Regulatory Insights

Financial Services

JUNE 2026

Anti-Money Laundering

AMLA consults on draft Guidelines on ongoing monitoring of business relationships

Publication date: 3 June 2026

What: AMLA launched a public consultation on draft Guidelines that set out principles for the ongoing monitoring of business relationships under the AML/CFT framework.

Key points:

- Ongoing monitoring is a core AML/CFT obligation, requiring obliged entities to keep customer information up to date and monitor transactions and activities over time.
- The objective is to maintain a clear and current understanding of the business relationship and detect unusual or suspicious activity where it occurs.
- The draft Guidelines were developed under Article 26(5) of the AML Regulation (AMLR).
- They provide practical guidance on how firms should apply ongoing monitoring requirements in a risk-based and proportionate manner.
- The principles apply across both financial and non-financial sectors.
- AMLA specifically invites feedback from newly covered entities, including crowdfunding service providers, investment migration operators, football clubs and agents, credit intermediaries, certain CASPs and traders in high-value goods.

Next steps:

- Consultation deadline: **3 September 2026**.
- Public hearing was held on **2 July 2026**.
- Feedback will inform the finalisation of AMLA's Guidelines and future expectations on ongoing monitoring under the new AML/CFT framework.

Medium–High impact: Important practical guidance for obliged entities, with implications for customer due diligence, transaction monitoring, risk assessment and internal AML/CFT controls under the evolving EU AML framework.

AMLA publishes webinar materials on identifying entities eligible for direct supervision

Publication date: 16 June 2026

What: AMLA published the full set of materials from its 10 June 2026 webinar on the identification of obliged entities potentially eligible for direct supervision from 2028.

Key points:

- The package includes the video recording, slide deck and pre-filled templates with worked examples for different solo and group structures.
- The webinar attracted more than 2,500 participants, reflecting strong market interest in AMLA's future direct supervisory role.
- The session provided an overview of how AMLA will identify obliged entities for direct supervision and how the eligibility reporting package should be completed.
- The template examples cover both individual (non-group) entities operating cross-border and group structures with EU or non-EU parent undertakings.
- The materials are intended to provide practical guidance to obliged entities that may be requested to submit reporting information through their national financial supervisor.

- AMLA is reviewing questions received during and after the webinar and will publish a dedicated FAQ covering frequently raised points.

Next steps:

- Obliged entities should review the webinar materials and template examples to assess potential reporting implications.

Medium–High impact: Practical preparatory guidance for obliged entities potentially falling within AMLA's direct supervision, with implications for group mapping, cross-border activity assessment and reporting readiness.

AMLA recaps first conference on the EU's fight against financial crime
Publication date: 23 June 2026

What: AMLA published a recap of its first conference, held on 9 June 2026 in Frankfurt under the theme "Building trust, enhancing integrity: A new chapter in the EU's fight against financial crime".

Key points:

- The conference brought together supervisors, FIUs, private sector representatives, law enforcement, academia, EU bodies and international institutions.
- Discussions focused on AMLA's role in strengthening the EU AML/CFT framework, enhancing trust, and supporting a more coordinated approach to financial crime.
- Keynote speeches highlighted the importance of AML/CFT for financial system integrity, economic sovereignty, sanctions enforcement and democratic resilience.
- Panel discussions covered:
  - the role of financial intelligence in fighting transnational organised crime;
  - AMLA's practical role in supervision and cooperation; and
  - financial crime risks and responses in a digital environment, including crypto-assets, AI and data sharing.
- Speakers emphasised the need for stronger cooperation, regulatory convergence and high-quality, actionable intelligence across Member States.
- AMLA also highlighted its strategic priorities, including completing the unified AML/CFT legal framework, preparing for direct supervision and strengthening financial intelligence mechanisms.

Next steps:

- AMLA will continue engaging with public and private stakeholders as it develops its supervisory and cooperation role.
- Further work will focus on supervisory convergence, direct supervision readiness and improved information exchange across the EU AML/CFT framework.

Medium–High impact: Reinforces AMLA's central role in the new EU AML/CFT architecture, with growing emphasis on supervisory convergence, cross-border cooperation, financial intelligence and technology-driven financial crime risks.

FATF Plenary outcomes: updated standards, grey list changes and new priorities

Publication date: 19 June 2026

What: The Financial Action Task Force (FATF) published the outcomes of its Plenary meeting held in Paris on 17–19 June 2026, covering updates to FATF Standards, monitored jurisdictions, mutual evaluations and new strategic initiatives.

Key points:

- FATF updated Recommendation 6 to reflect humanitarian exemptions under relevant UN Security Council resolutions, ensuring that sanctions measures do not prevent funds, goods and services needed for humanitarian assistance and basic needs.
- Bosnia and Herzegovina and Iraq were added to the list of jurisdictions under increased monitoring.
- Algeria and Namibia were removed from the grey list following completion of their action plans and successful on-site visits.
- FATF adopted the mutual evaluation reports of Canada and Turkey under the new evaluation round, with publication expected in September–October 2026.
- New initiatives were approved on public-private information sharing, payment transparency under Recommendation 16, terrorist financing through digital platforms, underground banking and informal value transfer systems, and risks in the gaming and gambling sectors.
- FATF also approved a further update on virtual assets and VASPs, together with upcoming work on DeFi-related regulatory challenges.
- The incoming UK Presidency priorities will focus on fraud, implementation of the risk-based approach, risk-based supervision, and stronger information sharing/public-private partnerships.

Next steps:

- FATF will publish further reports and guidance in the coming months, including on virtual assets, DeFi, public-private partnerships and underground banking.
- The UK Presidency will assume leadership of FATF from 1 July 2026 and advance these strategic priorities.

Medium–High impact: Important update for AML/CFT frameworks globally, with implications for sanctions compliance, high-risk jurisdiction screening, payment transparency, virtual assets/DeFi and public-private information sharing.

Asset Management

IOSCO publishes final report on valuation of Collective Investment Schemes

Publication date: June 2026

What: IOSCO published its [Final Report on Valuing Collective Investment Schemes (CIS),] setting out updated recommendations to strengthen the reliability, consistency and transparency of fund valuation practices globally.

Key points:

- The report updates and consolidates IOSCO's previous principles on valuation for collective investment schemes and hedge funds.
- It reflects market developments, including the growth of funds investing in less liquid and harder-to-value assets, such as private assets.
- Accurate valuation remains central to investor protection, particularly for the calculation of NAV and fair treatment of subscribing and redeeming investors.
- The recommendations focus on robust governance and oversight arrangements, including under stressed market conditions.
- IOSCO also emphasises the need to manage conflicts of interest, apply sound and consistent valuation methodologies, and ensure appropriate oversight of third-party valuation providers.
- The report further highlights the importance of transparency, investor disclosure and record-keeping.
- The recommendations are intended to be proportionate and adaptable across different fund types and jurisdictions.

Next steps:

- Regulators and market participants are expected to consider the recommendations when reviewing valuation frameworks and supervisory expectations.
- Fund managers should assess whether their valuation policies, governance arrangements and third-party oversight remain appropriate, particularly for illiquid or complex assets.

Medium–High impact: Strengthens global expectations on fund valuation practices, with practical implications for fund governance, NAV processes, illiquid asset valuation, conflicts management and investor disclosure.

Banking & Finance

EBA updates list of other Systemically Important Institutions

Publication date: 2 June 2026

What: The European Banking Authority (EBA) updated the list of Other Systemically Important Institutions (O-SIIs) in the EU, based on notifications from national authorities for 2025, enhancing transparency across Member States.

