ONE COMPASS

Our monthly regulatory update

REGULATORY CLIENT UPDATE / AUGUST 2025

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

NEW PUBLICATIONS	
Commission Delegated Regulation (EU) 2025/789 of 23 April 2025 was published	
Commission Recommendation (EU) 2025/1710 was published	
The CSSF published updates regarding application with respect to initial margin models under Article 11(3) of EMIR	
The FCA published Policy Statement PS25/2 on the derivatives trading obligation and post-trade risk reduction services	
The FATF published a new version of the Money Laundering National Risk Assessment Guidance	

PRIORITIES	
The AED issued Circular No. 792 ter which updates and replaces the previous Circulars No. 792 and No. 792-bis	
The CSSF made a communication updating the Authorisation of a UCI	
The EBA published Consolidated Q&A on the SFDR (Regulation (EU) 2019/2088) and the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288)	
The CSSF introduced a new standardized data entry form to streamline how investment firms communicate changes or updates that require prior authorisation or notification	
European Banking Authority updated the Q&As regarding DORA	

TIMELINE

28 July 2025

- **The AED issued Circular No. 792 ter**

31 July 2025

- **The CSSF made a communication updating the Authorisation of a UCI**

1 August 2025

- **COMMISSION DELEGATED REGULATION (EU) 2025/789 of 23 April 2025 was published**

4 August 2025

- **The EBA published Consolidated Q&A on the SFDR and the SFDR Delegated Regulation**

5 August 2025

- **The Commission Recommendation (EU) 2025/1710 was published**

7 August 2025

- **The CSSF published updates regarding application with respect to initial margin models under Article 11(3) of EMIR**
- **The FCA published Policy Statement PS25/12 – Changes to Safeguarding Regime for Payments and E-Money Firms**

8 August 2025

- The CSSF introduced a new standardized data entry form to streamline how investment firms communicate changes or updates that require prior authorisation or notification
- The FCA opened a third consultation on Derivative reporting requirements under UK EMIR
- The FCA published Policy Statement PS25/2 on the derivatives trading obligation and post-trade risk reduction services
- The HM Treasury published a Policy Statement regarding the Appointed Representatives Regime
- The European Banking Authority updates the Q&As regarding Digital Operational Resilience Act – DORA

14 August 2025

- The European Banking Authority updates the Q&As regarding Digital Operational Resilience Act - DORA

18 August 2025

- The CSSF published Circular 25/896 – Adoption of EBA Guidelines on Sanctions Compliance

20 August 2025

- Publication in the Official Journal (OJ) of Commission Delegated Regulation (EU) 2025/885 of 29 April 2025, supplementing Regulation (EU) 2023/1114 (MiCAR)
- A Memorandum of Understanding was signed by ESMA and EEA

28 August 2025

- The FATF published a new version of the Money Laundering National Risk Assessment Guidance
- The FATF launched a National Risk Assessment toolkit to help countries identify greatest money laundering risks

DETAILED UPDATES

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 28 July the AED issued Circular No. 792-ter which updates and replaces the previous Circulars No. 792 (January 2019) and No. 792-bis (October 2020)		

SUMMARY/ MAIN POINTS

This circular provides enhanced guidance on the identification and verification of individual clients by professionals under AED supervision, in line with Luxembourg's AML/CFT regulations.

Identification Documents: acceptable documents include National identity cards, Passports or other similar documents from reliable and independent sources;

Document Validity and Content: The identification documents must be valid and contain the client's signature and a photograph;

Foreign Issued Documents: For identification documents issued by foreign authorities, the following information must be provided in English, in addition to the original language, to ensure clarity for both professionals and supervisory authorities: Surname(s); First name(s); Gender; Nationality; Date of birth; Identification number; Expiration date; Issuing country.

LINK	circulaire-n792-ter-du-28-juillet-2025.pdf
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 31 July the CSSF made a communication updating the Authorisation of a UCI		

SUMMARY/ MAIN POINTS

These updates apply to all Undertakings for Collective Investment (UCIs) in Luxembourg.

Key Points:

- Pre-authorisation by CSSF (including key documentation & service provider approval);
- Fit and proper governance;
- Transparent change notifications.

