

CLIFFORD CHANCE

INTERNATIONAL REGULATORY UPDATE 10 – 14 MARCH 2025

- **CRD4: ITS on benchmarking of internal approaches for 2025 exercise published in Official Journal**
- **MiCA: RTS on format of order book records and transparency for CASPs operating a trading platform published in Official Journal**
- **MiCA: ESMA publishes official translations of guidelines on cryptoasset classification**
- **CSDR: EBA consults on RTS on threshold for prudential risk management requirements**
- **IOSCO publishes work programme for 2025**
- **IOSCO consults on artificial intelligence in capital markets**
- **IOSCO consults on neo-brokers**
- **UK Government publishes call for evidence on small businesses accessing debt finance**
- **Payment Systems Regulator to be abolished and its functions taken over by FCA**
- **FCA provides update on enforcement work and diversity & inclusion**
- **FCA invites applications for bond consolidated tape provider**
- **FCA sets out next steps in motor finance review**
- **FCA announces improvements to access and flexibility for mortgage borrowers**
- **FCA publishes Quarterly Consultation No. 47**
- **BaFin updates Money Laundering Act interpretation and application guidance**
- **DORA: Implementing decree published in Gazzetta Ufficiale**
- **Bank of Italy updates its rules on supervisory reporting for collective investment schemes**
- **MAS publishes information paper on governance and risk management of commodity financing**

CRD4: ITS on benchmarking of internal approaches for 2025 exercise published in Official Journal

[Commission Implementing Regulation \(EU\) 2025/379](#) amending the implementing technical standards (ITS) on benchmark portfolios, reporting

Clifford Chance's International Regulatory Update is a weekly digest of significant regulatory developments, drawing on our daily content from our [Alerts: Finance Industry service](#).

To request a subscription to our [Alerts: Finance Industry service](#), please [subscribe to our Client Portal](#), where you can also request access to the [Financial Markets Toolkit](#) and subscribe to publications, insights and events.

If you would like to know more about the subjects covered in this publication or our services, please contact:

International Regulatory Group Contacts

[Marc Benzler](#) +49 69 7199 3304
[Caroline Dawson](#) +44 207006 4355
[Steven Gatti](#) +1 202 912 5095
[Rocky Mui](#) +852 2826 3481
[Lena Ng](#) +65 6410 2215
[Gareth Old](#) +1 212 878 8539
[Donna Wacker](#) +852 2826 3478
International Regulatory Update Editor
[Joachim Richter](#) +44 (0)20 7006 2503

To email one of the above, please use firstname.lastname@cliffordchance.com

Clifford Chance LLP,
10 Upper Bank Street,
London, E14 5JJ, UK
www.cliffordchance.com

templates and reporting instructions under the Capital Requirements Directive (CRD4) has been published in the Official Journal.

Under CRD4, internal approaches used for the calculation of own funds requirements for market and credit risk are subject to an annual assessment by competent authorities.

The ITS have been amended for the 2025 benchmarking exercise to:

- change the instructions for credit risk benchmarking to specify the mandatory nature of reporting probability of default (PD) and loss given default (LGD) risk parameters with regard to the margin of conservativeness (MoC), regulatory add-on and downturn (DWT) components, which can be a source of variability in the models;
- reflect the postponed date of application of the new own funds requirements for market risk introduced by Commission Delegated Regulation (EU) 2024/2795; and
- expand the templates for the validation of the standardised approach to include additional portfolios compared to the 2024 benchmarking exercise, where only interest rates instruments were in scope.

The Implementing Regulation will enter into force on 1 April 2025.

MiCA: RTS on format of order book records and transparency for CASPs operating a trading platform published in Official Journal

The following EU Commission Delegated Regulations setting out regulatory technical standards (RTS) under the Markets in Cryptoassets Regulation (MiCA) have been published in the Official Journal:

- [Delegated Regulation \(EU\) 2025/416](#) specifying the content and format of order book records for cryptoasset service providers (CASPs) operating a trading platform for cryptoassets; and
- [Delegated Regulation \(EU\) 2025/417](#) specifying the manner in which CASPs operating a trading platform for cryptoassets are to present transparency data.

Both Delegated Regulations will enter into force on 3 April 2025.

MiCA: ESMA publishes official translations of guidelines on cryptoasset classification

The European Supervisory Authorities (ESAs) have published the [official translations](#) of their guidelines on the regulatory classification of cryptoassets by industry and supervisors under MiCA.