Key points:

- A total of 172 institutions were identified as O-SIIs at the highest level of consolidation across the EU.
- The number of identified institutions remains broadly stable compared to 2024.
- O-SIIs are designated by national competent or designated authorities based on harmonised EBA Guidelines.
- The list includes systemic importance scores and the capital buffer rates set for each institution.
- Buffer rates range from 0.25% to 3%, reflecting the relative systemic importance of each institution.
- The assessment and calibration of systemic importance remain under the responsibility of national authorities.
- The information is also made available via a user-friendly visualisation tool, supporting accessibility and comparability across jurisdictions.

Next steps:

- National authorities will continue to review and update O-SII designations annually in line with the EBA methodology.
- Ongoing disclosures will support supervisory transparency and monitoring of systemic risk across the EU banking sector.

Medium impact: Confirms stability in the EU banking landscape, with ongoing supervisory focus on systemically important institutions and capital buffers, but no immediate changes to the current framework.

EBA launches Discussion Paper on Pillar 3 Data Hub for small banks

Publication date: 8 June 2026

What: EBA published a Discussion Paper proposing a simplified approach for Small and Non-Complex Institutions (SNCIs) under the Pillar 3 Data Hub (P3DH), aimed at reducing the operational burden of Pillar 3 disclosures.

Key points:

- The proposal would allow the EBA to collect, calculate and publish Pillar 3 disclosures on behalf of SNCIs, based on supervisory reporting data.
- The initiative aims to reduce the compliance and operational burden for smaller institutions currently responsible for their own disclosure processes.
- The P3DH would act as a single access point for Pillar 3 information, improving transparency, comparability and accessibility for users.
- The Discussion Paper outlines the methodology for calculating disclosures centrally, rather than at the institution level.
- The framework builds on the P3DH platform that has been live since January 2026 for large and other institutions.
- A new FAQ and related IT guidance were also published, including practical aspects such as notification processes and contact point designation.

Next steps:

- Consultation deadline: 20 July 2026.
- A public hearing was held on 1 July 2026.
- Feedback will inform the finalisation and implementation of the SNCI approach, including the calculation methodology and publication process.

- The initiative will be further aligned with ongoing revisions to the ITS on supervisory reporting (Pillar 3 alignment).

Medium impact: Operational simplification for small banks, with potential centralisation of Pillar 3 disclosures, improving efficiency and reducing the compliance burden without changing underlying prudential requirements.

EBA launches early consultation on simplified EU-wide stress test, with climate risk integration

Publication date: 11 June 2026

What: EBA launched an early consultation on the methodology, templates and guidance for the 2027 EU-wide stress test, introducing simplifications and the integration of climate risk considerations.

Key points:

- The 2027 stress test introduces significant simplifications, including a 55% reduction in required data points, mainly through alignment with supervisory reporting.
- The approach aims to reduce duplication and administrative burden, while improving data consistency, comparability and quality.
- A total of 63 banks (covering approximately 75% of the EU banking sector) will participate.
- For the first time, climate risks (transition and physical) are incorporated through a dedicated module alongside macro-financial shocks.
- At this stage, climate risk results will not impact the core stress test outcome, but they mark a step towards integration into prudential frameworks.
- The consultation has been launched earlier than in previous cycles to allow banks more time to prepare and assess the impacts.
- The draft package also reflects broader alignment with the ITS on supervisory reporting, including a stress test reporting module.

Next steps:

- Industry feedback will be gathered through the consultation and targeted workshops with banks.
- Final methodology and templates will be updated following stakeholder input.
- The 2027 stress test will proceed with the revised framework, incorporating both simplification measures and climate risk elements.

Medium impact: Meaningful simplification of the stress testing framework with initial integration of climate risks, improving efficiency while signalling gradual evolution of prudential stress testing requirements.

EBA proposes simplifications to the EU bank capital framework

Publication date: 16 June 2026

What: EBA published a comprehensive review of the EU bank capital framework, proposing targeted simplifications across microprudential, macroprudential and resolution layers to improve efficiency while preserving resilience.

Key points:

- The proposals aim to reduce complexity without weakening the existing resilience of the EU banking system.
- The review takes a holistic approach, covering the interaction between capital requirements, buffers and resolution tools.
- Simplifications are guided by key principles, including capital neutrality, proportionality and alignment with international standards.
- Microprudential measures: clarification of roles between Pillar 1, Pillar 2 requirements and guidance; stronger focus on institution-specific risks; simplification of the leverage ratio framework.
- Macroprudential measures: proposal to combine the CCyB and SyRB into a single releasable buffer and enhance the O-SII framework.
- Resolution measures: streamlining of the MREL framework, including alignment with TLAC concepts and a reduction of operational complexity.
- The report does not propose a fundamental redesign, but focuses on improving consistency, predictability and effectiveness.

Next steps:

- The recommendations will feed into ongoing policy discussions and potential future legislative changes at the EU level.
- Further coordination between authorities will be important to ensure consistent application across the different capital layers.

Medium impact: Targeted simplifications to the capital framework aimed at improving usability and consistency, while maintaining overall capital robustness and supervisory effectiveness.

EBA publishes its 2025 Annual Report outlining key achievements

Publication date: 16 June 2026

What: EBA published its 2025 Annual Report, summarising key achievements and activities across its regulatory, supervisory and policy mandates.

Key points:

- Continued focus on simplifying and improving the efficiency of the EU Single Rulebook, including the delivery of key Basel III elements and clarifications across core risk areas.
- Broader contribution to regulatory effectiveness and proportionality, including ESG disclosure timelines and key legislative initiatives (PSD3/PSR, CSDR, Securitisation package).
- Publication of 21 recommendations (October 2025) aimed at simplifying the EU regulatory and supervisory framework, with further implementation expected during 2026.
- EU banking system resilience confirmed through the 2025 EU-wide stress test, showing banks' ability to maintain capital levels under adverse scenarios.
- Significant progress on data integration, including the launch of the Pillar 3 Data Hub and expansion of the European Data Access Portal (EDAP).
- Enhanced focus on ESG and climate risk, including development of an ESG Risk Dashboard and preparation for climate stress testing frameworks.

- Expanded supervisory role under DORA and MiCA, including oversight of critical ICT providers and new frameworks for crypto-asset supervision.
- Ongoing emphasis on consumer protection and supervisory convergence, through peer reviews, regulatory coordination and awareness initiatives (including digital finance risks).

Next steps:

- Continued implementation of simplification initiatives and regulatory efficiency measures during 2026.
- Further development of data platforms, ESG analytics and supervisory tools, including climate risk frameworks.
- Ongoing strengthening of supervisory convergence and coordination across the EU.

Medium impact: Broad confirmation of strategic priorities across the EU banking framework, with continued focus on simplification, digital finance and ESG, but no immediate new regulatory measures introduced.

EBA publishes annual assessment of banks' internal capital models

Publication date: 18 June 2026

What: EBA published its 2025 benchmarking reports on market and credit risk, assessing the consistency and reliability of banks' internal models across the EU.

Key points:

- Overall results show continued convergence and improved reliability of internal models, with reduced variability across key risk metrics.
- Market risk: further improvements in data quality and comparability, with low dispersion in VaR but higher variability in stressed VaR (sVaR) and Incremental Risk Charge (IRC).
- The Alternative Standardised Approach (ASA) shows increasing consistency, reinforcing its role under the upcoming FRTB framework.
- Limited supervisory concerns overall, with only targeted areas flagged for review.
- Credit risk: gradual long-term reduction in Probability of Default (PD) variability across asset classes.
- Loss Given Default (LGD) variability remains broadly stable, with some differences explained by collateralisation levels.
- The share of exposures under the IRB (Internal Ratings-Based Approach) continues to decline gradually, reflecting ongoing regulatory reforms and model approvals.
- The increased volume of model changes approvals indicates continued progress in implementing the IRB roadmap.