Process Highlights:

- eDesk portal submission, AML/CFT form, complete dossier required;
- 2-day acknowledgment and assigned officer;
- One-off application fee.

LINK	Authorisation of a UCI – CSSF
ENTRY INTO APPLICATION	**Already in application**

<table>
<tr><th colspan="2">SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
<tr><td colspan="2">On 1 August, COMMISSION DELEGATED REGULATION (EU) 2025/789 of 23 April 2025 was published</td><td></td><td></td></tr>
<tr><th colspan="4">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="4">This Regulation (EU) 2025/789 of 23 April 2025 supplements Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the conditions and indicators that the EBA is to use to determine whether extraordinary circumstances in the sense of Article 325az(5) and Article 325bf(6) of that Regulation have occurred.

Key Points:

• Establishes objective indicators (e.g., severe market volatility, large correlation shifts, rapid onset stress events) for EBA to identify extraordinary conditions;
• Clarifies that exemptions apply only when failures are not due to deficiencies in banks’ internal models;
• Aims to ensure consistent supervisory treatment across EU jurisdictions.</td></tr>
<tr><td>LINK</td><td colspan="3">Commission Delegated Regulation (EU) 2025/789 of 23 April 2025 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying the conditions and indicators that the EBA is to use to determine whether extraordinary circumstances in the sense of Article 325az(5) and Article 325bf(6) of that Regulation have occurred</td></tr>
<tr><td>ENTRY INTO APPLICATION</td><td colspan="3">21 August 2025</td></tr>
</table>

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
<tr><td>On 4 August the EBA published Consolidated Q&A on the SFDR (Regulation (EU) 2019/2088) and the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288)</td><td></td><td></td></tr>
<tr><th colspan="3">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="3">The Q&A document provides guidance on the implementation and interpretation of the SFDR, aiming to ensure consistent application across the EU.

• Disclosure Requirements: Guidance on the disclosure obligations under Articles 6, 7, 8, and 9 of SFDR, including the content and presentation of disclosures;
• Principal Adverse Impact (PAI) Indicators: Clarifications on the use and calculation of PAI indicators, including the application of the "do no significant harm" principle;
• Taxonomy Regulation Alignment: Guidance on the alignment of investments with the EU Taxonomy Regulation, including the disclosure of taxonomy-aligned activities;
• Financial Products: Clarifications on the classification of financial products under SFDR.</td></tr>
<tr><th>LINK</th><td colspan="2">JC 2023 18 - Consolidated JC SFDR Q&As</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="2">N/A</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 5 August Commission Recommendation (EU) 2025/1710 was published		

SUMMARY/ MAIN POINTS

This recommendation provides a voluntary sustainability reporting standard specifically designed for small and medium-sized undertakings (SMEs).

Key Points:

- Part of the EU's broader sustainability and Green Deal initiatives;
- Targets small and medium-sized enterprises (SMEs), especially listed SMEs;
- Provides a proportionate, accessible framework for sustainability reporting;
- Offers guidelines and a basic reporting module for adoption;
- Voluntary but designed to facilitate transition to EU-mandated reporting standards.

LINK	Commission Recommendation (EU) 2025/1710 of 30 July 2025 on a voluntary sustainability reporting standard for small and medium-sized undertakings
ENTRY INTO APPLICATION	**N/A**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
<tr><td>On 7 August the CSSF published updates regarding application with respect to initial margin models under Article 11(3) of EMIR</td><td></td><td></td></tr>
<tr><th colspan="3">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="3">EBA manages model validation for Initial Margin Models (IMMV), including guidelines, recommendations, and draft RTS.

Key Points:

• IM models already in use continue (e.g., ISDA SIMM) can, but first submission of updated information is required after any model change, including recalibrations;
• ISDA SIMM recalibrated in July 2025 → counterparties must submit updated info to CSSF as soon as possible;
• Naming conventions and format must be strictly followed.