The guidelines establish a standardised test to ensure a common approach to the classification of cryptoassets. They also provide templates for market participants to use when communicating the regulatory classification of a cryptoasset to supervisors.

The guidelines will apply from 12 May 2025. National competent authorities must notify the ESAs whether they comply, do not comply but intend to comply, or do not intend to comply with the joint guidelines. Financial market participants and financial institutions are not required to report their compliance with the guidelines.

CSDR: EBA consults on RTS on threshold for prudential risk management requirements

The European Banking Authority (EBA) has launched a public [consultation](#) on RTS on the threshold of activity at which central securities depositories (CSDs) providing banking-type ancillary services need to meet certain prudential risk management requirements set out in the Central Securities Depositories Regulation (CSDR).

The RTS are intended to allow CSDs to carry out more settlement of foreign currency in commercial bank money without increasing the risk in CSDs or the overall financial system. They propose a threshold with staggered requirements dependent on a CSD's level and type of activity in banking-type ancillary services, which is aimed at ensuring that the threshold is risk sensitive and proportionate, without impacting market stability.

The consultation includes EBA analysis which shows that the maximum level of activity a CSD can provide before having to meet the requirements set out in CSDR is 2.5% of the total value of all securities transactions against cash settled in the books of the CSD over one year. This accounts for up to EUR 6.25 billion per year. If the total value of cash settlement over one year through accounts opened with designated credit institutions and CSDs is below 1.5% and does not exceed EUR 3.75 billion, CSDs would only have to meet basic prudential requirements on credit worthiness, liquidity risk management policy and procedures, and a recovery plan.

Comments are due by 16 June 2025. A public hearing is scheduled for 13 May 2025.

IOSCO publishes work programme for 2025

The International Organization of Securities Commissions (IOSCO) has published its [work programme](#) for 2025. The programme sets out five priorities:

- strengthening financial resilience, including prioritising issues related to non-bank financial intermediation and finalising revised recommendations and implementation guidance on open-ended funds liquidity management;
- supporting market effectiveness by addressing risks associated with pre-hedging practices and reviewing its principles for the valuation of collective investment schemes;
- protecting investors including launching I-SCAN, IOSCO's new investor alerts portal;
- addressing risks in sustainable finance and fintech, including launching a pilot Crypto and Digital Assets (CDA) Implementation Monitoring initiative, working with the Committee on Payments and Market Infrastructures (CPMI) to strengthen the operational resilience of financial market infrastructures (FMIs), expanding its analysis of the sustainable bond market and ESG indices and conducting an assessment of the implementation of its sustainability-related recommendations for asset management; and
- promoting regulatory cooperation and effectiveness, including continuing to monitor implementation aspects of the International Sustainability Standards Board (ISSB) standards and support growth and emerging markets (GEM) jurisdictions in adopting the ISSB sustainability standard.

The programme also sets out key initiatives under the five priorities and their indicative timeline for finalisation.

IOSCO consults on artificial intelligence in capital markets

IOSCO has published a [report](#) which explores the rise of artificial intelligence (AI) use in capital markets and its impact on investors globally.

The report concludes that:

- firms are increasingly using AI to support decision-making processes in applications and functions such as robo-advising, algorithmic trading, investment research, and sentiment analysis. AI is also being used to enhance surveillance and compliance functions, particularly in anti-money laundering (AML) and counter-terrorist financing (CFT) measures;
- firms are using recent advancements in AI to support internal operations and processes through task automation, to enhance communications, and to improve risk management functions;
- risks most commonly cited with respect to the use of AI systems in the financial sector include malicious uses of AI, AI model and data considerations, concentration, outsourcing, and third-party dependency, and interactions between humans and AI systems;
- industry practices are evolving, with some financial institutions incorporating AI into existing risk management and governance structures, and others establishing more bespoke frameworks; and
- regulatory responses to the use of AI in the financial sector are also evolving, with some regulators applying existing regulatory frameworks to AI activities, and others developing new regulatory frameworks to address the unique challenges posed by AI.

Comments on the report are due by 11 April 2025.

IOSCO consults on neo-brokers

IOSCO has published a [consultation report](#) on neo-brokers.