Next steps:

- Supervisors will continue to monitor areas of residual variability, particularly for complex risk metrics.
- Results will support ongoing implementation of key regulatory reforms, including FRTB and IRB frameworks.
- Benchmarking exercises remain a key tool for enhancing model consistency and supervisory convergence.

Medium impact: Confirms improving consistency of internal models while highlighting targeted supervisory focus areas ahead of key regulatory reforms, without introducing immediate changes

EBA confirms EU/EEA banks remain resilient amid rising geopolitical, market and technological risks

Publication date: 18 June 2026

What: EBA published its Spring 2026 Risk Assessment Report, Q1 2026 Risk Dashboard and Risk Assessment Questionnaire results, confirming that EU/EEA banks remain resilient despite a more challenging risk environment.

Key points:

- EU/EEA banks continue to operate from a position of strength, supported by solid capital and liquidity, strong asset quality and sustained profitability.
- Funding conditions remain broadly favourable, despite increased uncertainty in financial markets.
- The risk outlook remains challenging, with geopolitical tensions potentially affecting banks through energy prices, inflationary pressures, weaker economic activity and market volatility.
- Direct exposures to affected regions remain limited, but indirect and second-round effects could impact borrowers, funding conditions and financial markets.
- Operational and cyber risks remain key concerns, driven by digitalisation,the wider use of advanced technologies and the evolving cyber threat landscape.
- The rapid development of AI may increase operational and cyber risks, including through new attack vectors and the misuse of AI-enabled tools.
- The EBA also highlights growing interconnectedness with non-bank financial institutions (NBFIs) and the expansion of private credit markets.
- While banks' direct private credit exposures appear limited, they are concentrated in larger institutions and warrant close monitoring.

Next steps:

- Banks should continue to maintain strong capital, liquidity and risk management frameworks.
- Supervisory focus is expected to remain on geopolitical risk, cyber resilience, operational resilience and NBFI/private credit exposures.
- Continued monitoring of indirect risk transmission channels will be important as market conditions evolve.

Medium–High impact: Confirms the resilience of EU/EEA banks, while signalling continued supervisory attention on to geopolitical uncertainty, cyber and operational resilience, and interconnectedness with NBFIs/private credit markets.

EBA updates Pillar 3 disclosures on ESG, equity and shadow banking exposures

Publication date: 22 June 2026

What: EBA published final draft ITS amending the Pillar 3 disclosure framework, introducing new requirements on ESG risks, equity exposures and shadow banking, while simplifying existing disclosures under CRR 3.

Key points:

- The ITS completes the implementation of Pillar 3 disclosure requirements under CRR 3, with a focus on simplification and usability.
- Enhanced alignment with European Sustainability Reporting Standards (ESRS) supports interoperability and reduces duplication across reporting frameworks.
- ESG disclosure requirements are extended to all institutions on a proportionate basis, with a "core plus supplement" approach for large institutions.
- Significant reduction in data points: approx. 37% for large institutions, 17% for medium institutions, and substantially reduced requirements for SNCIs.
- Introduction of new disclosures on equity and shadow banking exposures, improving transparency on these risk areas.

- The framework is closely linked to ESG supervisory reporting, requiring joint consideration of both frameworks.
- For SNCIs, ESG disclosures will be centrally pre-filled and published via the Pillar 3 Data Hub, reducing the operational burden.

Next steps:

- Final draft ITS to be submitted to the European Commission for adoption.
- Development of the Data Point Model (DPM) and the XBRL taxonomy to support implementation.
- Application expected from 31 December 2026 (and 2027 for SNCIs), subject to finalisation.
- Further enhancements expected, including updated mapping tools linking Pillar 3 and supervisory reporting.

Medium impact: Streamlines ESG-related disclosures and improves consistency across reporting frameworks, reducing burden while expanding transparency on key risk areas.

EBA MREL dashboard shows stable requirements and continued focus on bail-in strategy

Publication date: 22 June 2026

What:EBA published its latest MREL dashboard, providing an update on resolution planning, capital requirements and eligible liabilities across EU banks.

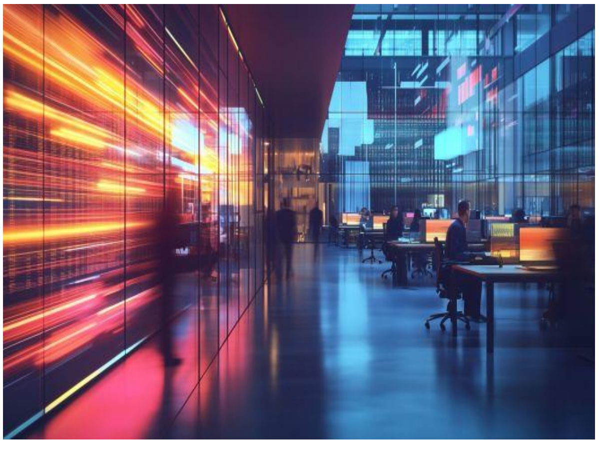
Key points:

- MREL requirements range between approximately 25% and 29% of RWAs, depending on bank category.
- The average external MREL requirement (incl. buffers) stands at 28.9% for G-SIIs, 28.4% for top-tier banks and 24.6% for other banks.
- Bail-in remains the preferred resolution strategy, accounting for approximately 94% in RWAs terms, although transfer strategies remain relevant for smaller banks.
- Banks primarily meet MREL through own funds, complemented by eligible liabilities such as senior non-preferred and senior unsecured debt.
- Rollover needs remain significant, with around EUR 231 billion of instruments becoming ineligible over the next 12 months.
- This reflects ongoing requirements for banks to actively manage refinancing and capital planning.
- The analysis covers 303 banks across the EU, providing a comprehensive view of resolution preparedness.

Next steps:

- Banks will need to continue managing MREL compliance and refinancing needs, particularly in light of upcoming maturities.
- Supervisors will monitor resolution strategies and funding structures, including reliance on different liability instruments.
- Ongoing updates will support transparency and convergence in resolution planning across the EU.

Medium impact: Confirms stability of MREL requirements and resolution strategies, while highlighting ongoing refinancing needs and continued supervisory focus on resolution readiness.



EBA revises SREP Guidelines to enhance supervisory efficiency and risk focus

Publication date: 26 June 2026

What: EBA published its revised Guidelines on the Supervisory Review and Evaluation Process (SREP) and supervisory stress testing, introducing a more risk-focused, proportionate and efficient supervisory framework.

Key points:

- The revised Guidelines form part of the EBA's simplification and efficiency agenda, building on its broader regulatory review framework.
- A 30% reduction in overall content streamlines the framework while preserving its core structure and objectives.
- Introduction of a more risk-based and proportionate approach, allowing supervisory approaches to better reflect institutions' risk profiles.
- Enhanced focus on forward-looking and emerging risks, including ICT/DORA, ESG factors and credit spread risk from non-trading activities.
- Simplification through consolidation of existing guidance, including ICT risk and third-country branch frameworks into a single structure.
- Improvements in supervisory effectiveness, including clearer linkage between findings and measures and a more flexible escalation framework.
- Clarification of the interaction between Pillar 1 and Pillar 2 requirements, including the treatment of the output floor.
- Integration of operational resilience and ESG considerations within the SREP framework, reflecting evolving supervisory priorities.

