Regulatory Insights

Financial Services

MAY 2026

Anti-Money Laundering

AMLA publishes findings of Chair's 2025 EU-wide roadshow

Publication date: 11 May 2026

What: AMLA published a [report summarising the findings of its 2025 EU-wide Roadshow](), marking its first structured engagement with national supervisors, Financial Intelligence Units (FIUs), and private sector stakeholders across all 27 Member States.

Key points:

- The Roadshow (March–December 2025) involved direct engagement across all EU Member States, gathering insights on AML/CFT risks, supervisory challenges and market expectations.
- The report highlights common concerns on the evolving ML/TF risk landscape and the increasing complexity faced by both authorities and obliged entities.
- It identifies differences in supervisory approaches, levels of preparedness and resource constraints across jurisdictions.
- Stakeholders expressed expectations for AMLA to play a key role in driving convergence, coordination and consistency in AML/CFT supervision across the EU.
- The findings form part of AMLA's broader effort to map the EU AML/CFT framework and build a common supervisory baseline.
- The report complements other initiatives, including a 2025 survey of non-financial sector supervisors, to better understand national risk assessment approaches.

Next steps:

- AMLA will continue its engagement cycle with Member States on a recurring basis.
- Insights from the Roadshow will inform AMLA's policy development, supervisory priorities and future guidance.
- Ongoing data collection and stakeholder engagement will support greater supervisory convergence and effectiveness across the EU.

Medium–High impact: Important foundation for AMLA's role in shaping a more harmonised EU AML/CFT framework, with implications for future supervisory expectations, risk assessments and coordination between authorities and firms.

AMLA consulted on draft RTS for home-host supervisory cooperation

Publication date: 11 May 2026

What: AMLA launched a consultation on [draft Regulatory Technical Standards (RTS) establishing a framework for cooperation between home and host supervisors overseeing cross-border groups of obliged entities]().

Key points:

- The draft RTS set out a simple, proportionate and efficient framework for cross-border AML/CFT supervisory cooperation.
- They apply to both financial and non-financial sector groups operating across multiple Member States.
- The RTS clarify the roles and responsibilities of home and host supervisors and introduce practical arrangements for day-to-day cooperation.
- Key features include:
  - Structured communication channels, including the use of digital tools;
  - A simplified intra-EU information-sharing regime, allowing information to be shared within the supervisory system (subject to notification rather than prior consent);
  - Provisions enabling joint or coordinated cross-border supervisory activities and inquiries.

- The RTS form part of a broader framework that includes AML/CFT colleges and cooperation guidelines, supporting supervisory convergence across the EU.
- Feedback was gathered through **a public hearing held on 28 May 2026**, during which stakeholders were invited to provide their views. AMLA also accepted written submissions as part of the consultation process. The input received will be considered in the finalisation of the RTS and the broader cooperation framework.

Medium–High impact: Important step towards more integrated and coordinated AML/CFT supervision across the EU, with practical implications for cross-border groups in terms of supervisory engagement, information sharing and oversight consistency.

AMLA takes next step toward 2027 selection of entities for direct supervision

Publication date: 12 May 2026

What: AMLA published a reporting package to support the identification of obliged entities that may fall under its direct supervision from 2028, marking a key preparatory step ahead of the 2027 selection process.

Key points:

- The package introduces a standardised reporting template and interpretative guidance to identify entities potentially subject to AMLA direct supervision.
- It supports the collection of consistent and comparable data across Member States to feed into AMLA's risk assessment models.
- National supervisors are responsible for collecting the data from obliged entities within their remit and ensuring its submission to AMLA.
- AMLA acts as the central recipient and coordinator, setting specifications and ensuring harmonisation of the data.
- The exercise forms part of AMLA's broader effort to calibrate risk-based supervision and build the framework for direct EU-level oversight.
- A data quality issue was noted in earlier template versions, highlighting the importance of accurate completion (including cross-border services data).

Next steps:

- **A webinar will be held on 10 June 2026** to provide practical guidance on completing the reporting template.
- Data submission deadline: 15 August 2026 (via national supervisors).
- A data validation and alignment phase will follow in coordination with home supervisors.
- The provisional list of eligible entities is expected by end-September 2026, ahead of the formal selection process in 2027.