The report defines neo-brokers as a subset of brokers characterised by providing online-only investment services and by the absence of physical operating branches, using technology to facilitate those services and access to financial markets. It notes that neo-brokers have very limited or no human interaction with the retail investors who use their services, and that their selling point is the immediate and user-friendly nature of their services, mostly with access via mobile apps and websites, often advertised as providing no or low-commission trading.

The consultation report considers feedback from IOSCO members who provided information on the activities of neo-brokers in their jurisdiction. It identifies two areas which require specific action:

- potential risk of conflicts of interest mainly due to business models inducing retail clients to trade more frequently; and
- the need for solid IT infrastructure, given the online-only business model.

The report also sets out recommendations that member jurisdictions may consider applying, consistent with their relevant legal and regulatory framework. These recommendations relate to:

- the provision of appropriate disclosure of fees and charges from neo-brokers to retail investors and the way neo-brokers advertise themselves;
- the disclosure and consent that neo-brokers should provide and obtain from clients when offering them ancillary services to core trade execution services;
- the potential impact of non-commission related trading revenue (such as payment for order flow) on the best execution of neo-brokers' customer orders; and
- the robustness of neo-brokers' IT infrastructure.

Comments on the report are due by 12 May 2025.

UK Government publishes call for evidence on small businesses accessing debt finance

The UK Government has published a [call for evidence](#) seeking views, evidence and experiences of small businesses applying for and accessing debt finance in the UK.

The call for evidence covers all aspects of:

- the lending market;
- the demand for finance;
- the application and approval process;
- alternative models of finance; and
- under-served customers.

The Government's aim is to assess how far existing policies meet the needs of business and the lending sector in overcoming barriers to finance and understand where it may be able to provide further support to create growth.

Comments are due by 8 May 2025.

Payment Systems Regulator to be abolished and its functions taken over by FCA

The UK Government has [announced](#) its intention to consolidate the Payment Systems Regulator (PSR) and its functions primarily within the Financial Conduct Authority (FCA). The Government intends to consult on the details of the proposal over the course of the summer, and to legislate as soon as possible. The Government has stressed that there will be no immediate changes to the PSR's remit or ongoing work programme, and that the PSR continues to have access to its statutory powers until legislation is passed by parliament to enact the plans. In the interim period, the Government expects the PSR and FCA to work closely together to help realise the benefits of a streamlined regulatory environment and make the transfer of any functions to the FCA as smooth as possible.

FCA provides update on enforcement work and diversity & inclusion

The FCA has published a [letter](#) to the Treasury Committee on its proposals to increase transparency around enforcement investigations, as well as on diversity & inclusion, non-financial misconduct and reviewing the removal of the bonus cap.

Given the lack of consensus and significant industry concerns, the FCA has confirmed that it will not take forward its proposal to shift from an exceptional circumstances test to a public interest test for announcing investigations into regulated firms. However, it does plan to proceed with the following aspects of its enforcement transparency proposals:

- reactively confirming investigations which are announced by others;
- public notifications which focus on the potentially unlawful activities of unregulated firms and regulated firms operating outside the regulatory perimeter; and
- publishing greater detail of issues under investigation on an anonymous basis.

The FCA intends to publish its final policy statement in this area by the end of June 2025, alongside an updated copy of its Enforcement Guide.

In 2023, the FCA and Prudential Regulation Authority (PRA) consulted in parallel on proposed rules and expectations aimed at improving diversity & inclusion in regulated firms. In light of the broad range of feedback received, expected legislative developments and to avoid additional burdens on firms at this time, the FCA and PRA have no plans to take the work further.

On non-financial misconduct, the FCA has emphasised that it continues to prioritise its work in this area, but it intends to take some further time and will set out its next steps by the end of June 2025.

Finally, the FCA has previously indicated that it will work with the PRA to review the impact of removing the bonus cap on gender pay and inequality, but given the time it will take for firms to make changes, the regulators will assess whether they will do this work in the 2026/27 financial year.

FCA invites applications for bond consolidated tape provider

The FCA has published a [tender notice](#) on applications for a bond consolidated tape provider (CTP).

In July 2023, the FCA announced its intention to establish a bond consolidated tape (CT) to ensure data accessibility in a cost-effective manner. The bond CTP will collect market data, including prices and volumes, from relevant trading venues and approved publication arrangements, and then disseminate the CT in a standardised electronic data feed to market participants.

