025

EC: Publication of capital market integration package

Status: Final

The EC [published](#) a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

b) UCITS

(i) EU

ESMA: Q&A on the exclusion related to UNGC/OECD Guidelines

Status: Final

ESMA published a new Q&A on UCITS Directive on how fund managers should apply the exclusion of companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises. The exclusion applies to funds using ESG or sustainability-related terms in their names under the ESMA guidelines. ESMA clarified that the exclusion covers companies that “fund managers” find in violation of the UNGC principles or the OECD Guidelines for Multinational Enterprises.

Date of publication: 19/12/2025

ESMA: Report on amended Guidelines on LMTs of UCITS and open-ended AIFs

Status: Final

ESMA published a report with amended Guidelines on liquidity management tools (LMTs) of UCITS and open-ended AIFs. For more information, please see section 9.1a) above.

Date of publication: 18/12/2025

Council of the EU/EP: Agreement on package for retail investment strategy

Status: Draft

The Council of the EU and the [European Parliament](#) (EP) reached a provisional political agreement on an updated [retail investment strategy](#) package to empower and protect consumers and increase competitiveness in the EU's financial markets. For more information, please see section 3.7 above.

Date of publication: 18/12/2025

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025



10. Special rules for real estate financing and covered bonds

10.1 MORTGAGE CREDITS

(i) Germany

BaFin: Exposures and losses with regard to immovable property (*Risikopositionen und Verlusten hinsichtlich Immobilien*)

Status: Final

BaFin published two documents on exposures and losses with regard to immovable property. For more information, please see section 1.1b) above.

Date of publication: 16/12/2025

10.2 COVERED BONDS

(i) Germany

BaFin: Supervisory statement on waiving the submission of cover registers by Pfandbrief banks (*Aufsichtsmittteilung über den Verzicht der Einreichung von Deckungsregistern durch Pfandbriefbanken*)

Status: Published

Date of effect: 01/01/2026

Date of expiry: 30/06/2026

BaFin published a supervisory statement on waiving the submission of cover registers by so-called Pfandbriefbanken, thereby reducing the administrative burden for Pfandbriefbanken. From January 2026, institutions will no longer have to submit cover registers to the supervisory authority. The permanent deletion of the corresponding provisions from the German Pfandbrief Act (*Pfandbriefgesetz – PfandBG*) and the German Cover Register Regulation (*Deckungsregisterverordnung*), however, is still pending. BaFin also clarified that such institutions must continue to comply with the other regulations regarding the cover register.

Date of publication: 29/12/2025

11. Special topics

11.1 FINTECH/DIGITAL FINANCE

(i) EU

EBA: Final report on Guidelines amending Guidelines EBA/GL/2022/04 on the equivalence of confidentiality regimes

Status: Final

The EBA published its final report on Guidelines amending Guidelines EBA/GL/2022/04 on the equivalence of confidentiality and professional secrecy regimes in third countries. For more information, please see section 1.1a) above.

Date of publication: 22/12/2025

Council of the EU: Agreement of position on three proposed Regulations regarding the establishment of the digital euro

Status: Draft

The Council of the EU published its position on the three proposed Regulations regarding the establishment of the digital euro. For more information, please see section 6.2 above.

Date of publication: 19/12/2025

ESAs: Joint report in response to the EC consultation pursuant to Article 58(3) DORA

Status: Final

The ESAs published a joint report (dated 4 December) responding to the EC's request under Article 58(3) DORA. For more information, please see section 1.1f) above.

Date of publication: 17/12/2025

ESMA: New Q&A on MiCAR

Status: Final

ESMA published its latest Q&A on MiCAR, clarifying the scope of the term "trading platform for cryptoassets" in Article 78(5) MiCAR regarding the execution of client orders outside of a trading platform.

Date of publication: 08/12/2025

ESMA: Statement on MiCA transitional measures

Status: Final

ESMA issued a statement on the discretionary transitional regime for cryptoasset service providers (CASPs) that offered their services in accordance with applicable law prior to 30 December 2024, contained in MiCAR. Member states may decide not to apply the transitional regime or to reduce its duration. Given the national divergence in

transitional periods applicable across the EU member states, ESMA expects CASPs not yet authorised under MiCAR to have implemented orderly wind-down plans for the services they provided in member states in which the transitional period has passed, and orderly wind-down plans in place ready for implementation ahead of the end of the remaining transitional periods in case they are not yet authorised by then.