Documents submitted via: emir@cssf.lu</td></tr>
<tr><th>LINK</th><td colspan="2">European Market Infrastructure Regulation (EMIR) – CSSF</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="2">Already in application</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 7 August the FCA published Policy Statement PS25/12 – Changes to Safeguarding Regime for Payments and E-Money Firms		

SUMMARY/ MAIN POINTS

The objective of this Policy Statement is to ensure better protection and prompt return of customer funds in case of firm failure.

Key Points:

- Strengthens safeguarding of customer funds for payment institutions, e-money institutions, and credit unions in the UK;
- Introduces a two-stage regime:
  - **Supplementary Regime**: interim rules to improve record-keeping, reporting, and monitoring;
  - **Post-Repeal Regime**: end-state rules replacing EMRs and PSRs safeguarding requirements with a CASS-like regime where funds are held in trust for customers.

LINK	PS25/12: Changes to the safeguarding regime for payments and e-money firms
ENTRY INTO APPLICATION	**7 May 2026 (for Supplementary Regime)**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th>APPLICABLE TO</th></tr>
<tr><td>On 8 August the CSSF introduced a new standardized data entry form to streamline how investment firms communicate changes or updates that require prior authorisation or notification</td><td></td><td></td></tr>
<tr><th colspan="3">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="3">

Key Points:

- Introduction of a mandatory Excel-based data entry form for notifying the CSSF of changes requiring prior authorisation or notification.
- Covers entity information, governance (board/management/key functions), shareholder structure, activities, auditor, representative offices, and tied agents.

Submission Process:

- Form must be submitted via the firm’s MFT (Managed File Transfer) folder.
- Supporting documents to be uploaded in PDF in a sub-folder.

Non-compliant submissions are null and void — CSSF will not process them if not in the required format.

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<table>
<tr><th>LINK</th><td>Dedicated data entry form for updating investment firm information – CSSF</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td>Already in application</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 8 August the FCA opened a third consultation on Derivative reporting requirements under UK EMIR		

SUMMARY/ MAIN POINTS
The FCA and Bank of England have opened a third consultation on additional draft Questions & Answers to support reporting under Article 9 of UK EMIR. **Key Points:** • Clarifies technical reporting issues including derivative identifiers and asset class and product-specific reporting (e.g., FX swaps); • Aims to ensure consistent, accurate, and timely derivative data reporting to support financial stability oversight; **Consultation period:** feedback due 12 September 2025.

LINK	Derivative reporting requirements under UK EMIR: Additional draft Q&As | FCA
ENTRY INTO APPLICATION	**N/A**

<table>
<tr><th>SCOPE</th><th>LEVEL OF IMPACT</th><th colspan="2">APPLICABLE TO</th></tr>
<tr><td>On 8 August the FCA published Policy Statement PS25/2 on the derivatives trading obligation and post-trade risk reduction services</td><td></td><td colspan="2"></td></tr>
<tr><th colspan="4">SUMMARY/ MAIN POINTS</th></tr>
<tr><td colspan="4">Key Points:
• FCA finalised changes to the Derivatives Trading Obligation;
• FCA retains power to modify DTO scope (replacing expired transitional powers);
• PTRRS providers must notify FCA before offering these services.</td></tr>
<tr><th>LINK</th><td colspan="3">PS25/2: Policy Statement on the derivatives trading obligation and post-trade risk reduction services | FCA</td></tr>
<tr><th>ENTRY INTO APPLICATION</th><td colspan="3">30 June 2025</td></tr>
</table>

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 8 August the HM Treasury published a Policy Statement regarding the Appointed Representatives Regime		

SUMMARY/ MAIN POINTS

This Policy Statement is focused on reviewing and evolving the Appointed Representatives (AR) regime within UK financial services regulation.

Key Points:

- AR regime remains valuable for promoting competition, innovation, and market access, but needs targeted improvements to address risks;
- **Stakeholder Feedback** – Benefits include easier market entry and innovation; risks include inconsistent oversight and potential for consumer harm if principals fail in supervision;
- **Regulatory Direction –** Commitment to work with the FCA to strengthen oversight, improve data collection, and ensure principals maintain high governance standards.

