ONE COMPASS

Our monthly regulatory update

REGULATORY CLIENT UPDATE / MAY 2025

COUNTRIES THE CHANGES MAY BE APPLICABLE TO		
ASSESSMENT OF LEVELS OF IMPACT/ RISK	Low	
	Medium	
	High	

NEW PUBLICATIONS	
On 13th May the Prudential Regulation Authority published Regulatory Reporting (Branch Reporting) Instrument 2025 (PRA2025/4) regarding the PRA Rulebook	
the Bank of England's Prudential Regulation Authority (PRA) updated its approach to capital requirements for lending to small and medium-sized enterprises and infrastructure projects	
CSSF Circular 25/892 outlines Luxembourg's application of the European Supervisory Authorities' (ESAs) Joint Guidelines on estimating aggregated annual costs and losses resulting from major ICT-related incidents	
CSSF Circular 25/893, issued on 27 May 2025, provides detailed guidance on the classification and reporting of major ICT-related incidents and significant cyber threats under the Digital Operational Resilience Act (DORA)	

PRIORITIES	
The Financial Conduct Authority (FCA) published Policy Statement PS25/3	
The FCA published Policy Statement 25/4 on investment research payment optionality for fund managers	
Commission Implementing Regulation (EU) 2025/863, published on 8 May 2025 in the Official Journal (OJ L 2025/863), provides technical information for the calculation of technical provisions and basic own funds by insurance and reinsurance undertakings	
The CSSF published a "communiqué" regarding the transposition of Directive (EU) 2021/2101	
Commission Delegated Regulation (EU) 2025/1003, published in the Official Journal on 22 May 2025 supplements Regulation (EU) No 600/2014 of the European Parliament and of the Council as regards OTC derivatives identifying reference data to be used for the purposes of the transparency requirements laid down in Article 8a(2) and Articles 10 and 21 of MiFIR	

TIMELINE

2 May 2025

- ESMA publishes response to the European Commission's consultation regarding commodity derivatives review
- European Commission launched a "call for evidence" regarding the revision of the Sustainable Finance Disclosure Regulation (SFDR)

5 May 2025

- European Supervisory Authorities (ESAs) released updated Q&As on the PRIIPs KID

6 May 2025

- The Council published Directive (EU) 2025/872, which amends Directive 2011/16/EU concerning administrative cooperation in the field of taxation Financial Conduct Authority published a policy statement PS25/2 on the derivatives trading obligation (DTO) and post-trade risk reduction services
- The European Banking Authority (EBA) published its final report on the draft ITS concerning the provision of information for resolution plans
- The Luxembourg government amended the Corporate Sustainability Reporting Directive (CSRD) bill of law to implement the "Stop the Clock" Directive

7 May 2025

- The Department of Finance published a Regulatory Impact Assessment (RIA) to evaluate the transposition of Directive (EU) 2024/927 (AIFMD II) into Irish law
- The Financial Conduct Authority (FCA) published Policy Statement PS25/3, introducing a new regulatory reporting return for consumer credit firms engaged in credit broking, debt adjusting, debt counselling, and providing credit information services.
- The European Securities and Markets Authority (ESMA) published its Final Report providing technical advice to the European Commission on amendments to the Market Abuse Regulation (MAR) and the Markets in Financial Instruments Directive II (MiFID II) concerning SME's Growth Market

8 May 2025

- The European Parliament approved revised regulations and new screening rules for foreign investments in the EU
- The Central Bank of Ireland (CBI) released updated guidance for the Fund Profile Return (Vol. 2.3) regarding the reporting requirements of Irish Authorised Investment Funds
- The European Commission published Delegated Regulation (EU) 2025/878, amending previous regulatory technical standards related to market risk under the Capital Requirements Regulation (CRR)

9 May 2025

- The FCA published Policy Statement 25/4 on investment research payment optionality for fund managers

12 May 2025

- Commission Implementing Regulation (EU) 2025/863, published on 8 May 2025 in the Official Journal (OJ L 2025/863), provides technical information for the calculation of technical provisions and basic own funds by insurance and reinsurance undertakings
- The European Securities and Markets Authority (ESMA) has published updated guidelines for tenderers involved in its procurement procedures
- The CSSF Communiqué issued on 12 May 2025 addresses approved statutory auditors regarding new obligations under
- Luxembourg law

13 May 2025

- The Prudential Regulation Authority published Regulatory Reporting (Branch Reporting) Instrument 2025 (PRA2025/4) regarding the PRA Rulebook.

14 May 2025

- EBA published a Fourth Report on Monitoring the Liquidity Coverage Ratio and Net Stable Funding Ratio in the EU
- Corrigendum to Commission Delegated Regulation (EU) 2024/1774 of 13 March 2024 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying ICT risk management tools, methods, processes, and policies and the simplified ICT risk management framework.