National competent authorities are asked to treat “last minute” applications for authorisation under MiCAR with considerable caution and to be ready to cooperate with one another to enforce against the unauthorised provision of cryptoasset services. Further, ESMA urges investors engaging with cryptoassets to check in the [ESMA Interim MiCAR Register](#) that the CASP entity of which they are clients is authorised, to ensure that they benefit from the protections afforded by MiCAR.

Date of publication: 04/12/2025

EC: Publication of capital market integration package

Status: Final

The EC published a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

ESMA: Statement on implementation of MiCAR data standards and format requirements

Status: Final

ESMA issued a statement to support the smooth implementation of the MiCAR data standards and format requirements. The statement provides technical specifications for:

- ♦ The format of order book records for cryptoasset service providers (CASPs) operating a trading platform for cryptoassets, as defined by [Commission Delegated Regulation \(EU\) 2025/416](#).
- ♦ Record-keeping obligations for CASPs (as defined by [Commission Delegated Regulation \(EU\) 2025/1140](#)), specifying records to be kept of all cryptoasset services, activities, orders and transactions undertaken.
- ♦ Presentation of transparency data by CASPs operating a trading platform for cryptoassets, as defined by [Commission Delegated Regulation \(EU\) 2025/417](#).
- ♦ Format and data standards requirements for MiCAR white papers, under [Commission Implementing Regulation \(EU\) 2024/2984](#).
- ♦ Data necessary for the classification of cryptoasset white papers, as defined by [Commission Delegated Regulation \(EU\) 2025/421](#), and the practical arrangements to ensure that such data is machine-readable.

This public statement aims to provide further practical guidance to market participants in complying with the above requirements.

Date of publication: 28/11/2025

(ii) International

BCBS: Principles for the sound management of third-party risk

Status: Final

The BCBS published its principles for the sound management of third-party risk, replacing the [2005 Joint Forum outsourcing paper](#) and establishing a common baseline for banks and supervisors. This follows the July 2024

consultation. The framework applies proportionately, covering the full lifecycle of third-party service provider (TPSP) arrangements, and emphasises: (i) rigorous governance by the board and senior management; (ii) maintenance of a comprehensive third-party risk management (TPRM) framework aligned with operational risk and resilience standards; and (iii) heightened expectations for critical services. Key areas covered include governance and strategy, risk assessment and due diligence, contracting, onboarding and monitoring, termination and the role of supervisors.

As a general overview, the expectation is that banks should maintain up-to-date registers and mapping of all TPSP arrangements and key parties in the supply chain, assess and manage bank-level concentration risk, and treat intragroup providers with the same risk discipline as external TPSPs. Prior to engagement: banks should perform robust risk assessment and due diligence; and contracts should be legally binding and include rights of access and audit for banks and supervisors, clear SLA metrics, data location and security obligations, incident notification requirements, obligations on key parties in the supply chain, and provisions supporting business continuity and disaster recovery plans. Responsibilities throughout the lifecycle of a TPSP arrangement include structured onboarding, continuous performance and risk monitoring (including incidents and material changes), periodic reporting to the board, and regular business continuity assurance and testing, with contingency measures where substitutability is limited.

In terms of the role of supervisors, supervisors should evaluate TPRM as part of ongoing assessment and risk monitoring, and promote cross-sector and cross-border coordination to monitor potential systemic risks that may be presented by critical TPSPs.

Date of publication: 10/12/2025

11.2 AI

(i) Germany

BaFin: Guidance on ICT risks regarding AI (*Orientierungshilfe zu IKT-Risiken bei KI*)

Status: Final

BaFin published non-binding guidance on risks derived from information and communications technology (ICT) in the context of AI. This guidance aims to support institutions in their management of ICT risks pursuant to the requirements set out by DORA. It is mainly directed at institutions within the scope of application of the CRR as well as insurers supervised under Solvency II.

