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EU Commission adopts omnibus simplification packages on sustainability and EU investments

The EU Commission has adopted the first two omnibus packages of proposals intended to simplify EU rules and boost competitiveness, and unlock additional investment capacity.

In particular, the first two omnibus packages include:

- a [proposal for a Directive](#) amending the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD);
- a [proposal which postpones](#) the application of all reporting requirements in the CSRD for companies that are due to report in 2026 and 2027 (wave 2 and 3 companies) and which postpones the transposition deadline and the first wave of application of the CSDDD by one year to 2028;
- a [draft Delegated Act](#) amending the Taxonomy Disclosures and the Taxonomy Climate and Environmental Delegated Acts subject to public consultation;
- a proposal for a Regulation amending the Carbon Border Adjustment Mechanism (CBAM) Regulation; and
- a proposal for a Regulation amending the InvestEU Regulation.

The legislative proposals will now be submitted to the EU Parliament and the Council for their consideration and adoption. The changes on the CSRD, CSDDD, and CBAM will enter into force once the co-legislators have reached an agreement on the proposals and after publication in the EU Official Journal. In line with its communication on simplification and implementation dated 11 January 2024, the Commission has called on the Parliament and Council to treat this package with priority, in particular the proposal postponing certain disclosure requirements under the CSRD and the transposition deadline under CSDDD, as they are intended to address key concerns identified by stakeholders.

The draft Delegated Act amending the current Delegated Acts under the Taxonomy Regulation will be adopted after public feedback, which is due by 26 March 2025. It will apply at the end of the scrutiny period by the EU Parliament and the Council.

EU Commission consults on commodity derivatives markets

The EU Commission has launched a [consultation](#) on the current regulatory landscape of commodity derivatives, emission allowances markets and certain aspects of spot energy markets.

The feedback received will feed into a report by the Commission to the EU Parliament and the Council intended to guide potential future policy initiatives to enhance the efficiency and resilience of EU commodity derivatives markets. The consultation covers all types of commodities, though the Commission notes the important role that energy derivatives markets play in the affordability of energy in the EU and the efficient functioning of the market.

Comments are due by 9 April 2025.

MiCA: EU Commission adopts RTS on record-keeping and on conflicts of interest for CASPs and ART issuers

The EU Commission has adopted three Delegated Regulations setting out regulatory technical standards (RTS) under the Markets in Cryptoassets Regulation (MiCA) to specify:

- the records to be kept of all cryptoasset services, activities, orders and transactions undertaken ([C\(2025\)1206](#));
- the requirements for policies and procedures on conflicts of interest for cryptoasset service providers and the details and methodology for the content of disclosures on conflicts of interest ([C\(2025\)1216](#)); and
- the requirements for policies and procedures on conflicts of interest for issuers of asset-referenced tokens ([C\(2025\)1220](#)).

MiCA: EBA responds to EU Commission’s partial rejection of draft RTS on authorisation for ART issuers

The European Banking Authority (EBA) has published an [opinion](#) in response to the EU Commission’s proposed changes to its draft RTS on the information to be provided to competent authorities when authorising the offer to the public of asset-referenced tokens or the admission to trade them under MiCA.

In the opinion, the EBA accepts the changes proposed by the Commission, in particular those considered as substantive, but also invites the Commission to consider amending the Level 1 text at the next available opportunity to include certain elements that were set out in the draft RTS originally submitted by the EBA, including the requirements of a market abuse policy, of an independent third-party audit about the issuer’s proprietary DLT that is operated by the issuer or by a third-party operator, and of a comprehensive notion of good repute aligned with the rest of the financial sector.

Capital requirements: EBA consults on draft ITS specifying data collection for 2026 benchmarking exercise

The EBA has published a [consultation paper](#) on its draft implementing technical standards (ITS) under the Capital Requirements Directive (CRD4) on the benchmarking of credit risk, market risk and IFRS9 models for the 2026 exercise.

The changes compared to the data collection for 2025 include new templates for market risk for the collection of the alternative internal model approach (AIMA) risk measures under the Fundamental Review of the Trading Book (FRTB). The EBA is also proposing to expand the scope of the exercise to banks that apply solely the alternative standardised approach (ASA) methodology. Only minor changes have been proposed for the credit risk framework.

Comments are due by 26 May 2025. A public hearing is scheduled for 10 April 2025.

ECB announces changes to use of external ratings for private sector assets in Eurosystem collateral framework

The European Central Bank (ECB) has [decided](#) to change the rules on the use of credit ratings issued by external credit assessment institutions (ECAIs)

to assess the eligibility of private sector assets for use as collateral under the Eurosystem collateral framework and to determine the haircuts to be applied to those assets.

Under the current rules, where multiple ECAI ratings exist, the Eurosystem selects the first-best rating for the purpose of assessing collateral credit quality. This approach applies to all assets other than asset-backed securities, for which a second-best rating rule is followed.