19 May 2025

- A list of questions/answers in relation to the CBDF Regulation highlighting the changes for notifications to the CSSF was published

20 May 2025

- The CSSF published a document titled "Methods of transmitting reports via external channels (Naming convention)" updating the naming conventions for reports submitted by financial institutions in Luxembourg
- The CSSF published FAQ concerning the Luxembourg Law of 12 July 2013 on alternative investment fund managers (version 24)
- CSSF published FAQ on Key Investor Information Document
- The Bank of England published Policy Statement PS6/25 providing feedback to responses received to consultation paper (CP)11/24 – International firms: Updates to SS5/ 21 and branch reporting
- The PRA's approach to branch and subsidiary supervision
- The Bank of England published Supervisory Statement 34/15, titled "Guidelines for Completing Regulatory Reports"
- The European Banking Authority's (EBA) 2024 published an Annual Report – Part 1 that outlines the agency's key achievements and activities throughout the year

21 May 2025

- The CSSF published Circular CSSF 25/891 regarding the application of the Guidelines of the European Securities and Markets Authority on certain aspects of the suitability requirements and format of the periodic statement for portfolio management activities under the Markets in Crypto Assets Regulation (ESMA35-1872330276-2031)
- The European Central Bank (ECB) provides an overview of the Single Supervisory Mechanism (SSM) through a detailed FAQ section
- Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on "The Single Market: our European home market in an uncertain world - A Strategy for making the Single Market simple, seamless and strong (COM(2025) 500 final)"

22 May 2025

- CSSF Circular 25/892 outlines Luxembourg's application of the European Supervisory Authorities' (ESAs) Joint Guidelines on estimating aggregated annual costs and losses resulting from major ICT-related incidents
- CSSF Circular 25/893 provides detailed guidance on the classification and reporting of major ICT-related incidents and significant cyber threats under the Digital Operational Resilience Act (DORA)

26 May 2025

- CSSF published an FAQ regarding the AML/CFT Market Entry Form (Funds and IFMs) in eDesk

27 May 2025

- Commission Delegated Regulation (EU) 2025/1003, published in the Official Journal on 22 May 2025, supplements Regulation (EU) No 600/2014 of the European Parliament and of the Council as regards OTC derivatives identifying reference data to be used for the purposes of the transparency requirements laid down in Article 8a(2) and Articles 10 and 21 of MiFIR
- The Bank of England's Prudential Regulation Authority (PRA) has updated its approach to capital requirements for lending to small and medium-sized enterprises (SMEs) and infrastructure projects

28 May 2025

- In 28 May 2025, the UK's Financial Conduct Authority (FCA) released its quarterly transparency assessment for bonds
- The EBA releases final technical package for its 4.1 reporting framework to support identification and assessment of crypto asset providers and the Pillar 3 data hub

DETAILED UPDATES

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 2 May 2025, ESMA publishes response to the European Commission's consultation regarding commodity derivatives review		

SUMMARY/ MAIN POINTS

ESMA published a response to the EC commodity derivatives review where feedback is provided on the European Commission's consultation on the functioning of commodity derivatives markets (consultation that was initiated on 26 February 2025).

Key points:

- Data Harmonisation and Reporting: identification of overlapping reporting obligations under REMIT, MiFIR, and EMIR;
- Ancillary Activity Exemption: ESMA suggests that it should be more clearly defined to prevent misuse
- Position Management and Reporting: supports the application of position limits to well-developed, critical contracts where price formation occurs, ensuring orderly market functioning and proposes excluding emission allowances from position reporting requirements, aiming to reduce unnecessary reporting burdens
- C(6) Carve-Out Contracts: recommends reconsidering the C(6) carve-out, which currently exempts certain contracts from position limits.
- Circuit Breakers: introduction of circuit breakers to prevent excessive volatility in commodity derivatives markets

LINK	ESMA74-2134169708-7942_ESMA_s_response_to_the_EC_commodity_derivatives_review.pdf
ENTRY INTO APPLICATION	**N/A**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th colspan="2">APPLICABLE TO</th></tr>
<tr><td>Revision of EU rules on sustainable finance disclosure</td><td></td><td colspan="2"></td></tr>
<tr><th colspan="4">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="4">The European Commission launched a “call for evidence” regarding the revision of the Sustainable Finance Disclosure Regulation (SFDR) to enhance its effectiveness and address stakeholder concerns. This initiative aims to simplify sustainability reporting and improve transparency for investors

Key Points:

• Legal Clarity: Addressing ambiguities in key concepts within the SFDR
• Relevance of Disclosures: Ensuring that disclosure requirements are pertinent and useful
• Consistency: Aligning SFDR with other parts of the sustainable finance framework to avoid overlaps and inconsistencies
• Data Availability: Improving access to reliable data for effective implementation
• Transition Finance: Incorporating provisions for transition finance to support companies moving towards sustainability</td></tr>
<tr><th>LINK</th><td colspan="3">Have your say</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="3">N/A
(the feedback window is open until 30 May 2025)</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 5 May 2025, the European Supervisory Authorities (ESAs) released the updated Q&As on the PRIIPs KID		

SUMMARY/ MAIN POINTS

The European Supervisory Authorities (ESAs) released the updated Q&As on the PRIIPs KID (PRIIPs Key Information Document).

Key Points:

- Market Risk Assessment – MRM Class Determination: The ESAs have provided further guidance on determining the Market Risk Measure (MRM) class for different types of PRIIPs, ensuring a more consistent approach across the industry
- Performance Scenarios: Clarifications have been made regarding the calculation and presentation of performance scenarios, including the treatment of life annuities and the use of historical data for scenario analysis.
- Calculation of Summary Cost Indicators: Detailed instructions on calculating the summary cost indicators, including the treatment of transaction costs and the application of the arrival price methodology.

LINK	JC 2023 22 JC PRIIPs Q&As
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 6 May 2025, the Council published Directive (EU) 2025/872, which amends Directive 2011/16/EU concerning administrative cooperation in the field of taxation		

SUMMARY/ MAIN POINTS

On 6th May 2025, the Council published Directive (EU) 2025/872, which amends Directive 2011/16/EU concerning administrative cooperation in the field of taxation, with the goal of enhancing tax transparency and compliance by enabling the automatic exchange of Top-up Tax information among EU Member States.