The tender notice marks the commencement of the FCA's process to appoint a bond CTP. It includes an invitation to tender and a draft contract between the FCA and the CTP. The documents explain the award process, the standards and requirements the CTP will need to meet, the licences that the successful bidder will provide to CT users, instructions on how to participate in

the tender and the required information that firms must submit as part of the tender process.

The process will follow the following timeline:

- bidders will be invited to submit questions until 28 March 2025 and the FCA will respond to these by 9 April 2025;
- bidders will submit initial responses to a procurement specific questionnaire and invitation to tender questions by 25 April 2025;
- the FCA will review tender question responses and provide written feedback by 23 May 2025;
- bidders will be invited to submit their final bids by 13 June 2025;
- the FCA will make a decision on which bidders will proceed to a price auction (the e-auction), the second stage of the tender, by 18 July 2025; and
- the e-auction will commence at the beginning of August 2025.

The FCA notes that it is also considering the design of a CT for equities (shares and exchange traded funds (ETFs)).

FCA sets out next steps in motor finance review

The FCA has published a [statement](#) on the next steps in its review of the past use of motor finance discretionary commission arrangements (DCAs).

Since the launch of the review, the Court of Appeal judgment in *Johnson v FirstRand Bank Limited* [2024] EWCA Civ 1282 and two other related motor finance cases (*Wrench v FirstRand Bank* and *Hopcraft & Anr v Close Brothers*) has raised the possibility of widespread liability among motor finance firms wherever commissions were not properly disclosed to customers. The Supreme Court is set to hear an appeal against this judgment in April 2025 and the FCA has been granted permission to intervene in the case.

The FCA will take into account the Supreme Court's decision and is likely to consult on an industry-wide redress scheme, if it concludes that motor finance customers have lost out from widespread failings by firms. Under a redress scheme, firms would be responsible for determining whether customers have lost out due to the firm's failings and offer appropriate compensation. The FCA intends to set rules that firms must follow and put checks in place to make sure customers are properly redressed. The FCA believes that a redress scheme would be simpler for consumers than bringing complaints and would be more orderly and efficient for firms.

The FCA has revoked its plans to make a further announcement in May 2025 and will instead confirm within 6 weeks of the Supreme Court's decision if it is proposing a redress scheme.

FCA announces improvements to access and flexibility for mortgage borrowers

The FCA has [written](#) to the Economic Secretary to the Treasury on steps it is taking to improve access and flexibility for mortgage borrowers by simplifying responsible lending and advice rules for mortgages.

The FCA's planned work includes:

- reminding firms of the flexibility provided in the interest rate stress testing rule;

- launching a call for evidence on current and alternative approaches to stress testing;
- exploring how smart data can enhance mortgage products and services;
- consulting on proposals to make it easier for consumers to remortgage with a new lender, reduce their overall cost of borrowing through term reductions and discuss their options with a firm outside a regulated advice process;
- consulting on retiring guidance where the Consumer Duty now ensures consumer protection, such as the guidance on maturing interest-only mortgages; and
- launching a public discussion on the future of the mortgage market, including consideration of risk appetite and responsible risk-taking, alternative affordability testing and product innovation, lending into later life and consumer information needs.

FCA publishes Quarterly Consultation No. 47

The FCA has published its latest quarterly consultation paper ([CP25/4](#)) on proposed amendments to the FCA Handbook.

It is seeking feedback on its proposals to:

- amend the Training and Competence sourcebook to reflect changes in the names and activity numbers of appropriate qualifications and providers and to move qualifications no longer offered into a separate table (Chapter 2);
- re-align the disclosure requirements in the Banking: Conduct of Business sourcebook 4.3.4R(2) for non-ring-fenced bodies with the geographic scope of core deposits which must be ring-fenced, following changes to legislation (Chapter 3);
- ensure that the Financial Services Compensation Scheme's (FSCS's) electronic assignments (set out in the Compensation sourcebook 7.2.3AAR) are compatible with, and acknowledge requirements set out in, Scots law (Chapter 4);
- amend UK Listing Rules (UKLR) 11.5.5R (relevant related party transactions) to include a requirement from the old listing rules (LR 11.1.7R(4)) which had the effect of requiring the company to exclude the related party and their associates from voting on the shareholder resolution on the transaction (Chapter 5); and
- amend the Dispute Resolution: Complaints sourcebook to clarify the eligibility of complaints made against firms with whom the complainant has an indirect relationship, where the complainant is a beneficiary or a person with a beneficial interest in a personal pension scheme or stakeholder pension scheme (Chapter 6).