Medium–High impact: Critical step toward AMLA's direct supervision regime, with immediate practical implications for in-scope institutions in terms of data collection, internal coordination and readiness for potential EU-level supervision from 2028.

AMLA consulted on draft ITS for FIU cooperation

Publication date: 13 May 2026

What: AMLA launched a consultation on three draft Implementing Technical Standards (ITS) establishing common formats for information exchange between Financial Intelligence Units (FIUs), and between AMLA, FIUs and the European Public Prosecutor's Office (EPPO).

Key points:

- The draft ITS aim to standardise and streamline AML/CFT information sharing, enhancing cooperation between FIUs and EU authorities.
- Two ITS focus on reporting suspected offences to the EPPO, introducing:
  - common reporting templates for FIUs and AMLA;
  - machine-readable submissions via secure channels, enabling automated processing and faster investigations.
- A third ITS introduces six standard templates for FIU-to-FIU exchanges via FIU.net platform, improving the completeness, consistency and timeliness of information sharing.
- The framework is designed to reduce operational gaps and delays in cross-border AML/CFT cooperation.
- Overall, the measures strengthen the EU's capacity to detect, investigate and prosecute financial crime, particularly offences affecting the EU's financial interests.
- Feedback was collected through the **public hearings held on 27 May 2026** (covering EPPO reporting and FIU cooperation), as well as ongoing input from FIUs, EU institutions, law enforcement and other stakeholders. This will inform the finalisation of the ITS and the implementation of the enhanced cooperation framework.

Medium–High impact: Significant step towards a more structured and digitalised AML/CFT cooperation across the EU, with operational implications for FIUs and indirectly for obliged entities through more efficient cross-border information flows and enforcement.

AMLA concludes public hearing on draft RTS on group-wide requirements

Publication date: 22 May 2026

What: AMLA concluded a public hearing on its [draft Regulatory Technical Standards (RTS) on group-wide AML/CFT requirements], covering obligations under Articles 16(4) and 17(3) of the AMLA Regulation.

Key points:

- The draft RTS establish a single, coherent framework for group-wide AML/CFT requirements, covering both EU operations and third-country branches and subsidiaries.
- Article 16(4) focuses on ensuring effective implementation of group-wide policies, procedures and controls.
- Article 17(3) addresses the need to apply equivalent AML/CFT standards in third countries, including where legal or regulatory impediments arise.
- AMLA opted for a single regulatory instrument to enhance clarity and consistency across group structures.
- The hearing attracted over 650 participants from trade associations, obliged entities, academia and civil society, highlighting strong stakeholder engagement.
- Discussions reflected diverse operational challenges across sectors, particularly in applying group-wide standards in complex or cross-border structures.

Next steps:

- **[The consultation remains open for written submissions until 15 June 2026](#).**
- Feedback will inform the finalisation of the RTS.
- AMLA will continue stakeholder engagement to ensure practical and effective implementation of group-wide requirements.

Medium–High impact: Key development for cross-border groups, with likely implications for AML/CFT governance, group policies and third-country compliance frameworks under the emerging AMLA regime.

AMLA concludes public hearing on draft Guidelines on business-wide risk assessment

Publication date: 29 May 2026

What: AMLA concluded a public hearing on its draft Guidelines on Business-Wide Risk Assessment (BWRA), a key component of the EU's new AML/CFT framework and risk-based approach.

Key points:

- The Guidelines set out minimum requirements for conducting business-wide risk assessments, including the sources of information to be considered.
- AMLA emphasised that firms are best placed to identify and assess their own ML/TF risks, reinforcing the core principle of the risk-based approach.
- The draft incorporates a strong focus on simplification, avoiding duplication with existing AML rules, and ensuring clarity and usability across sectors.
- Proportionality is a central element, with requirements intended to be adaptable to the size, nature and complexity of obliged entities.
- The hearing attracted over 1,000 stakeholders from financial and non-financial sectors, highlighting strong engagement and diverse operational perspectives.
- Stakeholder feedback reflected practical implementation challenges across sectors, which will inform the finalisation of the Guidelines.