Next steps:

- The Guidelines will apply from 1 January 2027, with early consideration encouraged by competent authorities.
- Supervisors will progressively incorporate the revised framework into supervisory planning cycles.
- The updated Guidelines will replace previous SREP and ICT risk guidelines to ensure greater coherence across supervision.

Medium impact: Streamlines supervisory processes and strengthens risk-based supervision, improving efficiency and consistency without fundamentally changing the supervisory framework.

EBA updates validation rules for supervisory reporting

Publication date: 26 June 2026

What: EBA published its quarterly update of validation rules within its supervisory reporting frameworks, reflecting changes related to data quality, IT issues and reporting consistency.

Key points:

- The update includes deactivated, reactivated and revised validation rules, including changes in severity status.
- Deactivated rules should not be used by competent authorities for formal validation, ensuring reporting consistency.
- A supporting package has been released, including a micro taxonomy package and the Data Point Model (DPM) validation scripts.
- With the rollout of DPM 2.0, validation rules are now embedded directly in the taxonomy and DPM structure.
- This integration improves consistency, traceability and implementation efficiency for reporting institutions.
- The updates aim to enhance data quality and harmonisation across the EU supervisory reporting framework.

Next steps:

- Institutions and authorities should align systems and controls with updated validation rules and DPM integration.
- Future updates will continue as part of the EBA's regular quarterly review cycle.
- Ongoing enhancements will support a more efficient and standardised reporting environment.

Medium impact: Technical update improving consistency and efficiency of supervisory reporting, with operational implications for reporting systems but no change to underlying requirements.

Basel Committee publishes report on ICT risk management practices

Publication date: 2 June 2026

What: The Basel Committee on Banking Supervision published a report on information and communication technology (ICT) risk management, focusing on observed practices across jurisdictions for managing non-malicious ICT incidents.

Key points:

- ICT risk is recognised as a key component of operational risk management and an important driver of operational resilience.
- The report focuses specifically on non-malicious ICT incidents affecting banks' critical operations and services.
- It complements the Basel Committee's previous work on cyber resilience, by addressing technology failures and disruptions that are not cyberattack-driven.
- The report identifies and compares bank practices and supervisory approaches across jurisdictions.
- The observed practices may serve as reference points for banks and supervisors when developing ICT risk management frameworks.
- The Committee also notes the importance of monitoring digitalisation, financial technology and developments in artificial intelligence, including their implications for cyber security and prudential risk.

Next steps:

- The Basel Committee will continue to monitor developments in digital finance and financial technology from a prudential perspective.
- Supervisors and banks may use the report to benchmark and further enhance ICT risk management and operational resilience practices.

Medium impact: Reinforces supervisory focus on ICT risk and operational resilience, with practical relevance for banks' governance, incident management, technology controls and resilience frameworks.

European Commission introduces targeted amendments to Basel III market risk rules

Publication date: 4 June 2026

What: The European Commission adopted a delegated act introducing targeted, time-limited amendments to the EU implementation of the Fundamental Review of the Trading Book (FRTB), which is the Basel III market risk capital framework for banks, to help safeguard the international competitiveness of EU banks.

Key points:

- The FRTB aims to strengthen the measurement of market risk in banks' trading activities and ensure that capital requirements better reflect actual market risk.
- While the EU has implemented the wider Basel III framework, delays in FRTB implementation by other major jurisdictions have raised concerns about competitive disadvantages for EU banks active in global markets.

- The EU Commission had already postponed the application of the EU market risk rules for two years, exhausting the deferral period available under CRR.
- The new delegated act introduces targeted adjustments, including a temporary multiplier to offset the capital impacts for EU banks affected by earlier FRTB implementation.
- The measures are time-limited and will apply for three years from 1 January 2027.
- The approach is aligned with the Savings and Investments Union (SIU) objective of supporting EU capital markets and maintaining the competitiveness of EU banks vis-à-vis third-country institutions.
- The delegated act follows public consultation and technical assessment, while allowing further monitoring of global FRTB implementation.

Next steps:

- The delegated act will be reviewed by the European Parliament and Council under a three-month scrutiny period, extendable by a further three months.
- If no objection is raised, the measures will apply from 1 January 2027 for a period of three years.
- The EU Commission will continue monitoring international implementation of the FRTB framework.

Medium–High impact: Important targeted adjustment for EU banks with significant trading activities, helping preserve competitiveness and avoid disproportionate capital impacts while maintaining the broader Basel III market risk framework.

EBA publishes roadmap for implementing revised Deposit Guarantee Schemes Directive

Publication date: 29 June 2026

What: EBA published a roadmap setting out how it will deliver its mandates under the revised Deposit Guarantee Schemes Directive (DGSD3), ahead of the Directive's application in May 2028.

Key points:

- The roadmap outlines the EBA's planned work to support implementation of DGSD3 and further strengthen depositor protection across the EU.
- DGSD3 introduces more than 100 operational improvements, many reflecting previous EBA recommendations to the European Commission.
- The EBA will develop 12 regulatory products, including technical standards and guidelines, to be delivered in three batches over the next three years.
- The planned measures aim to improve how depositors are informed about their rights and the level of protection available to them.
- They also seek to enable faster repayment in both domestic and cross-border bank failures.
- The roadmap further focuses on enhancing cooperation between national deposit guarantee schemes and relevant authorities.
- It also aims to strengthen stress-testing frameworks, ensuring that deposit guarantee schemes are prepared to act effectively in crisis situations.
- More broadly, the roadmap supports the EU bank crisis management framework by promoting depositor confidence, financial stability and greater harmonisation of protection standards.

Next steps:

- The EBA will deliver the 12 regulatory products in phases over the next three years.
- Stakeholders should monitor upcoming technical standards and guidelines as DGSD3 implementation progresses.
- The revised framework is expected to apply from May 2028.

Medium impact: Provides clarity on the implementation timeline for DGSD3 and signals continued supervisory focus on depositor protection, crisis preparedness and harmonised deposit guarantee standards across the EU.

EU deposit guarantee scheme funds reach €85bn

Publication date: 30 June 2026

What: EBA published end-2025 data on the financial means available to national Deposit Guarantee Schemes (DGSs) and the covered deposits protected under the Deposit Guarantee Schemes Directive (DGSD).

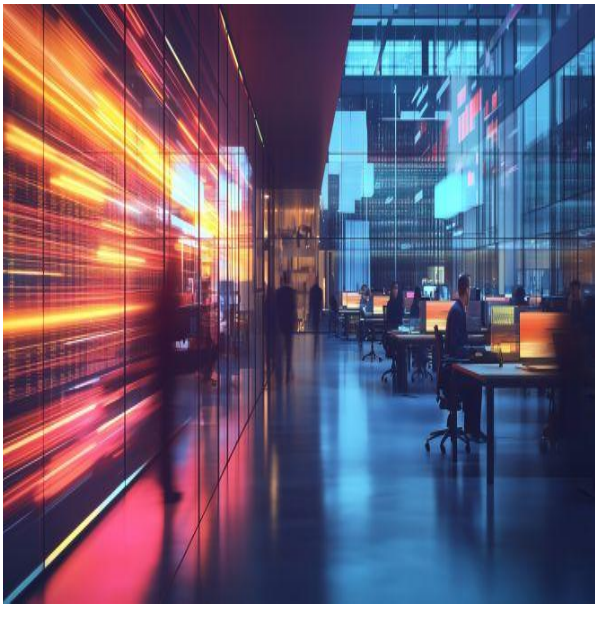
Key points:

- Aggregate DGS available financial means reached €85bn by end-2025, following an 11-year build-up funded through bank contributions.
- Covered deposits increased by 2.9% to €9.1tn between 2024 and 2025.
- DGS funds grew faster than covered deposits, increasing by 4.9% in 2025, as several schemes continued to build buffers above the minimum requirement.
- Under the DGSD, deposits are protected up to €100,000 per depositor per bank.
- National DGSs are primarily used to reimburse depositors within seven days of a bank failure.
- All national DGSs were required to reach a minimum target level of 0.8% of covered deposits by 3 July 2024.
- As of end-2025, 32 out of 33 EU DGSs were at or above this threshold, with one scheme below the target following a recent depositor payout.
- In addition to prefunded resources, DGSs may rely on extraordinary bank contributions and short-term financing where needed.
- The data covers the 27 EU Member States, as well as Iceland, Norway and Liechtenstein.