In particular, the guidance deals with ICT risk management and ICT third-party risk management, taking into consideration ICT risks along the AI lifecycle. This includes the procurement of data, the development of models and their provision, as well as ongoing operation and decommissioning. The security and resilience of an AI system must be ensured at every stage. In addition to specific safeguards for ICT assets, it is crucial that AI systems are also considered within the existing ICT risk management framework. The guidance also takes into account industry experience with the use of AI systems.

Date of publication: 18/12/2025

(ii) EU

EBA: Letter on outcome of EBA's EU AI Act mapping exercise

Status: Final

The EBA published a letter sent to the EC containing the outcome of its EU AI Act mapping exercise. In January 2025, the EBA established a dedicated workstream to map the requirements on high-risk AI systems under the EU AI Act against relevant provisions in EU banking and payments regulation, with a focus on the use of AI for creditworthiness and credit scoring. The EBA confirms that, although the EU AI Act identifies overlaps between some requirements on high-risk AI systems and EU financial sector law and envisages targeted derogations and other ways to address this (such as integration or combination of requirements), it does not envisage such derogations for other requirements on high-risk AI systems (e.g., human oversight, data governance, cybersecurity) which are already widely regulated under EU financial services law. The EBA highlights that the Digital Operational Resilience Act framework extensively covers the cybersecurity and business continuity requirements set out in the EU AI Act and that the CRR and CRD IV requirements already provide a comprehensive and technology-neutral governance and risk management framework that can be applied to supervising the use of AI tools. In an annex to its letter, the EBA sets out a table identifying how EU financial services law already addresses relevant EU AI Act requirements. The EBA believes the table will be useful to the EC when producing the Guidelines under Article 96(1)(e) of the EU AI Act on the interplay between the EU AI Act and EU financial services law and managing any regulatory overlaps.

Date of publication: 17/12/2025

ESAs: Factsheets with key tips to help consumers detect, prevent, and act on online frauds and scams

Status: Final

The ESAs published two factsheets designed to help consumers protect themselves from crypto and other online frauds and scams and explain how fraudsters increasingly use AI to deceive consumers. For more information, please see section 3.4 above.

- ◆ [Factsheet on online financial frauds and scams in an AI world](#)
- ◆ [Factsheet on crypto frauds and scams](#)

Date of publication: 15/12/2025

11.3 SUSTAINABLE FINANCE

(i) EU

Commission Implementing Regulation (EU) 2025/2179 laying down ITS for the application of the EuGB Regulation with regard to the standard forms, templates, and procedures for the provision of information for an application for registration as an external reviewer for EuGB

Status: Published in the OJ

Date of entry into force: 19/01/2026

Commission Implementing Regulation (EU) 2025/2179, laying down ITS for the application of the EU Green Bonds (EuGB) Regulation with regard to the standard forms, templates, and procedures for the provision of information for an application for registration as an external reviewer for EuGB, was published in the OJ. From 21 June 2026, any

entity wishing to provide external review services under EuGB must be registered with and supervised by ESMA, which is also tasked with developing the relevant RTS/ITS specifying certain provisions for external reviewers.

Date of publication: 30/12/2025

ESMA: Q&A on the ESG rating activities Regulation

Status: Final

ESMA published the following four new Q&A on the ESG rating activities Regulation:

- ◆ Q&A on group-affiliated small ESG rating providers
- ◆ Q&A on ESMA assessments of temporary regime notifications
- ◆ Q&A on contents of temporary regime notifications
- ◆ Q&A on small ESG rating providers no longer meeting temporary regime size requirements

Date of publication: 18/12/2025

ESMA: Assessment of impact of Guidelines on use of ESG or sustainability-related terms in fund names

Status: Final

ESMA published a risk analysis report assessing the impact of its [Guidelines](#) on the use of ESG or sustainability-related terms in fund names. The study found that the Guidelines have improved consistency in the use of ESG terms by increasing alignment of fund names and their actual investment strategies and enhanced investor protection by reducing greenwashing risks. Analysis of nearly 1,000 shareholder notifications from the 25 largest EU asset managers revealed that 64% of funds mentioned in shareholder notifications changed their name, often to remove ESG terminology, while 56% updated their investment policies to strengthen their sustainability focus. Additionally, funds with higher fossil fuel exposures were more likely to drop ESG terms from their names, whereas those retaining ESG terms have reduced fossil fuel holdings more than all other funds. ESMA concludes that its Guidelines have driven convergence in the use of ESG terms and have reduced greenwashing risks.