Next steps:

- **[The consultation remains open for written submissions until 15 July 2026.](#)**
- AMLA will incorporate feedback from the hearing and written responses into the final Guidelines.
- Continued engagement will support the development of a clear, consistent and practical EU AML/CFT rulebook.

Medium–High impact: Foundational guidance for all obliged entities, with direct implications for internal risk assessment frameworks, governance and documentation under the upcoming AMLA regime.

Asset Management

ESMA advances simplification of EU reporting frameworks for funds and transactions

Publication date: 4 May 2026

What: ESMA launched a harmonised approach to funds reporting and set out a roadmap to simplify and streamline transaction reporting across the EU as part of its broader Simplification and Burden Reduction (SBR) initiative.

Key points:

- ESMA proposes moving from fragmented national reporting systems to a single EU-wide reporting framework based on a common reporting template for funds.
- Introduction of a "report once" principle aimed at reducing duplication and operational burden while improving data quality and supervisory effectiveness.
- A hybrid model is envisaged: data collection remains at national level, while validation, storage and analytics are centralised at EU level to enhance data sharing between authorities.
- For transaction reporting (EMIR, MiFIR, SFTR), ESMA identified key challenges including overlapping requirements, inconsistent frameworks, and dual reporting obligations.
- Early simplification approaches include instrument-based and dual-side reporting streamlining, with a long-term move toward a unified reporting system.
- No policy recommendations have been made yet for transaction reporting, pending further cost-benefit analysis.

Next steps:

- Development of RTS/ITS for funds reporting is expected in 2027, followed by phased implementation (AIFMD/UCITS first, then broader frameworks).
- Continued stakeholder engagement on transaction reporting, included an open hearing held on 28 May 2026.
- Final recommendations on transaction reporting simplification is expected by mid-2026.

Medium–High impact: Material step towards reducing reporting burden for AIFMs/UCITS managers and other market participants, with potential operational changes (systems, data governance, reporting flows) once harmonised EU frameworks and "report once" mechanisms are implemented.

ESMA consults on simplified approach to updating MMF stress test parameters

Publication date: 5 May 2026

What: ESMA launched a consultation on a new simplified process for updating stress test parameters under the Money Market Funds (MMF) framework, as part of its Simplification and Burden Reduction (SBR) initiative.

Key points:

- ESMA proposes replacing the current annual amendments to the Guidelines with a web-based publication of stress test calibration parameters.
- The Guidelines will continue to set out the methodology, while updated parameters will be published annually on ESMA's website.
- This creates a single, central access point for the latest calibrations.
- The approach aims to simplify updates, improve accessibility and allow immediate application once parameters are approved.
- Expected benefits include reduced compliance and supervisory burden and increased operational efficiency for MMF managers.

Next steps:

- **Consultation deadline: 6 August 2026**.
- ESMA will review feedback and publish a final report in H2 2026.
- The new update mechanism is expected to apply from the next calibration cycle (end-2026).

Medium impact: Operational simplification for MMF managers, with more efficient and timely updates to stress testing parameters, though no change to the underlying stress testing methodology.

ESMA identifies areas for further supervisory convergence on compliance and internal audit in the funds sector

Publication date: 11 May 2026

What: ESMA published the results of its 2025 Common Supervisory Action (CSA) on the compliance and internal audit functions of fund managers across the EU/EEA.

Key points:

- The review found that most fund managers generally comply with key requirements under the AIFMD and UCITS frameworks.
- However, ESMA identified governance weaknesses, particularly in:
  - the independence of compliance and internal audit functions;
  - the quality and effective implementation of internal policies; and
  - the level of oversight exercised by senior management and boards.
- While policies and procedures are widely in place, there are significant inconsistencies in their quality and practical application, often depending on the size and complexity of the firm.
- The report highlights examples of good and poor practices, offering practical guidance on where control frameworks are effective and where improvements are needed.
- The CSA was conducted using a common assessment framework, including desk-based reviews and on-site inspections by NCAs.

Next steps:

NCAs are expected to follow up on identified weaknesses and breaches, assess root causes and ensure timely remediation.