Next steps:

- DGSs will continue monitoring funding levels against covered deposits and replenishing resources where required.
- Authorities will maintain focus on depositor protection, payout capacity and crisis preparedness.
- Annual EBA reporting will continue to support transparency and accountability across EU and EEA deposit guarantee frameworks.

Low to medium impact: Confirms that EU deposit guarantee funds remain well funded overall, supporting depositor confidence and financial stability, while highlighting the continued need for active monitoring and replenishment after payouts.



EBA publishes 2025 Report on supervisory convergence

Publication date: 29 June 2026

What: EBA published its [2025 Report on supervisory convergence](), highlighting progress in aligning supervisory practices across the EU and supporting a simpler, more efficient and effective prudential framework.

Key points:

- The Report forms part of the EBA's broader work to simplify and improve the efficiency of the EU regulatory and supervisory framework.
- It highlights continued progress in promoting consistent, risk-based and forward-looking supervision across Member States.
- The Report covers the EBA's work across prudential supervision, resolution, consumer protection, digital finance and AML/CFT activities undertaken until the end of 2025.
- In prudential supervision, the EBA advanced work on resilience testing, Basel III implementation and the revised Capital Requirements Regulation (CRR3).
- In resolution and crisis management, authorities made further progress on bail-in readiness, liquidity planning and valuation data capabilities.
- In digital finance, the EBA supported implementation of MiCA and DORA, while focusing on data quality, ICT dependencies and emerging technology risks.
- In consumer protection and AML/CFT, the EBA progressed work on payment fraud data, scam prevention and reinforced cooperation within AML/CFT colleges.
- Supervisory convergence was supported through peer reviews, Q&As, breach of Union law investigations and training programmes.
- In 2025, the EBA delivered 25 training courses to more than 2,900 participants, supporting supervisory expertise and common supervisory practices across the EU.

Next steps:

- In 2026, the EBA will continue focusing on supervisory convergence, particularly in relation to Basel III implementation, resolution testing frameworks, DORA oversight and MiCA supervision.
- These priorities are expected to support financial stability, supervisory consistency and a level playing field across the EU Single Market.
- The EBA will continue its work under its "simplifying to strengthen" initiative, with increased transparency around supervisory convergence actions.

Medium impact: Highlights the EBA's continued focus on supervisory consistency, simplification and effective implementation of key regulatory reforms, including Basel III, DORA and MiCA.

Digital Assets

ESAs publish first report on DORA major ICT-related incidents

Publication date: 3 June 2026

What: The European Supervisory Authorities (EBA, EIOPA and ESMA) published their first annual report on major ICT-related incidents under the Digital Operational Resilience Act (DORA), providing an EU-wide overview of ICT risk trends in the financial sector.

Key points:

- The report highlights that ICT risks are increasingly cross-border and interconnected, reflecting reliance on shared infrastructures and service providers.
- Around one third of the 3,383 reported major incidents had a cross-border impact, indicating systemic implications.
- The direct impact on clients and transactions was generally limited, despite the scale of incidents.
- The main causes were system failures and external events, underlining the importance of robust third-party risk management and oversight of outsourcing arrangements.
- Only 10% of incidents were cybersecurity-related, but ESAs emphasise the need to maintain high cybersecurity standards, particularly in light of emerging AI-driven threats.
- DORA establishes a harmonised framework for reporting and classification of ICT incidents, enabling faster and more coordinated supervisory responses across the EU.

Next steps:

- ESAs will continue to publish annual reports on ICT-related incidents under DORA and cybersecurity preparedness.

Medium–High impact: Strong signal on the growing systemic nature of ICT and third-party risks, with practical implications for DORA implementation, incident reporting frameworks, and operational resilience arrangements (including outsourcing and cybersecurity controls).

IOSCO publishes report on Supervisory Technology (SupTech)

Publication date: 18 June 2026

What:

IOSCO published a report on Supervisory Technology (SupTech), summarising the results of a survey across 49 jurisdictions on current and expected future use of technology in supervision and regulatory oversight.

Key points:

- Authorities are increasingly integrating SupTech tools into core supervisory functions to improve efficiency, timeliness and analytical capabilities.
- Key enablers include artificial intelligence, data access and cloud infrastructure.
- Current SupTech use is most developed in consumer and investor protection and capital markets supervision.
- Interest is expanding into newer areas, including digital assets supervision.
- Authorities mainly use mid-level technologies, supported by transaction data and traditional fraud detection tools.
- There remains strong interest in advanced analytics and machine learning, although progress is constrained by funding gaps, cybersecurity risks and resource limitations.

- The report also highlights the need for more structured workforce planning, including internal capability building and upskilling.

Next steps:

- IOSCO's SupTech Forum will continue to support the exchange of experience and practical collaboration among regulators.
- Further work will focus on how SupTech can support the supervision of rapidly evolving areas, including digital assets.
- Authorities are expected to continue developing supervisory capabilities while addressing governance, cybersecurity, skills and funding challenges.

Medium impact: Reinforces the growing role of technology in regulatory supervision, with implications for supervisory data, digital assets oversight, AI-enabled analytics, cyber resilience and supervisory capability building.

EBA consults on methodology for fines under MiCA

Publication date: 26 June 2026

What: EBA published a consultation paper setting out a draft methodology for calculating fines applicable to issuers of significant crypto-assets under MiCA.

Key points:

- Applies where the EBA supervises issuers of significant asset-referenced tokens (ARTs) and e-money tokens (EMTs).
- Covers infringements committed intentionally or negligently by issuers or members of their management bodies.
- Establishes a structured approach to determining fines to ensure consistency, proportionality and transparency.
- Aims to strengthen supervisory convergence and enforcement credibility under MiCA.
- Provides greater clarity to market participants on how penalties will be assessed in practice.

Next steps:

- Consultation open for comments until **28 September 2026**.
- **Public hearing scheduled for 16 July 2026 (14:30 CEST)**, with prior registration required.
- Final methodology expected to further operationalise the EBA's supervisory role for significant token issuers.

Medium impact: Signals increased supervisory focus on enforcement under MiCA, with clearer and more predictable penalty outcomes for significant crypto-asset issuers.

CySEC updates DORA incident reporting templates

Publication date: 10 June 2026

What: CySEC issued Circular C784 informing regulated entities that the DORA reporting templates for Major ICT-related Incidents and Significant Cyber Threats have been updated to Version 1.3, following the release of the updated DORA Incident Reporting Technical Package by the European Supervisory Authorities.

Key points:

- Applies to CIFs, central securities depositories, trading venues, CASPs, AIFMs and UCITS management companies.
- Regulated entities must transition from the previous V1.2 Excel templates to the updated V1.3 Excel templates for submissions made on or after the date of the Circular.
- The updated Incident Reporting Template V1.3.xlsx must be used for all major ICT-related incident reports submitted to CySEC.
- The template continues to include the three sequential report types: Initial Report, Intermediate Report and Final Report, which must be submitted within the deadlines set out in CySEC Circular C700.