Key Provisions:

- Central Filing Mechanism: establishment of a central filing system where multinational enterprise (MNE) groups can submit their Top-up Tax information returns, reducing administrative burdens and ensuring consistency across jurisdictions
- Standardised Templates**:** in order to ensure uniformity and facilitate the processing of information
- Implementation Timeline: Member States are required to implement the necessary measures to comply with the directive (in general adopt and publish necessary laws, regulations, and administrative provisions by 31 December 2027, and to apply those measures from 1 January 2028).

LINK	Directive - EU - 2025/872 - EN - EUR-Lex
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 6 May 2025 the Luxembourg government amended the Corporate Sustainability Reporting Directive (CSRD) bill of law to implement the "Stop the Clock" Directive		

SUMMARY/ MAIN POINTS

The so-called "stop the clock" directive was published on 26 February 2025 by the European Commission and is part of the "Omnibus Package", which includes a set of proposals to simplify the European Union rules on sustainability reporting and sustainability due diligence.
On 6 May 2025, the Luxembourg government amended the Corporate Sustainability Reporting Directive bill of law to implement the Directive.

Key amendments proposed:

- Corporate Transparency: enhance transparency in corporate reporting, aligning Luxembourg's laws with EU standards.
- Sustainability Reporting: requirements for companies to disclose information related to sustainability, ensuring consistency with EU Directive 2022/2464.
- Audit Profession
- Financial Sector
- Insurance Sector
- Commercial Companies
- Publicity of Accounting Documents: measures to improve the publicity of accounting documents, enhancing transparency for stakeholders.

LINK	Dossiers parlementaires | Chambre des députés du grand-duché de Luxembourg
ENTRY INTO APPLICATION	**N/A** (The proposal is currently under review by the Luxembourg Chamber of Deputies)

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 6 May 2025, the European Banking Authority (EBA) published its final report on the draft ITS concerning the provision of information for resolution plans		

SUMMARY/ MAIN POINTS

On 6 May 2025, the European Banking Authority (EBA) published its final report on the draft ITS concerning the provision of information for resolution plans, pursuant to Directive 2014/59/EU and repealing Commissions Implementing Regulation (EU) 2018/1624.

Key Points:

Modular approach: institutions are subject to core reporting requirements (basic information) while larger or more complex entities must report extra details.

Elimination of overlapping data requests: If an institution has already sent data for other rules (like MREL or FinRep), it won't have to send it again.

Expansion of entities included: the scope of entities that must report was broadened in order to include entities in liquidation

Earlier deadline: the submission deadline for the entities is now by 31 March each year (previously April).

LINK	The EBA updates technical standards on resolution planning reporting | European Banking Authority
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
The Department of Finance published a Regulatory Impact Assessment (RIA) to evaluate the transposition of Directive (EU) 2024/927 (AIFMD II) into Irish law		

SUMMARY/ MAIN POINTS

The primary objectives of AIFMD II are:

- Harmonisation: Establishing a consistent regulatory framework across the EU for AIFs.
- Investor Protection: Enhancing safeguards to ensure high levels of investor protection.
- Financial Stability: Contributing to the stability of the financial system.
- Market Integration: Facilitating the creation of a unified EU AIF market.

National Discretions in Ireland in implementing certain aspects of AIFMD II:

- Ancillary Activities: Extending the list of ancillary activities and non-core services that AIFMs can provide.
- Loan Origination: Deciding whether AIFs that originate loans should be prohibited from lending to consumers in Ireland
- Depositary Appointments: Allowing AIFs to appoint depositaries established in other EU Member States.
- UCITS Management Companies: Extending the list of services that UCITS management companies can provide.

LINK	Regulatory Impact Assessment - Directive (EU) 2024/927
ENTRY INTO APPLICATION	**Already in application** (Ireland must transpose the directive into national law by 16 April 2026)

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 7 May 2025, the Financial Conduct Authority (FCA) published Policy Statement PS25/3		

SUMMARY/ MAIN POINTS

The Financial Conduct Authority (FCA) has published Policy Statement PS25/3, introducing significant changes regarding regulatory returns for firms involved in credit broking, debt adjusting, debt counselling, and providing credit information services.

All firms will be required to provide information in five key areas:

- **Permissions**: Details of the regulated activities undertaken in the past 12 months.
- **Business Model**: Information about the financial products and services offered.
- **Marketing**: Insights into the channels used to target consumers.
- **Revenue**: Total revenue from credit-related and non-credit-related activities.
- **Employees**: Data on the number of employees, including full-time equivalents, sales/advice staff, commission models, and training and compliance details.

First Reporting Period: The initial reporting period under the new framework will be from 1 January to 31 December 2025.

LINK	PS25/3: Consumer credit regulatory returns: credit broking, debt adjusting, debt counselling and providing credit information services | FCA
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 7 May 2025 ESMA published its Final Report providing technical advice to the European Commission on amendments to the Market Abuse Regulation and the Markets in Financial Instruments Directive II		

SUMMARY/ MAIN POINTS

On 7 May 2025, the European Securities and Markets Authority (ESMA) published its Final Report providing technical advice to the European Commission on amendments to the Market Abuse Regulation (MAR) and the Markets in Financial Instruments Directive II (MiFID II) concerning Small and Medium-sized Enterprise (SME) Growth Market.

