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DORA: RTS on threat-led penetration testing published in Official Journal

Commission Delegated Regulation (EU) 2025/1190 setting out regulatory technical standards (RTS) on threat-led penetration testing (TLPT) under the

Digital Operational Resilience Act (DORA) has been published in the Official Journal.

In particular, the RTS specify the criteria used for identifying financial entities required to perform TLPT, the requirements and standards governing the use of internal testers, the requirements in relation to the scope, testing methodology and approach for each phase of the testing, results, closure and remediation stages and the type of supervisory and other relevant cooperation needed for the implementation of TLPT and for the facilitation of mutual recognition.

The Delegated Regulation will enter into force on 8 July 2025.

EU Council and Parliament reach provisional agreement on T+1 settlement

The EU Council and Parliament have reached a provisional agreement on a regulation amending the Central Securities Depositories Regulation (CSDR) to shorten the settlement period for EU transactions in transferable securities from two days (T+2) to one (T+1).

The co-legislators have agreed to exempt certain securities financing transactions (SFTs) from the settlement cycle requirement. In order to avoid any risks of circumvention of the T+1 settlement cycle requirement, the exemption will only apply if SFTs are documented as single transactions composed of two linked operations.

The EU Council and Parliament must now formally adopt the regulation.

Payments: EU Council agrees negotiating mandate on PSD3 and PSR

The EU Council's Committee of Permanent Representatives (Coreper) has approved the Council's negotiating mandate on the EU Commission's proposals for a new Payment Services Directive (PSD3) and Payment Services Regulation (PSR).

The proposals consist of a package of measures which aim to:

- combat and mitigate payment fraud;
- improve consumer rights;
- further level the playing field between banks and non-banks;
- improve the functioning of open banking;
- improve the availability of cash in shops and via ATMs; and
- strengthen harmonisation and enforcement.

Following the approval of the Council's negotiating mandate by Coreper, the Council Presidency can start trilogue negotiations with the EU Parliament in order to reach a common position.

MiFIR Review: EU Commission adopts amendments to RTS on transparency rules to support creation of consolidated tapes

The EU Commission has adopted a Delegated Regulation amending the RTS laid down in Delegated Regulations (EU) 2017/583 and (EU) 2017/587 (RTS 1 and 2) as regards transparency requirements for trading venues and

investment firms in respect of bonds, structured finance products, emission allowances and equity instruments under MiFIR.

The amendments are intended to achieve an effective transparency regime in line with the MiFIR Review and allow the successful establishment of consolidated tapes for bonds and equities.

Savings and Investments Union: EU Commission launches targeted consultation on supplementary pensions

The EU Commission has launched a targeted consultation on how to make supplementary pensions more accessible, transparent and effective for citizens across the EU, as part of the Savings and Investments Union (SIU).

The consultation seeks feedback on a range of possible measures to support wider participation in occupational and personal pension schemes and to improve the tools available to citizens for tracking, comparing and understanding pension entitlements. Key areas include the potential role of automatic enrolment to boost participation, as well as the development of national pension tracking systems and pension dashboards to provide clearer individual information and stronger data for policymaking.

Comments are due by 29 August 2025. The outcome of the consultation will inform a package of measures that the Commission intends to present in the fourth quarter of 2025.

EU Commission consults on amendments to treatment of securitisation exposures under LCR Delegated Regulation

The EU Commission has launched a consultation on a draft Delegated Regulation amending Commission Delegated Regulation ((EU) 2015/61) on the liquidity coverage requirement (LCR) relating to the eligibility conditions for securitisations in credit institutions' liquidity buffers.

The LCR Delegated Regulation, which supplements the Capital Requirements Regulation (CRR), sets out detailed requirements relating to the LCR, including the extent to which securitisations and other high-quality liquid assets (HQLAs) classified as 'Level 2B assets' can be included in a credit institution's liquidity buffer.

The Commission is proposing to amend Article 13 of the LCR Delegated Regulation that will, among other things:

- introduce further staggering in the eligibility conditions of securitisations for the liquidity buffer, in order to smoothen the risk of cliff effects that can be triggered by the ineligibility for the liquidity buffer due to a credit rating downgrade and to mitigate the sovereign cap that impedes the eligibility for the liquidity buffer of securitisations issued in some Member States;
- remove the condition for securitisations eligible for the liquidity buffer to have a remaining weighted average life of five years or less; and
- require the European Banking Authority (EBA) to monitor market liquidity of securitisations and, in particular, of senior tranches of simple, transparent and standardised traditional securitisations eligible for the liquidity buffer. The EBA will be required to report to the Commission every four years.

Comments are due by 15 July 2025.

Banking Package: EBA publishes final draft technical standards on business indicators

The EBA has published three final draft implementing and regulatory technical standards (ITS/RTS) on operational risk capital and supervisory reporting under the CRR.