LINK	250808_ARs_Policy_Statement_-_final_for_publication.pdf
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 8 August the European Banking Authority updates the Q&As regarding Digital Operational Resilience Act - DORA		

SUMMARY/ MAIN POINTS

As part of the DORA register of information packaging process, we are required to include a parameters.csv file that contains a refPeriod field. Could you please confirm what specific date should be used for the refPeriod?

In accordance with the ESAs Decision concerning the reporting by the competent authorities of the information necessary for the designation of critical ICT-third party service providers of 8 November (see ESA 2024 22) the reference date for the registers to be reported in 2025 is set to 31 March 2025, and then for 31 December of preceding year for the registers to be reported form 2026 onwards.

Are financial entities, which according to article 16(1) in DORA are excluded from application of Articles 5 to 15, also are excluded from application of article 28 of DORA?
All financial entities that are subject to DORA are required to maintain a register of information. Additionally, they must apply third-party risk management framework that is proportional to the risks associated with their activities.

LINK	2025_7387 How to fill the refPeriod field of the parameters.csv file for the DORA register of information | European Banking Authority 2025_7388 Obligation to maintain a register of information for FEs exempt under article 16 | European Banking Authority
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 8 August the European Banking Authority updates the Q&As regarding Digital Operational Resilience Act - DORA		

SUMMARY/ MAIN POINTS

Can the ESAs confirm there is no expectation to capture within the Register of Information the ICT subcontractors of non-ICT service providers?

Where the direct third-party service provider of a financial entity does not provide an ICT service, the service falls outside of the scope of the DORA register of information. In case the said third-party service provider uses ICT services for the fulfilment of its contracted services through the use of ICT subcontractors, those remain outside the scope of the register of information (DORA Article 28.3). Therefore, such use of ICT services through ICT subcontractors does not need to be documented in the DORA register of information.

Financial entities are still required to comply with any relevant requirements under other applicable financial legislation, for instance, the EBA Guidelines.

It should be stressed that in case the financial entity considers, as part of its risk assessment, that the ICT service provided by the ICT subcontractor supports a critical or important function or material parts thereof to an extent that it could be requalified as equivalent to an ICT service provided directly to the financial entity, the DORA Chapter V requirements will apply.

LINK	2024_7089 Identification of ICT Service Providers | European Banking Authority
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 14 August the European Banking Authority updates the Q&As regarding Digital Operational Resilience Act - DORA		

SUMMARY/ MAIN POINTS

Does Article 28(3) DORA require a separate and specific communication in addition to the Register of Information, or whether the communication of such data is already fulfilled through the annual submission of the same Register, constituting a single compliance obligation?
In the event that a separate communication is required in addition to the annual submission of the Register of Information, what is the meaning of the term '*categories of third-party ICT service providers*'?

With the aim of ensuring consistency on extractions of data, the ESAs Decision, requires that competent authorities provide to the ESAs on a yearly basis the registers of information referred to in Article 28(3) of Regulation (EU) 2022/2554, in accordance with the reporting timelines set out in Article 4 and 5 of said decision. In general, this will fulfill the requirement, and no second specific communication is needed.

LINK	2025_7309 ANNUAL REPORT ON NEW ARRANGEMENTS ON THE USE OF ICT SERVICES | European Banking Authority
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 18 August the CSSF published Circular 25/896 – Adoption of EBA Guidelines on Sanctions Compliance		

SUMMARY/ MAIN POINTS

The CSSF has adopted the EBA's guidelines (EBA/GL/2024/14 and EBA/GL/2024/15) on internal policies, procedures, and controls to ensure compliance with Union and national restrictive measures. These guidelines aim to standardize the approach of credit and financial institutions, payment service providers (PSPs), and crypto-assets service providers (CASPs) in implementing sanctions compliance measures.

The CSSF has integrated these guidelines into its supervisory practices to promote convergence at the European level

LINK	Circular CSSF 25/896 – CSSF
ENTRY INTO APPLICATION	**N/A**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20 August there was a Publication in the Official Journal (OJ) of Commission Delegated Regulation (EU) 2025/885 of 29 April 2025, supplementing Regulation (EU) 2023/1114 (MiCAR)		

SUMMARY/ MAIN POINTS

Key Points:

- **CASPs**
  - Must deploy systems and procedures that are appropriate and proportionate to business scale and nature; also, that are able to monitor orders, transactions, and DLT mechanisms like consensus protocols;
  - Governed by written documentation, updated regularly, and retained for at least 5 years.