Key Points:

- **Disclosure of Inside Information in Protracted Processes:** ESMA proposes a non-exhaustive list of final events or circumstances that should trigger the disclosure of inside information in protracted processes
- **Cross-Market Order Book Mechanism (CMOB):** methodology for identifying trading venues with significant cross-border activity, which will be subject to the CMOB mechanism.
- **Registration of SME Growth Markets:** ESMA reviews the requirements for MTFs and their segments to be registered as SME Growth Markets under MiFID II.

LINK	Final Report on the Technical advice concerning MAR and MiFID II SME GM
ENTRY INTO APPLICATION	**N/A**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
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<tr><th colspan="3">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="3">On 8 May 2025, the European Parliament approved revised regulations and new screening rules for foreign investments in the EU.

• <u>Mandatory Screening:</u> Member States are now required to assess foreign investments in sectors such as media services, critical raw materials and transport infrastructure to identify foreign investment-related security or public order risks

• <u>Harmonised Procedures:</u> National screening mechanisms will be harmonised and the European Commission has the authority to intervene in cases of disagreement where there are disagreements between Member States regarding foreign investments

• <u>Broader Scope</u>: the law will cover transactions within the EU where the direct investor is ultimately owned by individuals or entities from a non-EU country

• <u>Enhanced Decision-Making</u>: if a planned foreign investment is likely to have a negative effect on security or public order, authorities can either approve it with mitigating measures or prohibit it</td></tr>
<tr><th>LINK</th><td colspan="2"><u>European Parliament endorses new screening rules for foreign investment in EU | News | European Parliament</u></td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="2">N/A</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 8 May 2025, the Central Bank of Ireland (CBI) has released updated guidance for the Fund Profile Return (Vol. 2.3) regarding the reporting requirements of Irish Authorised Investment Funds		

SUMMARY/ MAIN POINTS

The Central Bank of Ireland has released updated guidance for the Fund Profile Return regarding the reporting requirements of Irish Authorised Investment Funds.

Key Updates:

- Enhanced Data Collection: introduction of new questions in order to obtain detailed information on specific asset exposures
- Sustainable Finance Disclosure Regulation (SFDR) Classification: Funds are now required to disclose their classification under the SFDR and select the relevant classification
- Submission Process: The return must be submitted electronically via the CBI's Online Reporting System (ONR)

LINK	Guidance for Fund Profile Return Vol 2.3 May 2025
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 8 May 2025, the European Commission published Delegated Regulation (EU) 2025/878, amending previous regulatory technical standards related to market risk under the Capital Requirements Regulation (CRR)		

SUMMARY/ MAIN POINTS

On 8 May 2025, the European Commission published Delegated Regulation (EU) 2025/878, amending previous regulatory technical standards related to market risk under the Capital Requirements Regulation (CRR).

Key Points:

- Back-Testing and Profit and Loss Attribution: The regulation updates the technical details related to back-testing and profit and loss attribution requirements for institutions
- Risk Factor Modellability: revision of criteria for assessing the modellability of risk factors, ensuring more accurate risk assessments
- Non-Trading Book Risks: The regulation provides clearer guidelines on the treatment of foreign-exchange risk and commodity risk in the non-trading book

LINK	Delegated regulation - EU - 2025/878 - EN - EUR-Lex
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 9th May the FCA published Policy Statement 25/4 on investment research payment optionality for fund managers		

SUMMARY/ MAIN POINTS

On 9th May the FCA published Policy Statement 25/4 on investment research payment optionality for fund managers.

Key Points:

- Introduction of Joint Payment Option: this allows fund managers to pay for investment research alongside trade execution services.
- Flexibility in Research Budgets
- Standardised Written Policies
- Value Assessment and Disclosure: this applies for each fund they manage.
- Operational Requirements: firms are responsible for administering accounts for purchasing research with joint payments, including commission sharing agreements (CSAs). However, this does not means that each fund will require to have a separate CSA for to adopt the joint payment option.

LINK	PS25/4: Investment research payment optionality for fund managers | FCA
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
Commission Implementing Regulation (EU) 2025/863, published on 8 May 2025 in the Official Journal (OJ L 2025/863), provides technical information for the calculation of technical provisions and basic own funds by insurance and reinsurance undertakings		

SUMMARY/ MAIN POINTS

This regulation applies to reporting with reference dates from 31 March 2025 until 29 June 2025, in accordance with Directive 2009/138/EC (Solvency II).

Key Points:

- Purpose: To ensure uniform conditions for the calculation of technical provisions and basic own funds by insurance and reinsurance undertakings
- Technical Information: Insurance and reinsurance undertakings must use the technical information provided by the European Insurance and Occupational Pensions Authority (EIOPA)
- Urgency: The regulation was adopted urgently to ensure the immediate availability of the relevant technical information

LINK	Commission Implementing Regulation (EU) 2025/863 of 8 May 2025 laying down technical information for the calculation of technical provisions and basic own funds for reporting with reference dates from 31 March 2025 until 29 June 2025 in accordance with Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 12 May, ESMA published updated guidelines for tenderers involved in its procurement procedures		

SUMMARY/ MAIN POINTS

The European Securities and Markets Authority (ESMA) has published updated guidelines for tenderers involved in its procurement procedures.

Key Points:

- Types of Procurement Procedures: negotiated procedure or open procedure
- Participation: details on eligibility criteria and the process for submitting tenders
- Contractual Relationship
- Submitting an Offer: what constitutes a valid offer and how to submit it
- Implications of Submission
- Opening and Assessment of Offers
- Communication of Results

LINK	Guidelines on procurements
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 12 May 2025 the CSSF published a "communiqué" regarding the transposition of Directive (EU) 2021/2101		

SUMMARY/ MAIN POINTS

On 12 May 2025 the CSSF published a statement regarding the transposition of Directive (EU) 2021/2101, highlighting a new requirement concerning the disclosure of income tax information by certain undertakings and branches.