The final draft RTS concerning the calculation and adjustments of the business indicator (BI):

- refine the BI components, incorporate updates to accounting standards, detail breakdowns of operational risk impacts and exclusions and provide further clarifications on the approaches for calculating the financial component;
- mandate the use of actual three-year historical data when an institution undergoes a merger or acquisition, and provide alternative methodologies where this is not feasible; and
- outline conditions for excluding BI items related to disposed entities, while a materiality threshold for disposals is introduced, allowing adjustments without supervisory permission for minor disposals.

The ITS on BI mapping match the standard items for each component of the BI to their respective reporting cells in FINREP. They aim to ensure consistency and reduce implementation, administrative and operational costs.

Finally, the amending ITS on operational risk reporting introduce amendments to the operational risk reporting framework and are intended to assess compliance with operational risk own funds requirements. They enhance existing reporting requirements by requesting additional details on the calculation of business indicator components to ensure that supervisory authorities have access to essential data to fulfil their mandates, while also considering the effort required by institutions to meet these data requirements.

CRD4: EBA consults on draft RTS on acquisitions of qualifying holdings in credit institutions

The EBA has launched a consultation on draft RTS specifying the list of minimum information to be provided to the relevant competent authority at the time of the notification of a proposed acquisition of qualifying holdings in a credit institution. The RTS are intended to harmonise the minimum content of the notification to the competent authority of the target credit institution with a view to supporting a harmonised prudential assessment of the proposed acquisition against the five assessment criteria set out in the Capital Requirements Directive (CRD4).

Amongst other things, the draft RTS require information on the proposed acquirer's identity, reputation and financial soundness. To support the assessment of the sound and prudent management of the target credit institution, the proposed acquirer is requested to submit a business plan, with more specific information in case of control acquisitions. Information on the legitimate origin of the sources of funding is also requested, in order to assess suspicions of money laundering or terrorist financing risk.

Comments are due by 18 September 2025.

ESMA consults on methodology for computing EU Member States' market capitalisation and market capitalisation ratios

The European Securities and Markets Authority (ESMA) has launched a consultation on the methodology for calculating market capitalisation and market capitalisation ratios, as mandated by the Directive on faster and safer relief of excess withholding taxes (FASTER Directive).

The FASTER Directive sets out that EU Member States whose market capitalisation exceeds 1.5% of the total EU market capitalisation for four consecutive years will be subject to specific requirements relating to withholding tax relief. Additionally, from 2026 ESMA will have to publish the relevant annual figures relating to this provision.

ESMA's proposed methodology for determining market capitalisation ratios across EU Member States is intended to align with existing transparency frameworks and uses transaction data reported under MiFIR. It sets out the approach to computing share prices, calculating market capitalisation at instrument and company levels, and aggregating these figures to determine each Member State's market capitalisation ratio.

Comments are due by 25 July 2025.

EMIR 3.0: ESMA publishes final report on active account requirement

ESMA has published its final report on RTS specifying the conditions under which the active account requirement (AAR) should be met under the revised European Market Infrastructure Regulation (EMIR 3.0).

Following responses to its November 2024 consultation, ESMA has made amendments to the RTS in order to, among other things:

- streamline the operational conditions and stress-testing requirements; and
- simplify the reporting requirements related to risks and activities, the representativeness obligation and the fulfilment of the operational conditions.

The draft RTS will be submitted to the EU Commission for endorsement, following which they will be subject to scrutiny by the EU Parliament and the EU Council before being published in the Official Journal.

The Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025 made

The Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025 (SI 2025/688) have been made.

The Regulations amend the Payment Services Regulations 2017 (PSRs) to impose new requirements on payment service providers (PSPs) in relation to the termination of framework contracts for payment services concluded for an indefinite period and entered into on or after 28 April 2026. In particular, PSPs will be required to give customers at least 90 days' notice before closing their account or terminating a payment service and to provide a clear explanation to customers in writing.

The Regulations also amend Regulations 25 and 26 of the Payment Accounts Regulations 2015 (PARs) to bring the notice period and explanation requirements in line with the amended PSRs.

The Regulations come into force on 28 April 2026.

HM Treasury publishes policy paper on buy-now, pay-later products and domestic premises suppliers

HM Treasury has published a policy paper setting out its plans to amend the buy-now, pay-later (BNPL) regime in relation to domestic premises suppliers (DPS).

Respondents to the Government's original consultation on BNPL regulation raised concerns that the proposed approach to DPS risked reducing consumer choice on small sum transactions. The Government was not able to reach a final view on the regulatory approach without delaying the BNPL legislation, so laid legislation in line with the approach outlined in its consultation. It committed to work with industry and the Financial Conduct Authority (FCA) to further consider its approach.