- Major ICT-related incidents remain subject to mandatory reporting under Article 19(1) of DORA.
- Significant cyber threats may be notified voluntarily under Article 19(2) of DORA using the updated Significant Cyber Threats Template V1.3.xlsx.
- Submissions must be made only through CySEC's TRS system; submissions by email or any other channel will not be accepted.
- The Excel templates must not be digitally signed.
- The file naming convention remains unchanged and entities must continue to follow the format prescribed in Circular C700.
- A submission is considered successfully received by CySEC only when a "NO ERROR" feedback file is received in the TRS outgoing directory.

Next steps:

- Regulated entities should immediately ensure that internal DORA incident reporting procedures and working files are updated to reflect the V1.3 templates.
- Compliance, ICT/security and operations teams should confirm that staff responsible for incident reporting are using the correct TRS submission process and file naming convention.
- Entities should also monitor feedback files carefully and correct any errors before the applicable reporting deadline.

Medium impact: Requires immediate operational updates to DORA incident reporting processes, including use of the new V1.3 templates, correct TRS submission and verification of "NO ERROR" feedback.

CySEC highlights AI-related cybersecurity risks under DORA

Publication date: 17 June 2026

What: CySEC issued Circular **C786** drawing regulated entities' attention to the increasing cybersecurity risks linked to frontier Artificial Intelligence (AI) models and their potential impact on digital operational resilience under DORA.

Key points:

- Applies to CIFs, central securities depositories, trading venues, CASPs, AIFMs and UCITS management companies.
- CySEC highlights that advanced AI systems may increase the speed and scale of software vulnerability identification and exploitation.
- These developments may increase the sophistication, frequency and scale of cyber-attacks targeting financial entities and their ICT third-party service providers.
- Regulated entities within the scope of DORA are reminded to maintain robust ICT risk management frameworks capable of addressing evolving cyber threats, including those arising from emerging AI technologies.
- CySEC expects entities, proportionate to their size, nature, scale and complexity, to assess whether their existing ICT risk arrangements remain adequate.
- Areas for review include vulnerability management, patching processes, identity and access controls, security monitoring, backup and recovery arrangements, ICT third-party risk and supply-chain dependencies.
- Entities are encouraged to ensure that AI-related cyber risks are reflected in ICT risk assessments, governance arrangements and operational resilience planning.
- CySEC also reminds entities of their DORA obligations to protect ICT assets, detect incidents, maintain business continuity and recovery arrangements, conduct ICT testing and manage ICT third-party risks effectively.

Digital Assets *(continued)*

Next steps:

- Regulated entities should review whether their DORA ICT risk frameworks adequately address AI-enabled cyber threats.
- Compliance, ICT/security and risk teams should assess vulnerability management, threat monitoring, incident response, backup testing and ICT third-party dependencies.
- Entities should be prepared for potential CySEC engagement on their level of readiness, governance arrangements and implementation of ICT risk mitigation measures.

Medium impact: Signals CySEC's expectation that regulated entities proactively adapt their DORA frameworks to address emerging AI-driven cyber risks, with particular focus on vulnerability management, monitoring, recovery capabilities and ICT third-party resilience.

Securities & Markets

ESMA publishes 2025 Annual Report focusing on supervision, simplification and innovation

Publication date: 17 June 2026

What: ESMA published its [2025 Annual Report](), highlighting progress in strengthening EU capital markets through enhanced supervision, regulatory simplification and digital innovation.

Key points:

- Continued focus on strengthening supervisory convergence and risk-based oversight, including implementation of major frameworks such as MiCA, DORA and EMIR 3.
- Progress in regulatory simplification and burden reduction, including initiatives to streamline transaction and fund reporting.
- Advancements in sustainable finance, including implementation of the Green Bond Regulation and ESG Ratings framework, and efforts to address greenwashing risks.
- Key milestones in market structure, including the selection of consolidated tape providers (CTPs) and progress towards a T+1 settlement cycle.
- Increased emphasis on data-driven supervision, leveraging supervisory data for more efficient and intelligence-led oversight.
- Continued work on digitalisation and innovation, including artificial intelligence, distributed ledger technology and decentralised finance.
- Ongoing support for capital markets integration and the broader Savings and Investments Union (SIU) agenda.
- Focus on retail investor protection, including initiatives to improve transparency and accessibility of investment processes.

Next steps:

- Continued implementation of new regulatory mandates and supervisory frameworks.
- Further development of simplification and reporting initiatives.
- Ongoing work on market integration, digital innovation and sustainable finance frameworks.

Medium impact: Confirms ESMA's strategic priorities across supervision, market integration and innovation, with continued focus on simplification and digital transformation rather than immediate new regulatory measures.

European Parliament ECON Committee publishes draft reports on MISP package

Publication date: 18 June 2026

What: The European Parliament's ECON Committee published draft reports proposing amendments to the European Commission's Market Integration and Supervision Package (MISP), a key component of the Savings and Investments Union (SIU) agenda.

Key points:

- The MISP package aims to support more integrated EU capital markets by simplifying regulatory frameworks, strengthening EU-level supervision and reducing barriers to cross-border activity.
- The draft package covers amendments to several major frameworks, including the ESMA Regulation, EMIR, MiFIR, CSDR, MiCA, CBDR, UCITS, AIFMD and MiFID II.
- Proposed changes include a stronger supervisory role for ESMA, including potential direct supervision of certain market infrastructures, large asset management groups and significant CASPs.

- The draft Omnibus Regulation proposes a stronger ESMA mandate, including a possible competitiveness objective, enhanced supervisory handbook and formalisation of the "report once" principle.
- In market structure, proposed amendments cover systematic internalisers, transparency, consolidated tape, DLT infrastructure and post-trade supervision.
- In asset management, proposals include a single notification platform, enhanced ESMA supervision for large groups, stress testing for open-ended AIFs and restrictions linked to non-cooperative tax jurisdictions.
- The proposed Settlement Finality Regulation aims to replace the existing Directive with a directly applicable regulation and ensure technology neutrality for DLT and tokenised market infrastructures.

Next steps:

- ECON members may table amendments until 16 July 2026.
- The ECON Committee is expected to vote on its negotiating position on 1 December 2026.
- The proposals will then progress through the EU legislative process, with potential implications for supervision, market infrastructure, asset management and cross-border financial services.

Medium–High impact: Significant step in the SIU agenda, with potential structural implications for ESMA supervision, market integration, asset management, market infrastructure and cross-border regulatory processes.

MiFID II: Commission Delegated Directive on third-party research published in the Official Journal

Publication date: 2 June 2026

What:

Commission Delegated Directive (EU) 2026/374 was published in the Official Journal, amending Delegated Directive (EU) 2017/593 on the conditions for the provision of third-party execution and research services to investment firms providing portfolio management or other investment or ancillary services.

Key points:

- The Delegated Directive introduces amendments to the MiFID II framework on third-party research and execution services.
- The changes relate to the conditions under which investment firms may receive or pay for third-party research, in line with the broader EU objective of improving access to investment research.
- The measure forms part of the wider EU capital markets reform agenda, including efforts to support market access, liquidity and research coverage.
- The publication in the Official Journal confirms the finalisation of this Level 2 measure.
- The Delegated Directive was published in the Official Journal on 2 June 2026 and entered into force on 22 June 2026.

Next steps:

- Member States will need to transpose the Delegated Directive into national law.
- Investment firms should assess whether internal policies, inducements arrangements, research payment procedures and client disclosures require updating.