Effective from the first financial year starting on or after 22 June 2024, for undertakings governed by Luxembourg law:

- Audit Report Inclusion: The audit report must state whether, for the financial year preceding the one under audit, the undertaking was required to publish a report on income tax information under Article 72 of the amended Law of 19 December 2002
- Compliance Check: If such a report was required, the audit report must confirm whether it was published in accordance with Article 72

This requirement applies to undertakings whose financial statements are subject to statutory audit by approved statutory auditors or approved audit firms.

LINK	https://www.cssf.lu/en/2025/05/communique-targeting-reviseurs-dentreprises-agrees-approved-statutory-auditors-in-the-context-of-their-statutory-audits/
ENTRY INTO APPLICATION	**Applicable from the commencement date of the first financial year starting on or after 22 June 2024**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 13th May the Prudential Regulation Authority published Regulatory Reporting (Branch Reporting) Instrument 2025 (PRA2025/4) regarding the PRA Rulebook		

SUMMARY/ MAIN POINTS

The Prudential Regulation Authority published Regulatory Reporting (Branch Reporting) Instrument 2025 (PRA2025/4) regarding the PRA Rulebook.

Key Amendments:

<u>Branch Return Form Reporting</u>:

- Firms must submit information to the PRA using the Branch Return Form
- Reporting periods are set for 30 June and 31 December each year
- Submissions are due within 30 business days following the respective reporting dates

<u>Liquid Assets Reporting:</u>

- The requirement for reporting on the availability of liquid assets in pounds sterling has been removed

LINK	PRA RULEBOOK: CRR FIRMS: REGULATORY REPORTING (BRANCH REPORTING) INSTRUMENT 2025
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 14th May the European Central Bank has announced a reform of the Supervisory Review and Evaluation Process to enhance its effectiveness and efficiency		

SUMMARY/ MAIN POINTS

The European Central Bank (ECB) has announced a reform of the Supervisory Review and Evaluation Process (SREP) to enhance its effectiveness and efficiency.

Key Aspects of the SREP Reform:

- Enhanced Risk-Based Approach with focus on areas with the highest impact on banks' stability and performance
- Integration of Emerging Risks such as climate-related and environmental (C&E) risks, into the SREP framework
- Strengthening of Supervisory Measures for banks that fail to meet expectations
- Focus on Geopolitical Risks

LINK	SREP reform: towards more efficient and effective supervision
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 14 May 2025, EBA published its Fourth Report on Monitoring the Liquidity Coverage Ratio and Net Stable Funding Ratio in the EU		

SUMMARY/ MAIN POINTS

The European Banking Authority (EBA) published its Fourth Report on Monitoring the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) in the EU.

Key guidance points:

- Reverse Repos: the need for consistent application of the treatment of open reverse repos in LCR calculations, across institutions
- Deposit Classifications: Banks should accurately classify operational and non-operational deposits to ensure proper outflow calculations
- Funding Plans: Institutions are encouraged to develop comprehensive funding plans that address potential liquidity needs and consider alternative funding sources

LINK	Report on monitoring of LCR and NSFR in EU.pdf
ENTRY INTO APPLICATION	**N/A**

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<tr><th colspan="4">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="4">A list of questions/answers in relation to the CBDF Regulation highlighting the changes for notifications to the CSSF was published.

Key Points:

<u>UCITS Notifications:</u>
• Deletion of Q15: The question regarding the file naming convention for prospectus versions has been removed
• Update of Q9 and Q15: Clarifications on the required attestations and the file naming convention for notification packages have been updated

<u>AIFM Notifications:</u>
• Addition of Q5: A new question has been added to address specific aspects of AIFM notifications
• Deletion of Q2: An outdated question has been removed to streamline the FAQ</td></tr>
<tr><th>LINK</th><td colspan="3"><u>FAQ CBDF – Notification procedures – CSSF</u></td></tr>
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<tr><td colspan="4">The CSSF published a document titled "Methods of transmitting reports via external channels (Naming convention)" updating the naming conventions for reports submitted by financial institutions in Luxembourg in order to ensure consistency, clarity, and security in the submission of reports.

Key Points:

• Removal of COREP-FINREP Reporting: As of 1 April 2025, COREP-FINREP reports can no longer be submitted through external channels. This section has been removed from the document
• FRC – COREP/FINREP Reporting: Updates have been made to §5 FRC to display only reports currently in force</td></tr>
<tr><th>LINK</th><td colspan="3">Methods of transmitting reports via external channels (Naming convention) – CSSF</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="3">Already in application</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20 May 2025 the CSSF published a FAQ on alternative investment fund managers		

SUMMARY/ MAIN POINTS

The CSSF published FAQ concerning the Luxembourg Law of 12 July 2013 on alternative investment fund managers (version 24).