- **Suspicious Transaction and Order Reports (STORs)**
  - Must use the prescribed template and submit via the competent authority's specified electronic channel;
  - Reports must be fact-based, clear, and sufficiently supported by documentation;
  - Strict confidentiality: staff should not know STORs have been submitted, including alerts or assessments leading to a STOR.

- **Cross-Border Coordination**

LINK	Delegated regulation - EU - 2025/885 - EN - EUR-Lex
ENTRY INTO APPLICATION	**9 September 2025**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 20 August a Memorandum of Understanding was signed by ESMA and EEA		

SUMMARY/ MAIN POINTS

This Memorandum of Understanding is meant to enhance cooperation on integrating environmental considerations into the EU's sustainable finance framework, including supervision.

Key Points:

- Exchange of expertise, data, and information;
- Support joint capacity-building activities;
- Facilitate collaboration between financial supervisors and national environmental authorities;
- Enhance policy dialogue on sustainable finance topics;
- Avoid duplication, create synergies, and jointly address pressing environmental challenges such as biodiversity loss, climate change, and pollution.

LINK	ESMA and the European Environment Agency signed a Memorandum of Understanding to strengthen their cooperation in sustainable finance area
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 28 August the FATF published a new version of the Money Laundering National Risk Assessment Guidance		

SUMMARY/ MAIN POINTS
Key Points: • Alignment with Revised FATF Standards, reflecting amendments made to Recommendation 1 and its Interpretive Note, as well as related updates to Recommendations 10 and 15, which aim to better support financial inclusion within the anti-money laundering and countering the financing of terrorism (AML/CFT) framework. • Enhanced Risk-Based Approach (RBA), encouraging countries to tailor their AML/CFT measures to the specific risks identified in their national context. • Inclusion of Financial Inclusion Considerations and AML/CFT Measures, acknowledging the importance of balancing AML/CFT objectives with the need to promote access to financial services, especially for underserved populations.

LINK	Money Laundering National Risk Assessment Guidance
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
On 28 August the FATF launched a National Risk Assessment toolkit to help countries identify greatest money laundering risks		

SUMMARY/ MAIN POINTS

This Toolkit's Annexes A–C provide practical, non-binding guidance developed by the FATF Global Network to support jurisdictions in carrying out National Risk Assessments for Money Laundering (ML).

Key Points:

- Jurisdictions can select the annexes that align with their specific risk profiles—whether for sectors like corruption, virtual assets, or informal economies.
- The annexes are not a formal checklist, they are only supportive. Jurisdictions are encouraged to supplement them with national data and analysis.
- Annexes are intended to complement the updated FATF NRA Guidance (August 2025), helping to enhance the risk-based approach in line with prevailing FATF Standards and national contexts.

LINK	MONEY LAUNDERING NATIONAL RISK ASSESSMENT TOOLKIT – ANNEXES A-C
ENTRY INTO APPLICATION	**Already in application**

SCOPE	LEVEL OF IMPACT	APPLICABLE TO
SANCTIONS		

There was a serious of updates regarding Regulations concerning sanctions and restrictive measures:

- Sanctions against terrorism: Council renews the EU Terrorist List - Consilium
- Commission Implementing Regulation (EU) 2025/1751 of 12 August 2025 amending Council Regulation (EC) No 1210/2003 concerning certain specific restrictions on economic and financial relations with Iraq
- Statement by the High Representative on behalf of the EU on the alignment of certain countries concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine - Consilium
- Statement by the High Representative on behalf of the EU on the alignment of certain countries concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russian aggression against Ukraine - Consilium
- Statement by the High Representative on behalf of the EU on the alignment of certain countries concerning restrictive measures in view of the situation in Lebanon - Consilium
- Notice_Iran_210825.pdf
- Notice_Russia_200825.pdf

Updated sanctions list

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

For further information, please contact:
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