Firms providing portfolio management or investment/ancillary services should monitor local transposition measures and implementation timelines.

Medium impact: Relevant for investment firms receiving third-party research, with potential implications for research payment arrangements, internal procedures and MiFID II inducements compliance.

MiFIR RTS amended on transparency calculations and reporting requirements

Publication date: 1 June 2026

What: Commission Delegated Regulation (EU) 2026/392 amending the RTS in Delegated Regulation (EU) 2017/577 was published in the Official Journal, updating technical rules under the MiFIR framework.

Key points:

- The Delegated Regulation reflects MiFIR amendments introduced by Regulation (EU) 2024/791, including changes to transparency and volume cap arrangements.
- It extends record-keeping obligations to five years for operators of trading venues, Approved Publication Arrangements (APAs) and Consolidated Tape Providers (CTPs).
- It replaces the previous double volume cap framework with a single volume cap, together with related updates to publication requirements.
- Provisions linked to the previous volume cap reporting framework, including related reporting requirements and formats, are removed.
- The Regulation also reflects amendments introduced by Directive (EU) 2024/790 to the definition of "systematic internaliser".
- Data reporting formats are updated, including clarification that XML should be used for periodic reporting, while ESMA and competent authorities may specify formats for ad hoc requests.
- To minimise burden, the Regulation encourages the use of existing datasets, including transaction data reported under Article 26 MiFIR.

Next steps:

- The Delegated Regulation entered into force on 21 June 2026.
- Trading venues, APAs, CTPs and relevant investment firms should assess operational impacts on record-keeping, transparency reporting and data submission processes.

Medium impact: Technical but relevant update to MiFIR transparency and reporting rules, with operational implications for trading venues, APAs, CTPs and firms affected by systematic internaliser and volume cap changes.

New prospectus rules from 5 June 2026 – key points for debt issuers

Publication date: 1 June 2026

What: New prospectus disclosure rules under the EU Listing Act started applying from 5 June 2026, although the related Prospectus Content Regulation is not yet formally published in the Official Journal and is expected to be published in August 2026, subject to no objections by the European Parliament or Council.

Key points:

- ESMA has recommended that issuers and national competent authorities already use the new Prospectus Content Regulation as a practical reference for prospectus disclosures from 5 June 2026.
- The updated framework simplifies debt prospectus disclosures, including a single annex for both wholesale and retail debt securities, with specific indicators showing which requirements apply to each.

- Issuers and advisers will need to update prospectus checklists and cross-reference tables for new prospectuses.
- Certain issuer-level disclosure requirements are reduced, including information on history and development, auditors, competitive position, some trend information and legal proceedings
- For retail debt prospectuses, several disclosure items are reduced, including principal activities, known trends, cash flow statements, share capital and articles of association information.
- Mandatory order and sequence requirements generally do not apply to base prospectuses, but may apply to standalone prospectuses for standard debt instruments.
- New ESG disclosure requirements apply to ESG use-of-proceeds bonds and sustainability-linked bonds, including information on ESG objectives, EU Taxonomy alignment, KPIs/SPTs and links to ESG ratings or external reviews.
- Prospectuses approved before 5 June 2026 benefit from grandfathering and may continue to be used for their validity period.
- The EU Listing Act also increases the exemption threshold for certain tap issuances from 20% to 30% of the total outstanding amount.

Next steps:

- Issuers should review prospectus templates, disclosure checklists and ESG bond disclosures in light of the new framework.
- Firms should monitor the expected Official Journal publication of the Prospectus Content Regulation, currently anticipated in August 2026.
- Debt issuers using standalone prospectuses should assess whether new format and sequencing requirements affect their documentation.

Medium impact: Important practical changes for debt issuers and advisers, simplifying prospectus disclosures while introducing targeted ESG bond requirements and transitional considerations until the Level 2 rules are formally in force.

Prospectus Regulation: RTS on classification and incorporation by reference published

Publication date: 1 June 2026

What: Commission Delegated Regulation (EU) 2026/395, amending the RTS in Delegated Regulation (EU) 2019/979, was published in the Official Journal, updating technical rules on the classification of prospectuses and the documents that may be incorporated by reference.

Key points:

- The RTS update the metadata requirements to be provided to ESMA for prospectus classification within its storage mechanism.
- Changes reflect recent developments under the EU Listing Act, including the introduction of EU Growth issuance prospectuses and EU Follow-on prospectuses.
- The Regulation expands the scope of documents that may be incorporated by reference, including:
  - documents approved by or filed with a competent authority under the Prospectus Directive; and
  - pre-issuance disclosures for ESG bonds, including environmentally sustainable and sustainability-linked bonds under the EU Green Bond Regulation.
- The amendments are primarily technical and operational, improving consistency, usability and alignment of ESMA data systems with recent legislative changes.

Next steps:

- The Regulation entered into force on 22 June 2026.
- Provisions relating to metadata reporting to ESMA will apply from 10 July 2026.
- Issuers, advisers and NCAs should assess implications for prospectus classification, incorporation by reference and ESMA reporting processes.

Medium impact: Technical update enhancing ESMA's prospectus classification and data framework, with practical implications for document management and incorporation by reference, particularly in light of new prospectus types and ESG disclosures.

IOSCO publishes Recommendations for secondary market disclosure

Publication date: 8 June 2026

What: IOSCO published its Final Report on Recommendations for secondary market disclosure consolidating and modernizing existing guidance to support more consistent disclosure frameworks across jurisdictions.

Key points:

- The Recommendations support the consistent application of IOSCO Principle 16, which focuses on full, accurate and timely disclosure of material information of investors.
- The report does not introduce new binding requirements but provides a principles-based framework to help regulators review and refine their existing secondary market disclosure rules.
- The guidance complements IOSCO's work on primary market disclosure by focusing on ongoing disclosure obligations after securities are admitted to trading.
- The Recommendations cover three main areas:
  - disclosure principles, including materiality, timing, frequency and access to information;
  - content of disclosure, including periodic and event-driven disclosures; and
  - governance and internal controls supporting accurate, timely and reliable reporting.
- IOSCO recognises differences in legal frameworks and market structures, while promoting more consistent regulatory outcomes globally.
- The report also identifies areas where regulatory approaches are broadly aligned and where differences in practice remain.
- Next steps:
- Regulators may use the Recommendations to assess whether their secondary market disclosure frameworks remain effective and up to date.
- Market participants should monitor any future national-level changes or refinements to disclosure rules arising from regulatory reviews.
- **Medium impact**: Strengthens global expectations around ongoing issuer disclosure, with implications for listed companies, market transparency, investor protection and internal reporting controls.

Sustainability

EU consults on simplified sustainability reporting standards (ESRS)

Publication date: 5 June 2026

What: The European Commission launched a consultation on revised EU Sustainability Reporting Standards (ESRS) and a new voluntary standard for smaller companies, as part of efforts to simplify ESG reporting under the CSRD.

Key points:

- The ESRS set out how companies report on environmental, social and governance (ESG) matters, including climate, biodiversity and human rights.
- The revised standards aim to reduce administrative burden, while maintaining useful information for investors on sustainability risks and impacts.
- The Commission proposes significant simplification:
  - reporting costs expected to decrease by more than 30%;
  - mandatory datapoints reduced by over 60%;
  - overall datapoints reduced by more than 70%.
- The new draft standards are shorter, clearer and more flexible, and streamline reporting processes.
- A voluntary standard for smaller companies is also introduced. Importantly, a “value chain cap” will limit how much information large CSRD companies can request from smaller suppliers (under 1,000 employees).
- The proposals are based on EFRAG technical advice and form part of the broader EU simplification agenda (Omnibus package).