Date of publication: 17/12/2025

EC: Draft guidance on simplified EU taxonomy reporting rules

Status: Final

On 17 December, the European Commission published draft guidance to assist with preparing the simplified EU Taxonomy disclosure rules under the [EU Taxonomy for sustainable economic activities](#), which apply from January 2026. These rules, introduced through the [Omnibus Taxonomy Delegated Act](#) adopted in July, aim to significantly reduce reporting burdens for EU businesses. Key changes include the removal of requirements for companies to assess non-material activities, streamlined reporting templates with up to 89% fewer data points for financial undertakings and 66% fewer data points for non-financial undertakings, and simplified key performance indicators for financial institutions. The guidance, presented as FAQs, provides early interpretation and practical advice ahead of firms preparing their first annual Taxonomy reports under the new framework, due in 2026 for the 2025 financial year. Formal adoption of the FAQs in all EU languages is expected in Q1 2026, following the publication of the Omnibus Taxonomy Delegated Act in the OJ.

Date of publication: 17/12/2025

EP: Approval of provisional agreement on Omnibus I simplification package

Status: Final

The EP announced that it has approved the [provisional agreement](#) with EU governments to simplify sustainability reporting and due diligence obligations under the European Commission's [Omnibus I simplification package](#). This proposes targeted amendments to, among other things, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D), aimed at reducing administrative burdens for businesses. The EU has already published [Directive \(EU\) 2025/794](#) which implemented the "stop-the-clock" proposal, postponing the application date of certain requirements of the CSRD and CS3D. In relation to CS3D, key areas of agreement include:

- ♦ reducing the scope of due diligence on adverse impacts requirements by increasing the thresholds to 5,000 employees and EUR1.5bn net turnover;
- ♦ broader and more flexible provisions around identification and assessment of adverse impacts;
- ♦ removal of the obligation for companies to adopt a climate transition plan;
- ♦ a maximum penalty cap of 3% of the company's net worldwide turnover, with guidance to be provided by the European Commission and member states; and
- ♦ postponement of the transposition deadline to 26 July 2028 (meaning companies will have to comply with the new measures by July 2029).

The provisional agreement also included the introduction of a review clause to enable the possible extension to the scope of both the CSRD and CS3D. The Omnibus directive now also needs to be formally approved by the Council of the EU and will enter into force 20 days after publication in the OJ.

Date of publication: 16/12/2025

Council of the EU/EP: Provisional agreement for simplification of CSRD and CS3D requirements

Status: Final

The Council of the EU and EP reached a provisional agreement on the [Omnibus I package on simplified rules for sustainability reporting and due diligence](#), as set out in the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D). The co-legislators confirmed the agreement through separate press releases. This provisional agreement follows the EP's [earlier rejection](#) of its negotiating mandate.

In relation to the CSRD, it was agreed that the scope of the sustainability reporting requirements should be reduced, with listed SMEs and financial holding undertakings being removed from scope, and the employee threshold increased to 1,000 with a net turnover threshold of over EUR450 million being added. A transitional exemption for "wave one" companies (being companies that were required to start reporting from the 2024 financial year) was also agreed for 2025 and 2026.

In relation to CS3D, key areas of agreement include:

- ♦ reducing the scope of due diligence on adverse impacts requirements by increasing the thresholds to 5,000 employees and EUR1.6bn net turnover;
- ♦ broader and more flexible provisions around identification and assessment of adverse impacts;
- ♦ removal of the obligation for companies to adopt a climate transition plan;
- ♦ a maximum penalty cap of 3% of the company's net worldwide turnover, with guidance to be provided by the European Commission and member states;
- ♦ postponement of the transposition deadline to 26 July 2028 (meaning companies will have to comply with the new measures by July 2029).

The provisional agreement also included the introduction of a review clause to enable the possible extension to the scope of both CSRD and CS3D.

The provisional agreement must now be endorsed by the co-legislators before being formally adopted.

Date of publication: 09/12/2025

EC: Publication of capital market integration package

Status: Final

The EC **published** a Communication on the further development of capital market integration and supervision within the Union, announcing a set of major legislative reforms. For more information, please see section 1.1c) above.

Date of publication: 04/12/2025

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