ESMA will continue to facilitate supervisory convergence, including through further coordination and potential follow-up actions across the EU.

Medium impact: Reinforces regulatory expectations on the effectiveness and independence of control functions in AIFMs and UCITS managers, with likely increased supervisory scrutiny on governance, internal controls and board oversight**.**

EBA amends Guidelines on the definition of default

Publication date: 7 May 2026

What: The EBA published its final report amending the Guidelines on the definition of default, introducing targeted adjustments mainly relating to non-recourse factoring and confirming the current framework for debt restructuring.

Key points:

- Amendments address technical aspects of non-recourse factoring, notably extending the past-due treatment at invoice level from 30 to 90 days, better reflecting operational realities and reducing misclassification risk.
- The Guidelines have been aligned with CRR 3 amendments, ensuring consistency with the updated prudential framework.
- The EBA confirmed that the 1% NPV loss threshold for restructuring remains appropriate, as it is risk-sensitive and consistent with accounting standards.
- The framework applies only to financially distressed borrowers and loss-generating restructurings, supporting accurate default identification.
- The EBA cautions against loosening thresholds, noting potential risks including weaker capital/provisioning reliability, higher operational costs, and reduced incentives for proactive restructuring.

Next steps:

- Institutions are expected to review and align internal default identification practices with the updated Guidelines.
- Ongoing implementation will continue as part of the CRR3 and IRB repair programme framework.

Medium impact: Targeted operational changes for institutions involved in factoring, while maintaining stability of the broader default framework and avoiding additional model or capital impacts.

EBA consults on amendments to RTS on risk weights for specialised lending exposures

Publication date: 7 May 2026

What: The EBA launched a public consultation on proposed amendments to the RTS governing the assignment of risk weights to specialised lending exposures under the Supervisory Slotting Criteria Approach (SSCA), aligning the framework with CRR3.

Key points:

- The proposed amendments aim to align the RTS with CRR3, including updated definitions and terminology.
- The EBA seeks to enhance the risk sensitivity, clarity and usability of the Supervisory Slotting Criteria Approach.
- Certain methodological constraints are removed to allow a more accurate reflection of underlying risks.
- Additional clarifications to assessment criteria are introduced to support more consistent and simplified application by institutions.
- The RTS continue to support a robust and harmonised prudential treatment of specialised lending exposures across the EU.

Next steps:

- Consultation deadline: **7 August 2026**.
- A public hearing took place on 27 May 2026.
- The EBA will consider feedback before finalising the amended RTS.

Medium impact: Relevant for banks applying the SSCA, with potential adjustments required in internal risk assessment frameworks and capital calculations.

Global central banks test digital platform to improve cross-border payments

Publication date: 27 May 2026

What: A group of major central banks (including those of the US, UK, euro area, Japan and Switzerland), together with over 40 large financial institutions, have tested a new digital platform under "Project Agorá". The initiative is coordinated by the Bank for International Settlements (BIS) and the Institute of International Finance (IIF), a global banking industry association.

Key points:

- The project addresses well-known issues in cross-border payments, which today are often slow, costly and complex due to multiple intermediaries and manual processes.
- It tests a platform where banks use digital representations of money (based on existing bank deposits and central bank reserves), rather than introducing new forms of currency.
- Payments can be executed in a single coordinated step ("all-or-nothing"), reducing the risk of errors or failed transactions.
- The platform allows key checks (e.g. compliance, funding availability, payment details) to be completed before settlement, rather than after funds are transferred.
- Transactions could be processed much faster (potentially within seconds) and on a 24/7 basis, overcoming time-zone and cut-off limitations.
- Built-in automation allows payments to apply conditions, and compliance checks automatically, reducing manual work and operational costs.
- The system also improves transparency, providing real-time visibility on payment status while maintaining confidentiality of sensitive data.

Next steps:

- The project will move to testing real transactions with actual value.
- Further work will focus on legal, technical and operational implementation.

High impact: Signals a potential shift in how cross-border payments could operate in the future, with improvements in speed, cost and reliability, while remaining within the existing banking and regulatory framework.