Next steps:

- Consultation was opened until 3 June 2026.
- After the feedback, the EU Commission will adopt the final standards and submit them to the European Parliament and Council for approval.

Medium–High impact: Significant simplification of ESG reporting obligations, reducing compliance burden for companies while maintaining core disclosure requirements under CSRD.

EU Green Bond Regulation: full external reviewer regime now operational

Publication date: 18 June 2026

What: A key milestone under the EU Green Bond Regulation was reached on 21 June 2026, when the transitional regime for external reviewers ended and the full ESMA registration and supervisory framework became operational.

Key points:

- The EU Green Bond Regulation introduced the voluntary European Green Bond (EuGB) label, requiring proceeds to be allocated in line with the EU Taxonomy, subject to applicable flexibility provisions.
- External reviewers play a central role in the regime, providing pre-issuance and post-allocation reviews to confirm compliance with the EuGB requirements.
- During the initial transitional period, external reviewers could operate on the basis of notification to ESMA and “best efforts” compliance.
- Since 21 June 2026, external reviewers providing services for EuGBs must be formally registered with and supervised by ESMA.
- The “best efforts” approach has now ended, and reviewers must comply fully with the applicable organisational, governance and conduct requirements.
- The framework also brings into operation the relevant third-country access mechanisms, including equivalence, recognition and endorsement routes.

- The supporting Level 2 framework is now largely in place, including Implementing Regulation (EU) 2025/2179 and Delegated Regulation (EU) 2025/2180 on ESMA registration of external reviewers. Two further measures were published in the Official Journal on 17 June 2026: Implementing Regulation (EU) 2026/543 on notification of material changes, and Delegated Regulation (EU) 2026/544 on systems, procedures, compliance, methodologies and third-country reviewer recognition. Both are expected to enter into force on 7 July 2026.

Next steps:

- Issuers intending to use the EuGB label should ensure that their appointed external reviewer is ESMA-registered.
- External reviewers should ensure full compliance with the ESMA registration, governance and conduct requirements.
- Market participants should monitor the implementation of the new supervisory framework and any further ESMA guidance or supervisory expectations.

Medium–High impact: Important step in the operationalisation of the EU Green Bond framework, strengthening credibility, comparability and investor confidence in the EuGB label through mandatory ESMA registration and supervision of external reviewers.

European Commission opens consultation on future CSDDD Guidelines

Publication date: 17 June 2026

What: The European Commission opened a consultation on future Guidelines to support the implementation of the Corporate Sustainability Due Diligence Directive (CSDDD), aiming to provide practical guidance for companies, Member State authorities and stakeholders.

Key points:

- The consultation will inform the Commission's future CSDDD Guidelines, covering practical aspects of due diligence obligations, stakeholder engagement and enforcement.
- The CSDDD requires in-scope companies to identify, prevent, mitigate and bring to an end adverse human rights and environmental impacts in their own operations and relevant value chains.
- The Guidelines are expected to support companies in translating sustainability policies and disclosures into concrete due diligence processes.
- The consultation questionnaire covers a broad range of themes, including identification of adverse impacts, use of digital tools, cost-effective due diligence practices, legal obstacles in information gathering, and safeguards for SMEs.
- The Guidelines will also be relevant for non-EU companies that may be directly in scope or indirectly affected through the value chains of in-scope EU companies.

Next steps:

- Consultation deadline: 24 July 2026.
- The EU Commission is expected to adopt the Guidelines in Q1 2027, ahead of the due date of 26 July 2027.
- Companies should monitor the consultation outcome and begin assessing how future guidance may affect their due diligence frameworks, value chain controls and stakeholder engagement processes.

Medium–High impact: Important step in shaping practical CSDDD implementation, with implications for governance, value chain due diligence, human rights and environmental risk management, and future supervisory expectations.

Glossary

AIF – Alternative Investment Fund

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

AIFM – Alternative Investment Fund Manager

AMLA – Anti-Money Laundering Authority

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

Basel III – International regulatory framework for bank capital, liquidity and risk management

CASP – Crypto-Asset Service Provider

CCyB – Countercyclical Capital Buffer

CRD – Capital Requirements Directive

CRR – Capital Requirements Regulation

CSDDD – Corporate Sustainability Due Diligence Directive **CSDR** – Central Securities Depositories Regulation

CTP – Consolidated Tape Provider

CySEC – Cyprus Securities and Exchange Commission

DeFi – Decentralised Finance

DLT – Distributed Ledger Technology

DORA – Digital Operational Resilience Act

EBA – European Banking Authority

ECB – European Central Bank

ECON – Committee on Economic and Monetary Affairs of the European Parliament

EDAP – European Data Access Portal

EFRAG – European Financial Reporting Advisory Group

EIOPA – European Insurance and Occupational Pensions Authority

EMIR – European Market Infrastructure Regulation
EMT – E-Money Token

ESA – European Supervisory Authority

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

ESG – Environmental, Social and Governance
ESMA – European Securities and Markets Authority
ESRS – European Sustainability Reporting Standards

ESRB – European Systemic Risk Board

EU – European Union

EuGB – European Green Bond

FATF – Financial Action Task Force

FIU – Financial Intelligence Unit

FRTB – Fundamental Review of the Trading Book

G-SIIs = Global Systemically Important Institutions
ICT – Information and Communication Technology
INTERPOL – International Criminal Police Organization

IRC – Incremental Risk Charge

IRB – Internal Ratings-Based Approach

IOSCO – International Organization of Securities Commissions

ITS – Implementing Technical Standards

MiCA – Markets in Crypto-Assets Regulation

MiFID II – Directive 2014/65/EU on Markets in Financial Instruments

MiFIR – Markets in Financial Instruments Regulation
MREL – Minimum Requirement for Own Funds and Eligible Liabilities

NBFI – Non-Bank Financial Institution

NCA – National Competent Authority

OECD – Organisation for Economic Co-operation and Development

OJ – Official Journal of the European Union

P3DH – Pillar 3 Data Hub

PSD3 – Third Payment Services Directive

PSR – Payment Services Regulation

RTS – Regulatory Technical Standards

RWAs – Risk-Weighted Assets **SFDR** – Sustainable Finance Disclosure Regulation **SIU** – Savings and Investments Union

SNCI – Small and Non-Complex Institution

SREP – Supervisory Review and Evaluation Process

SyRB – Systemic Risk Buffer

TLAC – Total Loss-Absorbing Capacity

UCITS – Undertakings for Collective Investment in Transferable Securities

Main Contacts

Marios Lazarou
Board Member
Head of Advisory
T: + 357 22 209 033
E: Marios.Lazarou@kpmg.com.cy

Eleni Poyiadji
Principal, MiFID & AML expert, Risk Consulting
T: + 357 22 209 248
E: Eleni.Poyiadji@kpmg.com.cy

Chloe Karacosta
Senior Manager, DORA expert
Risk Consulting
T: + 357 22 207 475
E: Chloe.Karacosta@kpmg.com.cy

Eva Solomontos
Senior Manager, ESG expert
Risk Consulting
T: + 357 22 209 036
E: Eva.Solomontos@kpmg.com.cy

Marie-Hélène Angelides
Senior Associate,
Asset Management expert, Risk Consulting
T: + 357 22 209 227
E: Marie-helene. Angelides@kpmg.com.cy

Artemis Hadjivarnava
Principal, Capital Adequacy lead expert,
Risk Consulting
T: + 357 22 209 147
E:Artemis.Hadjivarnava@kpmg.com.cy