Following industry engagement, the Government has determined that the approach set out in the draft BNPL legislation is disproportionate. The policy paper sets out its intention to lay an amending negative statutory instrument to remove the requirement for DPS to have credit broking permissions to offer BNPL products. According to the Treasury, other consumer protections will remain, including:

- the requirement for BNPL lenders to perform affordability and creditworthiness checks before a consumer can use the product;
- the ability for BNPL users to address poor service through section 75 of the Consumer Credit Act and raise complaints through the Financial Ombudsman Service (FOS); and

the expectation on FCA-authorised BNPL lenders to comply with the FCA's Consumer Duty rules, which state that firms should regularly monitor and review consumer outcomes and have a greater oversight of the firms using their services - including DPS merchants.

HKMA clarifies promotion and sale arrangements under Southbound Scheme

Further to its circular dated 24 January 2024 on amendments to the implementation arrangements for the Cross-Boundary Wealth Management Connect Pilot Scheme (Cross-boundary WMC) in the Guangdong-Hong Kong-Macao Greater Bay Area (GBA) and the subsequent guidance, the Hong Kong Monetary Authority (HKMA) has issued a circular to clarify the promotion and sale arrangements under the Southbound Scheme of the Cross-Boundary WMC in the GBA.

The HKMA has clarified that, under the Southbound Scheme:

- upon request of a Southbound Scheme customer, a Mainland China partner bank can assist the customer in setting up a three-party dialogue (online, teleconference or video conference) with the Hong Kong bank in the place of business of the partner bank in Mainland China in relation to the Southbound Scheme services. This is on the condition that the partner bank has complied with relevant Mainland China regulatory requirements;

- the Hong Kong bank representatives can, in the above-mentioned three-party dialogue, introduce eligible wealth management products under the Southbound Scheme to the customer;
- the transactions carried out by Southbound Scheme investors via their dedicated investment accounts are subject to the protection of the laws and regulations and regulatory regime in Hong Kong;
- if Hong Kong banks make a solicitation or recommendation, they should comply with relevant suitability obligations and other regulatory requirements; and
- Hong Kong banks should set out clearly each party's responsibilities and obligations in the cooperation agreement with the partner bank regarding relevant cooperation. There should not be any indication which suggests that the partner bank is the agent or representative of the Hong Kong bank in Mainland China.

The HKMA has advised registered institutions that, for the arrangements of three-party dialogue under the Northbound Scheme of the Cross-Boundary WMC in the GBA, they should refer to Question 29 of the frequently asked questions set out in appendix to the Circular on implementation arrangements.

SFC concludes consultation on proposed limits for certain fees following implementation of uncertificated securities market

The Securities and Futures Commission (SFC) has published the conclusions to its February 2025 consultation on proposed limits for three types of fees that an approved securities registrar may charge investors following the implementation of the uncertificated securities market (USM) regime in Hong Kong. The fees are the following:

- a USI set-up fee, i.e. the fee for setting up a facility that enables a person to hold and manage prescribed securities that are in uncertificated form;
- a dematerialisation fee, i.e. the fee for converting any prescribed securities from certificated form to uncertificated form; and
- a transfer and registration fee, i.e. the fee for processing and registering transfers of any prescribed securities.

The SFC will incorporate the limits into the Code of Conduct for Approved Securities Registrars by amending certain descriptions in Schedule 1 as set out in Annex 2 of the consultation conclusions paper. The SFC has updated its dedicated USM webpage to include information about the proposed fee limits.

The SFC plans to implement the USM regime in early 2026. In the coming months, the SFC will increase engagement efforts together with the Hong Kong Exchanges and Clearing Limited and the Federation of Share Registrars Limited, to raise stakeholders' awareness and enhance understanding of the new regime.

MAS issues Notice to trustee-managers on prevention of money laundering and countering financing of terrorism

The Monetary Authority of Singapore (MAS) has issued Notice BTA1-N01 under section 16 of the Financial Services and Markets Act 2022 (FSM Act) to

set out requirements for trustee-managers of registered business trusts on anti-money laundering (AML) and countering the financing of terrorism (CFT).

Key provisions of the MAS Notice BTA1-N01 include:

- disclosure of trustee status - when a trustee-manager establishes contact (including the undertaking of a transaction) with a financial institution, a designated non-financial business and profession (DNFBP), or a variable capital company, whether in Singapore or abroad, relating to or during the course of its management and operation of the registered business trust as its trustee-manager, the trustee-manager is required to disclose to the financial institution, DNFBP or variable capital company that it is acting as a trustee of the registered business trust; and
- record keeping - a trustee-manager of a registered business trust:
- must ensure that all books and papers of the registered business trust are retained for a period of at least five years after the date on which the business trust is deregistered;
- may retain all books and papers of the registered business trust as originals or copies, in paper or electronic form or on microfilm, **provided that** they are admissible as evidence in a Singapore court of law; and
- must retain all books and papers of the registered business trust pertaining to a matter which is under investigation, or which has been the subject of a suspicious transaction report, in accordance with any request or order from Suspicious Transaction Reporting Office or other relevant authorities in Singapore.

The MAS Notice BTA1-N01 is effective as of 10 June 2025.

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