EU adopts RTS on operational risk under CRR 3

Publication date: 28 May 2026

What: The European Commission has adopted Regulatory Technical Standards (RTS) specifying the new operational risk framework under CRR 3, including how banks must calculate and manage operational risk capital.

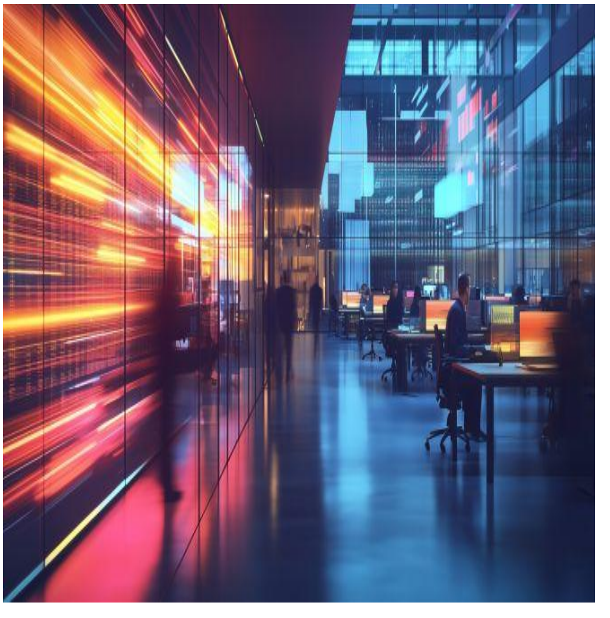
Key points:

- CRR 3 introduces a single approach to operational risk, replacing all previous methods with the Business Indicator Component (BIC).
  The BIC is based on financial statement data and acts as a proxy for a bank's level of operational risk.
- The RTS provide detailed rules on how to calculate the BIC, including:
  - which income and balance sheet items must be included;
  - which items must be excluded (only core banking activities should be captured).
- The RTS also clarify how institutions must adjust the BIC following structural changes, such as mergers, acquisitions or disposals, including when supervisory approval is required.
- A harmonised operational risk taxonomy is introduced, with guidance on how to classify loss events (e.g. legal losses, recovered losses), improving consistency in loss data reporting.
- The RTS set out rules on how banks must maintain and adjust their operational loss data, including where new entities are integrated into the group.
- For smaller institutions (BIC between EUR 750 million and EUR 1 billion), the RTS allow some flexibility where calculating detailed loss data may be disproportionately burdensome.

Next steps:

- The RTS will enter into force 20 days after publication in the Official Journal.
- Institutions will need to update internal models, data frameworks and reporting processes to align with the new methodology.

Medium–High impact: Introduces a fundamental change to operational risk capital calculation, with significant implementation work for banks, particularly around data, systems and internal processes.



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.
- Findings will inform supervisory priorities and expectations, particularly on resilience, third-party risk management 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).

EU reviews MiCA framework – consultation launched on crypto regulation

Publication date: 5 June 2026

What: The EU Commission launched two consultations on MiCA (Markets in Crypto-Assets Regulation): a general public consultation open to all stakeholders and a targeted consultation for industry participants and public authorities, aimed at gathering more detailed and technical feedback. These consultations will assess whether MiCA, which only recently became fully applicable, needs to be updated.

Key points:

- The review reflects the fact that the crypto market has evolved rapidly since MiCA was designed, including growth in DeFi, tokenisation and increased involvement by traditional financial institutions.
- The Commission is assessing whether MiCA remains fit for purpose, including whether some requirements could be simplified or reduced to improve competitiveness.

- The consultation is broad and covers all core aspects of the framework:
  - **Scope and classification** of crypto-assets (MiCA vs MiFID boundary);
  - **Stablecoins (ARTs/EMTs)**, including reserves, redemption and global models;
  - **CASPs** (crypto-asset service providers), including requirements and supervision;
  - **Activities currently outside MiCA scope** (e.g. DeFi, staking, lending, NFTs, tokenised deposits).
- A key focus is whether areas initially excluded (such as DeFi and new crypto services) should now be brought into regulation.
- The EU Commission also emphasises technology neutrality, meaning rules should not favour specific technologies or business models.