Key Points:

- Loan Origination by AIFs: Luxembourg-domiciled AIFs may engage in loan origination, participation, and acquisition, provided they meet specific conditions
- Marketing and Reverse Solicitation: Marketing in Luxembourg does not require the physical presence of the AIFM. However, marketing activities must occur within Luxembourg's territory. Merely presenting draft documents to prospective investors does not constitute marketing, provided these documents cannot be used to make formal subscriptions
- Pre-Marketing by Non-EU AIFMs: Non-EU AIFMs intending to pre-market to professional investors in Luxembourg must submit a Pre-Marketing Notification Letter to the CSSF within two weeks of commencing pre-marketing activities
- Reporting Obligations: AIFMs are required to report financial information to the CSSF on a quarterly, half-yearly, or yearly basis, as stipulated in Annex IV of Commission Delegated Regulation (EU) No 231/2013

LINK	FAQ AIFMD
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20 May 2025 the CSSF published FAQ on Key Investor Information Document		

SUMMARY/ MAIN POINTS

CSSF published FAQ on Key Investor Information Document

Key points:

- Deletion of Question 5: The FAQ has removed Question 5, which previously addressed whether the final version of a KIID requires formal CSSF approval (visa stamping) before the fund is allowed to use it. This change reflects the CSSF's updated procedures and expectations
- Clarification on Filing Procedures: Questions 2, 9, and 11 have been modified to provide clearer guidance on the procedures for filing KIIDs with the CSSF
- Language Requirements: The FAQ continues to specify that KIIDs must be drafted in one of the following languages: Luxembourgish, French, German, or English
- Publication and Accessibility: The CSSF maintains that KIIDs should be made available on the website of the UCITS or its management company

LINK	FAQ on KIID – CSSF
ENTRY INTO APPLICATION	**Already in application**

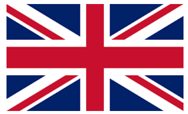
SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20th May the Bank of England published Policy Statement PS6/25 providing feedback to responses received to consultation paper (CP)11/24 – International firms: Updates to SS5/ 21 and branch reporting		

SUMMARY/ MAIN POINTS

Updates to SS5/21 and branch reporting:

- Branch vs. Subsidiary Structure: the Prudential Regulatory Authority introduced some additional indicative criteria for determining whether an international bank should operate in the UK through a branch or a subsidiary
- Enhanced Expectations on Booking Models: the PRA clarified the expectations regarding firm's booking arrangements and extending their formal application to a subset of UK banks, particularly in light of the European Central Bank's desk-mapping review and industry developments
- Branch Reporting Enhancements: the PRA introduced amendments to the Branch Return form in order to improve the collection of whole-firm liquidity data (liquidity reporting)
- Clarifications and Technical Amendments: Clarifying the role of deposit aggregators in the context of deposit thresholds; Updating the approach to assessing the equivalence of home jurisdictions; Addressing innovations in digital money and money-like instruments.

LINK	PS6/25 – International firms: Updates to SS5/21 and branch reporting | Bank of England
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20th May the Bank of England published PRA’s approach to branch and subsidiary supervision		

SUMMARY/ MAIN POINTS

The Bank of England published PRA’s approach to branch and subsidiary supervision and the Key Expectations for SS5/21:

The PRA requires international banks to demonstrate effective supervision, considering:

- Adequate cooperation and information-sharing with home regulators.
- Governance structures that address UK-specific risks.
- Robust risk management and internal controls.
- Clear and effective booking models for risk management.

International banks must meet the PRA's threshold conditions, particularly concerning:

- Prudent conduct of business.
- Effective supervision.
- Adequate systems and controls.
- Financial resources and governance structures.

LINK	SS5/21 - International banks: The PRA’s approach to branch and subsidiary supervision | Bank of England
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20th May the Bank of England published Supervisory Statement 34/15, titled "Guidelines for Completing Regulatory Reports"		

SUMMARY/ MAIN POINTS
The Bank of England published Supervisory Statement 34/15, titled "Guidelines for Completing Regulatory Reports", in which provides instructions for firms regulated by the Prudential Regulation Authority (PRA) on how to accurately complete and submit regulatory reports. **Key Points:** • Integrated Regulatory Reporting across different regulated activity groups (RAGs). • Adherence to accounting standards regarding the regulatory reports to ensure consistency • Waivers from Individual Reporting of Certain UK FINREP Templates • Third-Country Branch Reporting: Firms are required to submit whole-firm liquidity information through the PRA Branch Return Form every six months

LINK	SS34/15 - Guidelines for completing regulatory reports | Bank of England
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20th May EBA published an Annual Report – Part 1 that outlines the agency's key achievements and activities throughout the year		

SUMMARY/ MAIN POINTS

European Banking Authority published an Annual Report – Part 1 that outlines the agency's key achievements and activities throughout the year. Key Achievements:

- Implementation of Basel III Reforms: the EBA made significant progress in implementing the Basel III reforms within the EU, which included enhancing the Single Rulebook by issuing guidelines and technical standards on key banking topics
- Sustainable Finance Integration: The EBA contributed to the European Green Deal by advancing sustainable finance integration. It issued guidelines and reports on Environmental, Social, and Governance (ESG) risks and greenwashing
- Proportionality in Regulation: The EBA focused on proportionality to minimise regulatory burdens on smaller institutions while maintaining the integrity of the regulatory framework
- Digital Operational Resilience Act (DORA) and Markets in Crypto-Assets Regulation (MiCA)
- Consumer Protection and Access to Financial Services

LINK	2024 Annual Report_Part 1.pdf
ENTRY INTO APPLICATION	**N/A**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
<tr><td>On 21 May, the CSSF published Circular CSSF 25/891 regarding the application of the Guidelines of ESMA on certain aspects of the suitability requirements and format of the periodic statement for portfolio management activities under the MiCAR</td><td></td><td></td></tr>
<tr><th colspan="3">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="3">The CSSF published Circular CSSF 25/891 regarding the application of the Guidelines of the European Securities and Markets Authority on certain aspects of the suitability requirements and format of the periodic statement for portfolio management activities under the Markets in Crypto Assets Regulation (ESMA35-1872330276-2031).