Comments are due by 14 April 2025 for Chapters 2, 3, 4, 5 and by 5 May 2025 for Chapter 6.

BaFin updates Money Laundering Act interpretation and application guidance

The German Federal Financial Supervisory Authority (BaFin) has [updated](#) its interpretation and application guidance on the German Money Laundering Act (Geldwäschegesetz - MLA) on the basis of the German Financial Market

Digitalisation Act (Finanzmarktdigitalisierungsgesetz – FinmadiG) of 27 December 2024.

The draft FinmadiG had already been considered for the purposes of the draft version of the guidance consulted on in the summer of 2024.

The updated version replaces the previous MLA interpretation and application guidance, as last updated on 29 November 2024. Among other things, the new version includes information on increased due diligence obligations for cryptoasset transfers from or to self-hosted addresses.

The guidance applies to all obliged entities under the MLA that are supervised by BaFin. A comparison showing all changes to the version of October 2021 is available on the BaFin website.

DORA: Implementing decree published in Gazzetta Ufficiale

[Legislative Decree No. 23 of 10 March 2025](#), which adapts Italian legislation to the Digital Operational Resilience Act (DORA) and implements the DORA Amending Directive, has been published in the Gazzetta Ufficiale.

Under the Decree, the Bank of Italy, Consob, IVASS, and COVIP are designated as the competent authorities and will take part in a supervisory forum. Financial entities must also report incidents to CSIRT Italy, part of the National Cybersecurity Agency, in addition to notifying their primary authority.

The Decree references Articles 42(6) and 50(2) of DORA, granting authorities powers for on-site inspections, document requests, and interviews. It integrates DORA requirements into existing legislation, including the Italian Banking Act.

Bank of Italy updates its rules on supervisory reporting for collective investment schemes

The Bank of Italy has [announced](#) the 24th update to its Circular No. 189 of 21 October 1993, which contains the statistical and supervisory reporting manual for collective investment schemes.

The update modifies supervisory reporting requirements to incorporate the new information requirements set out in ECB Regulation (EU) 2024/1988 of 27 June 2024 concerning investment funds other than money market mutual funds and money market SICAVs, and the measures introduced by Law No. 21/2024 (Capital Law), which simplified supervisory rules for externally managed SICAVs and SICAFs.

The Bank of Italy has summarised the changes, highlighting that the circular's structure has been revised. Notably, it now separates the reporting schemes and instructions for money market mutual funds and money market SICAVs from those that apply to other collective investment schemes.

MAS publishes information paper on governance and risk management of commodity financing

The Monetary Authority of Singapore (MAS) has published an [information paper](#) on governance and risk management of commodity financing.

The MAS conducted thematic inspections on selected banks in 2024 covering the effectiveness of the banks' governance and risk management of their commodity financing business, with an emphasis on lending standards and practices to the commodity trader client segment in the oil and gas sector.

The inspections focused on the following three themes: (a) governance and management oversight, (b) customer-level controls and monitoring, and (c) transactional-level controls and monitoring.

Overall, the MAS observed that the banks reviewed had generally established frameworks to provide oversight of commodity financing activity and processes to monitor the risks undertaken. However, there is room for banks to improve the effectiveness of implementation of these risk management measures.

The information paper sets out the MAS's supervisory expectations to guide banks in their governance and risk management of their commodity financing activity. The MAS requires all banks and finance companies to benchmark their governance and risk management practices against this paper and implement the necessary measures as appropriate given their organisational structures, business models, scale of operations and risk profiles. These financial institutions are also required to take into account relevant industry guidance as they consider the adequacy of their practices.

C L I F F O R D C H A N C E

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street,
London, E14 5JJ

© Clifford Chance 2025

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street,
London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to nomorecontact@cliffordchance.com or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

Abu Dhabi • Amsterdam • Barcelona • Beijing • Brussels • Bucharest • Casablanca • Dubai • Düsseldorf • Frankfurt • Hong Kong • Istanbul • London • Luxembourg • Madrid • Milan • Munich • Newcastle • New York • Paris • Perth • Prague • Rome • São Paulo • Seoul • Shanghai • Singapore • Sydney • Tokyo • Warsaw • Washington, D.C.

Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.