Next steps:

- Consultation is open until **31 August 2026**.
- Results may lead to a **formal proposal to amend MiCA**, indicating this could be an early revision of the framework.

🔴 **High impact:** Signals a potential major revision of the EU crypto framework, with possible expansion of scope (e.g. DeFi, staking) and changes to core requirements affecting CASPs, stablecoins and tokenised finance.

ESMA promotes proportionate supervision of MiFID II sustainability requirements

Publication date: 6 May 2026

What: ESMA issued a statement following its Common Supervisory Action (CSA) on how firms integrate sustainability considerations into suitability assessments and product governance under MiFID II.

Key points:

The CSA focused on how firms collect and assess clients' sustainability preferences and align these with investment products.

ESMA identified key areas of attention, including:

- the collection and treatment of sustainability preferences;
- the categorisation and matching of products to those preferences;
- the use of the portfolio approach; and
- target market assessments within product governance frameworks.
- ESMA reaffirmed the importance of sustainability requirements but acknowledged that the regulatory framework is currently evolving.
- National competent authorities (NCAs) are encouraged to adopt a proportionate and pragmatic supervisory approach, prioritising dialogue with firms during the transition rather than enforcement.
- Enforcement remains relevant in cases of clear breaches or mis-selling.

Next steps:

ESMA will use the CSA findings to inform potential updates to MiFID II Delegated Acts and ESMA Guidelines on sustainability.

Any future changes will aim to simplify the framework and improve consistency in application across the EU.

Medium impact: Signals a softer, more proportionate supervisory stance during ongoing regulatory changes, providing temporary flexibility for firms while maintaining focus on proper implementation of sustainability requirements.

ESMA outlines enforcement activities for corporate reporting across the EEA in 2025

Publication date: 7 May 2026

What: ESMA published its annual report on corporate reporting enforcement and regulatory activities across the EEA for 2025, covering financial, sustainability and digital reporting supervision.

Key points:

- Enforcement in financial reporting focused on ensuring material, transparent and entity-specific disclosures that support investor decision-making.
- 2025 marked the first year of enforcement of the European Sustainability Reporting Standards (ESRS), alongside application of the GLESI Guidelines on sustainability information.
- Supervisory attention remained on improving the quality and consistency of ESEF digital reporting, including the accuracy of tagged financial information.
- The report reflects how national enforcers applied and monitored compliance with ESMA's 2024 European Common Enforcement Priorities (ECEP).
- ESMA provides practical observations and messages from enforcement experience aimed at issuers, auditors and investors to enhance reporting quality going forward.

Next steps:

Findings will inform future supervisory priorities and enforcement focus areas at both ESMA and national level.

Continued emphasis expected on ESRS implementation, ESEF data quality, and consistency in financial disclosures.

Medium impact: Reinforces increasing supervisory expectations on sustainability (ESRS) and digital reporting (ESEF), with practical implications for issuers' reporting processes, controls and audit readiness.

ESMA's annual data report shows increased quality, wider use and digital progress

Publication date: 29 May 2026

What: ESMA published its annual report on the quality and use of regulatory data, highlighting improvements in data quality, increased supervisory use, and progress in digitalisation across EU financial markets.

Key points:

- ESMA reports measurable improvements in data quality across key regimes, including EMIR, SFTR, MiFIR, AIFMD and MMFR.
- Enhanced data quality is driving greater use by ESMA and NCAs, supporting more effective supervision, risk monitoring and market oversight.
- A "virtuous cycle" is emerging, where better data quality enables wider use, which in turn reinforces further improvements.
- ESMA is advancing simplification and burden reduction, including work towards a "report once" approach and an integrated EU reporting framework for funds.
- The scope of reporting covered has expanded to include Prospectus reporting and ICT incident reporting under DORA.
- Increasing use of automation, advanced analytics and shared supervisory tools is enhancing data-driven supervision and coordination across authorities.

Next steps:

- ESMA will host a **webinar on 18 June 2026** to present the report's main findings.
- Continued focus on data integration, harmonisation and digitalisation under ESMA's broader data strategy.