Key Points:
• Scope: The circular targets crypto-asset service providers that offer advice on crypto-assets or manage crypto-asset portfolios
• Purpose: To ensure consistent and effective supervisory practices across the European System of Financial Supervision, promoting uniform application of MiCAR provisions related to suitability and periodic reporting
• Integration: The CSSF has adopted these guidelines into its regulatory approach to align with European supervisory standards</td></tr>
<tr><th>LINK</th><td colspan="2">Circular CSSF 25/891 – CSSF</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="2">Already in application (from 25th May 2025)</td></tr>
</table>

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th colspan="2">APPLICABLE TO</th></tr>
<tr><td>On 21th May the European Central Bank (ECB) provides an overview of the Single Supervisory Mechanism (SSM) through a detailed FAQ section</td><td></td><td colspan="2"></td></tr>
<tr><th colspan="4">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="4">The European Central Bank (ECB) provides an overview of the Single Supervisory Mechanism (SSM) through a detailed FAQ section.

It explains that the Single Supervisory Mechanism (SSM) is the system of banking supervision in Europe and it is one of the pillars of the banking union comprising us - the ECB - and the national supervisory authorities of all euro area countries.
The aim of the SSM is to ensure the safety and stability of the European banking system and increase financial integration and stability in Europe
In these FAQs it is explained what the ECB exact role is, how the supervision works, different types of supervision (direct and indirect), references to accountability and independence consumer protection, amongst others</td></tr>
<tr><th>LINK</th><td colspan="3">Frequently asked questions</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="3">N/A</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on "The Single Market: our European home market in an uncertain world - A Strategy for making the Single Market simple, seamless and strong (COM(2025) 500 final)"		

SUMMARY/ MAIN POINTS

This strategy aims to simplify and streamline regulations to reduce administrative burdens, enhance cross-border mobility for businesses and professionals, reduce red tape and barriers, align with digital and green transitions and ensure consistent application of Single Market rules.

Key Points:

- Regulatory Reform: binding regulations to replace non-binding directives, aiming for a more uniform implementation across member states
- Support for SMEs and Startups: improve access to finance, reduce bureaucratic hurdles, and facilitate market entry and expansion
- Digital and Green Transitions: the need to modernize the EU's standards system to support innovation in areas like artificial intelligence, biotechnology, and renewable energy.
- Public Procurement Reform: reforms to public procurement rules, promoting joint public-private investments and simplifying procedures for cross-border services
- Enforcement and Compliance: strengthening the Single Market Enforcement Taskforce (SMET) in order to maintain a consistent application of EU laws

LINK	EUR-Lex - 52025DC0500 - EN - EUR-Lex
ENTRY INTO APPLICATION	**N/A**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
<tr><td>Commission Delegated Regulation (EU) 2025/1003, published in the Official Journal on 22 May 2025 supplements Regulation (EU) No 600/2014 of the European Parliament and of the Council as regards OTC derivatives identifying reference data to be used for the purposes of the transparency requirements laid down in Article 8a(2) and Articles 10 and 21 of MiFIR</td><td></td><td></td></tr>
<tr><th colspan="3">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="3">Key Points:
• Identification of OTC Derivatives using standardized reference data
• Classification of OTC derivatives by asset class and instrument type
• Identification of OTC interest rate swaps that deviate from standard business terms, specifying attributes such as business day adjustment conventions, fixing lags, payment calendars, and additional payments.</td></tr>
<tr><th>LINK</th><td colspan="2">Commission Delegated Regulation (EU) 2025/1003 of 24 January 2025 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council as regards OTC derivatives identifying reference data to be used for the purposes of the transparency requirements laid down in Article 8a(2) and Articles 10 and 21</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="2">Shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union (12 June 2025)</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 22th May the Bank of England's Prudential Regulation Authority (PRA) updated its approach to capital requirements for lending to small and medium-sized enterprises and infrastructure projects		

SUMMARY/ MAIN POINTS

The Bank of England's Prudential Regulation Authority (PRA) has updated its approach to capital requirements for lending to small and medium-sized enterprises (SMEs) and infrastructure projects.

Key Points:

- SME Lending: The PRA has introduced an "SME lending adjustment" to offset the removal of the SME supporting factor under Basel 3.1. This adjustment ensures that the capital requirements for SME lending remain unchanged, preventing potential increases in borrowing costs for small businesses
- Infrastructure Lending: The PRA has implemented an "infrastructure lending adjustment" to maintain current capital levels for infrastructure financing. This move aims to support investment in critical infrastructure projects without imposing additional capital burdens on lenders

LINK	PS7/25 – Update to PS9/24 on the SME and infrastructure lending adjustments | Bank of England
ENTRY INTO APPLICATION	**1 January 2026**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 26th May 2025 the CSSF published a FAQ regarding the AML/CFT Market Entry Form (Funds and IFMs) in eDesk		

SUMMARY/ MAIN POINTS
CSSF published an FAQ regarding the AML/CFT Market Entry Form (Funds and IFMs) in eDesk. **Key Points:** • When to Complete a Market Entry Form for Funds and for IFMs • Roles and Responsibilities in the Market Entry Form Process regarding the initiation, submission and documentation. • Delegation and Third-Party Involvement • Indirect Shareholding Structures • Signature and Document Submission (types of signatures accepted by the CSSF) • Updates and Notifications (when and how to submit updates to the Market Entry Form)

LINK	FAQ regarding the AML/CFT Market Entry Form (Funds and IFMs) – CSSF
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
CSSF Circular 25/892, issued on 27 May 2025, outlines Luxembourg's application of the European Supervisory Authorities' (ESAs) Joint Guidelines on estimating aggregated annual costs and losses resulting from major ICT-related incidents		