Medium–High impact: Reinforces the growing importance of high-quality regulatory data for supervision, with potential operational implications for firms in terms of data governance, reporting systems and alignment with future integrated EU reporting frameworks.

EU Listing Act – prospectus requirements in transition

Publication date: 4 June 2026

What: From 5 June 2026, the EU Listing Act introduces changes to prospectus rules. However, because the detailed implementing rules are not yet formally in force, issuers will need to operate under a transitional framework.

Key points:

- *Grandfathering of existing programmes*: Base prospectuses approved before 5 June 2026 can continue to be used for their full 12-month validity period without needing to be updated immediately.
- *Temporary regulatory gap*: While the updated Prospectus Regulation (Level 1) applies from 5 June, the detailed rules (Level 2) are not yet formally in force. This creates uncertainty for prospectuses approved after that date.
- *ESMA guidance*: ESMA has clarified that issuers should already comply with the new Level 1 rules and use the 7 May 2026 draft Delegated Regulation as a practical reference for disclosure requirements during the transition period.
- *Approach of regulators*: Most national regulators (NCAs) are following a pragmatic approach, accepting this interim solution and working case-by-case with issuers.

- *Structure of prospectuses*: The new requirement on mandatory section order is limited in practice. It does not apply to base prospectuses and only applies in specific cases (mainly standalone prospectuses using a single annex).
- *ESG bonds*: A new ESG disclosure annex applies but largely reflects existing practice. Importantly, the allocation percentage of proceeds can now be included in final terms, giving issuers more flexibility at programme stage.

Next steps:

- The final detailed rules are expected to be published mid-July to mid-August 2026.
- Issuers should prepare to adjust documentation at the next update cycle and closely follow regulator expectations during this period.

🟡 **Medium impact**: The changes mainly affect prospectus drafting, structure and timing, with some temporary uncertainty until the detailed rules are finalised.

📰 EU adopts RTS on issuer-sponsored research under MiFID II

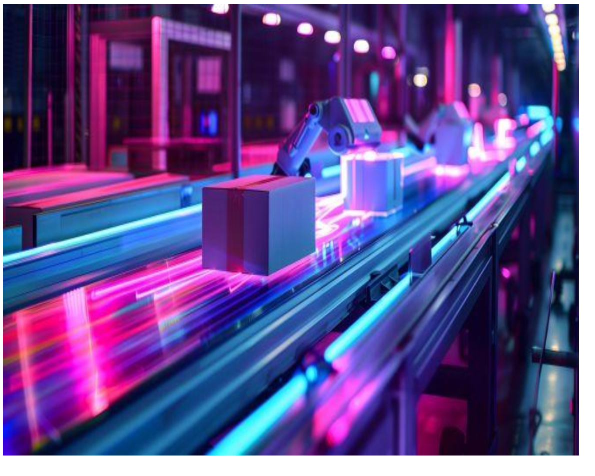
Publication date: 21 May 2026

What: The European Commission has adopted Regulatory Technical Standards (RTS) establishing an EU code of conduct for issuer-sponsored research under MiFID II, as part of the EU Listing Act reforms.

Key points:

- The new rules aim to encourage the use of issuer-sponsored research, which is seen as a way to improve research coverage, particularly for smaller issuers.
- The RTS introduce a formal EU code of conduct, which research providers must follow if they wish their research to be labelled as "issuer-sponsored" rather than as a marketing communication.
- Investment firms must now collect and assess information from research providers to determine whether the research complies with the code and can be treated as issuer-sponsored.
- This creates a clearer distinction between independent research, issuer-sponsored research, and marketing material.
- The RTS are based on ESMA's earlier work and form part of the broader Listing Act initiative to enhance capital markets access and transparency.
- Entry into force: The RTS will apply very quickly (3 days after publication in the Official Journal), which is earlier than initially expected.
- **Next steps:** Firms will need to update internal procedures to assess and classify research.
- Research providers must ensure compliance with the code if they wish to use the "issuer-sponsored" label.

🟡 **Medium impact**: Introduces operational and compliance requirements for investment firms and research providers, but also supports broader use of issuer-sponsored research in EU capital markets.



IOSCO consults on equity market liquidity and extended trading hours

Publication date: 21 May 2026

What: IOSCO published (i) a consultation on equity market liquidity patterns during the trading day, and (ii) a report on extended trading hours across equity trading venues.

Key points:

- IOSCO's analysis shows an increasing share of trading activity taking place towards the end of the trading day, raising questions around market liquidity, price formation and transparency.
- The consultation examines how these evolving liquidity patterns may affect market integrity, investor protection and surveillance, and sets out potential good practices for regulators and market participants.
- In parallel, IOSCO reviewed the use of extended trading hours (outside normal market hours) across different jurisdictions.
- It finds that extended hours trading varies significantly between markets and is mostly driven by retail investors, rather than institutional activity.
- Regulators have generally not introduced specific new regimes for extended trading hours, relying instead on the application of existing regulatory frameworks.

Next steps:

- Consultation responses on liquidity patterns are due by **21 August 2026**.
- IOSCO may issue further guidance or recommendations based on feedback.

Medium impact: Mainly relevant for market structure, trading venues and regulators, with potential future implications for liquidity management, supervision and investor protection.

EU review of commodity derivatives markets under MiFID II / III

Publication date: 26 May 2026

What: The European Commission (the "Commission") published a report reviewing the commodity derivatives and emission allowances framework under MiFID II (as amended by MiFID III), based on input from ESMA and ACER.

Key points:

Overall, the Commission concludes that the current framework is functioning adequately, and there is no immediate need for major reforms. However, targeted improvements may be considered over time.

Data sharing and reporting:

The current reporting framework is seen as complex and fragmented. The Commission suggests improving data sharing between financial and energy regulators and exploring common identifiers to enhance interoperability and reduce duplication.

Ancillary activity exemption:

The exemption (for firms whose trading is ancillary to their main business) is considered fit for purpose. Any future review should be cautious, as changes could have significant market impact. A more tailored prudential regime could be considered instead.

Position limits regime:

The Commission finds that position limits generally work well, but sees scope for improvements, including:

- giving trading venues more flexibility to grant hedging and liquidity exemptions;
- allowing venues to request broader position data (including OTC exposures) to better monitor markets;
- potentially expanding reporting requirements to cover more economically equivalent OTC positions;
- considering additional transparency for third-country participants (e.g. end-beneficiary information).

Next steps:

No immediate legislative changes are proposed.

The Commission may consider targeted amendments in the future based on these findings.

Medium impact: Confirms stability of the current framework but highlights technical adjustments (data, reporting, supervision) that could affect market participants, particularly in commodities and energy markets.

Sustainability

EU consults on simplified sustainability reporting standards (ESRS)
Publication date: 5 June 2026
What: The European Commission (the "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 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.

Glossary

AIF Alternative Investment Fund (EU)

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

AIFMs Alternative Investment Fund Managers

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

CRD Capital Requirements Directive

CSRD Corporate Sustainability Reporting Directive

CySEC Cyprus Securities and Exchange Commission

EBA European Banking Authority

ECB European Central Bank

EIOPA European Insurance & Occupational Pensions Authority

EFAMA European Fund and Asset Management Association

ESG environmental, social, and governance

EMIR European Market Infrastructure Regulation

ESAs European Supervisory Authorities (EBA, EIOPA and ESMA)

ESMA European Securities and Markets Authority

ESRB European Systemic Risk Board EU European Union

FATF Financial Action Task Force

ICT Information and Communication Technology

INTERPOL International Criminal Police Organisation

IOSCO International Organisation of Securities Commissions

MiCA Regulation of the European Parliament and of the Council on markets in crypto-assets

MiFID Markets in Financial Instruments Directive

NCA National Competent Authority

OECD Organisation for Economic Co-operation and Development

OJ Official Journal

RTS Regulatory Technical Standards

SFDR Sustainable Finance Disclosure Directive

UNODC United Nations Office on Drugs and Crime

UCITS Directive directive 2009/65/EC on Undertakings for Collective investments in Transferable Securities

UCITS Undertakings for Collective investments in Transferable Securities (EU)

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