SUMMARY/ MAIN POINTS

The Circular applies to various financial entities operating in Luxembourg, including:

- Credit institutions, investment firms, market operators, and approved publication arrangements (APAs)
- Payment institutions, account information service providers, and electronic money institutions
- Crypto-asset service providers and issuers of asset-referenced tokens
- Central securities depositories and central counterparties
- Management companies and investment fund managers
- Alternative investment fund managers and internally managed alternative investment funds
- Institutions for occupational retirement provisions
- Administrators of critical benchmarks
- Crowdfunding service providers

Reporting Obligation:
In accordance with Article 11(10) of DORA, financial entities must, upon request, provide the CSSF with an estimation of the aggregated annual costs and losses resulting from major ICT-related incidents.

LINK	Circular CSSF 25/892 – CSSF
ENTRY INTO APPLICATION	**Already in application**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th colspan="2">APPLICABLE TO</th></tr>
<tr><td>CSSF Circular 25/893, issued on 27 May 2025, provides detailed guidance on the classification and reporting of major ICT-related incidents and significant cyber threats under the Digital Operational Resilience Act (DORA)</td><td></td><td colspan="2"></td></tr>
<tr><th colspan="4">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="4">
Entities Covered: credit institutions, investment firms, insurance companies, pension funds, and other financial entities as defined in DORA

Classification and Reporting Requirements:

<u>Major ICT-Related Incidents</u>: classify and report incidents based on criteria set out in the Regulatory Technical Standards (RTS) on classification

<u>Significant Cyber Threats</u>: Voluntary reporting of significant cyber threats is encouraged

Practical Modalities for Reporting:

<u>Notification Procedures:</u> Entities must use the dedicated procedure "DORA Major ICT-related incident and significant cyber threat notification" available on the CSSF eDesk Portal or via the API interface (S3).

<u>Outsourcing Reporting Obligations</u>: entities intending to outsource reporting responsibilities must inform the CSSF prior to the first report submission, providing details of the third party and the assigned "IT incident notifier" role.
</td></tr>
<tr><th>LINK</th><td colspan="3"><u>Circular CSSF 25/893</u></td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="3">Already in application</td></tr>
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<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
<tr><td>In 28 May 2025, the UK's Financial Conduct Authority (FCA) released its quarterly transparency assessment for bonds</td><td></td><td></td></tr>
<tr><th colspan="3">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="3">This assessment provides updated liquidity thresholds, including pre and post-trade size-specific thresholds and large-in-scale thresholds for bonds. Additionally, the FCA announced significant changes to the UK MiFID transparency regime for bond and derivatives markets.

Key changes:
<u>Simplified Transparency Regime</u>: simpler and more timely post-trade transparency regime based on fewer deferrals for bonds and certain over-the-counter (OTC) derivatives
<u>Discontinuation of FITRS</u>: The Financial Instruments Transparency Reference System (FITRS) will be discontinued for bonds and derivatives, as the new transparency regime does not depend on rigid liquidity calculations based on fixed parameters
<u>Qualitative Definition of Systematic Internalisers</u> (SIs): The FCA is updating the definition of an SI from a quantitative to a qualitative definition, with no expected changes to the firms designated as SIs.
<u>Transitional Provisions</u>: From 31 March 2025, trading venues are not required to apply pre-trade transparency to voice and request-for-quote (RFQ) trading systems</td></tr>
<tr><th>LINK</th><td colspan="2"><u>UK MiFID transparency calculations | FCA</u></td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="2">Already in application</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
In 28 May 2025, the EBA releases final technical package for its 4.1 reporting framework to support identification and assessment of crypto asset providers and the Pillar 3 data hub		

SUMMARY/ MAIN POINTS

Key Changes:

- **Supervisory Benchmarking**: Amendments to the Implementing Technical Standards (ITS) on Supervisory Benchmarking
- **MiCAR Reporting Guidelines**: Introduction of guidelines to collect data that competent authorities will need for their supervisory tasks and for significance assessment under the Markets in Crypto-Assets Regulation (MiCAR)
- **Pillar 3 Templates**: Inclusion of Pillar 3 templates in the comprehensive ITS on Pillar 3 disclosures
- **ESG Ad Hoc Reporting**: Amendments to ESG *ad hoc* disclosures to add new validation rules and extend the Single Supervisory Mechanism ESG extension.
- **Instant Payments Reporting**: Integration of Instant Payments ITS into the Data Point Model and taxonomy

LINK	The EBA releases final technical package for its 4.1 reporting framework to support identification and assessment of crypto asset providers and the Pillar 3 data hub | European Banking Authority
ENTRY INTO APPLICATION	**From April 2025** (Instant Payments Reporting) **From June 2025** (Supervisory Benchmarking, MiCAR Reporting Guidelines, Pillar 3 Templates and ESG Ad Hoc Reporting)

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
SANCTIONS		

SUMMARY/ MAIN POINTS

There was a serious of updates regarding Regulations concerning sanctions:

- Council Decision (CFSP) 2025/1070 of 26 May 2025 amending Decision (CFSP) 2024/1484 concerning restrictive measures in view of the situation in Russia
- Council Regulation (EU) 2025/1098 of 27 May 2025 amending Regulation (EU) No 36/2012 concerning restrictive measures in view of the situation in Syria

Updated sanctions list:

- EU Sanctions Map / Entities | EU sanctions tracker
- The UK Sanctions List - GOV.UK

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