Under the new rules, all private sector assets will be assessed based on the second-best rating among the ratings from accepted ECAs. For assets with only one rating from an accepted ECAI, a one-notch downgrade will be applied to the available rating to determine the rating relevant for collateral purposes.

The decision also applies to the accepted non-euro area public sector, but the rules will remain unchanged for assets issued or guaranteed by the euro area public sector (e.g. euro area central, regional and local governments; international and supranational issuers located in the euro area whose shareholders are in the EU; and agencies recognised by the ECB.) These assets will continue to be assessed based on their first-best rating.

The change to the rules will enter into force no earlier than 18 months from 21 February 2025, to allow enough time to implement changes to the Eurosystem IT infrastructure. The ECB intends to announce the date of entry into force, together with technical details, in due course.

FSB Chair writes to G20 finance ministers and central bank governors on implementation of reforms and 2025 workplan

The Chair of the Financial Stability Board (FSB), Klaas Knot, has written a [letter](#) to G20 finance ministers and central bank governors ahead of their meeting on 26-27 February 2025.

In the letter, the Chair argues that shifting financial conditions and geopolitical uncertainty call for continued vigilance on financial stability. The letter sets out the work the FSB will undertake in 2025 to shift toward a greater focus on the promotion and monitoring of implementation of the key reforms under development or nearing completion. The FSB intends to undertake a strategic review of 15 years of monitoring reform implementation, which will provide insights into the effectiveness of the monitoring of post-global financial crisis regulatory reforms and identify areas where the FSB can make improvements in the tools it uses to ensure the consistent, global implementation of agreed reforms. An interim report is expected in October 2025.

The FSB is also conducting a peer review on the implementation of its global regulatory framework on cryptoasset markets and activities and global stablecoin arrangements.

FATF announces outcomes of plenary meeting and consults on payment transparency

The Financial Action Task Force (FATF) has [announced](#) the outcomes of its plenary meeting in Paris on 19-21 February 2025. Among other things, the plenary:

- agreed changes to the FATF Standards to better support a risk-based approach and financial inclusion;
- finalised work on combating financial flows related to online child sexual exploitation, with a report approved for publication in March 2025, aiming to protect children from harm;
- agreed to launch a further public consultation to support the implementation of the changes to the standards around financial inclusion;
- agreed to consult publicly on work relating to payment transparency and complex proliferation financing and sanctions evasions; and
- removed the Philippines from its increased monitoring following a successful on-site visit and updated its statements on high-risk and other monitored jurisdictions.

Following the meeting, the FATF has published its [consultation](#) on payment transparency. It focuses on revisions to Recommendation 16, Interpretive Note 16 and the related glossary of specific terms, to adapt them to the changes in payment business models and messaging standards. Comments are due by 18 April 2025.

Unauthorised Co-ownership Alternative Investment Funds (Reserved Investor Fund) Regulations 2025 made and laid

The Unauthorised Co-ownership Alternative Investment Funds (Reserved Investor Fund) Regulations 2025 ([SI 2025/216](#)) have been made and laid before Parliament according to the negative procedure.

SI 2025/216 is intended to support the Government's introduction of the Reserved Investor Fund, a new type of UK-based investment fund vehicle legally structured as an unauthorised co-ownership alternative investment fund (AIF).

Alongside the Co-ownership Contractual Schemes (Tax) Regulations 2025, SI 2025/216 enables the establishment of Reserved Investor Funds by ensuring that prospective investors have the appropriate rights and liabilities, and that there is appropriate provision for the making of contracts.

It will apply, with modifications, sections 261M to 261O and 261P(1) and (2) of the Financial Services and Markets Act 2000 (c. 8), which currently apply to investors in investment funds that are authorised contractual schemes, to investors in UK-based Reserved Investor Funds (or funds that were Reserved Investor Funds). This is intended to ensure that the Reserved Investor Fund is commercially viable to investors upon its introduction.

Subject to parliamentary approval, SI 2025/216 will come into force immediately after the Co-ownership Contractual Schemes (Tax) Regulations 2025 come into force.

FCA publishes portfolio letter on asset management and alternatives

The Financial Conduct Authority (FCA) has published a [letter](#) to Chief Executives setting out its current supervision priorities as regards its asset management and alternatives portfolio.

The letter sets out the FCA's key expectations in relation to the following supervisory priorities:

- supporting confident investing in private markets;
- building firm and financial system resilience against market disruption; and
- securing positive outcomes for consumers.

MiCA: CSSF issues circulars on EBA and ESMA guidelines

The Luxembourg financial sector supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), has issued five circular letters on the application and integration of the following EBA and European Securities and Markets Authority (ESMA) guidelines under MiCA into the CSSF's administrative and regulatory approach:

- [Circular CSSF 25/872](#) on the application of the EBA guidelines on the minimum content of the governance arrangements for issuers of asset-referenced tokens (EBA/GL/2024/06);
- [Circular CSSF 25/873](#) on the application of the EBA guidelines on recovery plans under Articles 46 and 55 of MiCA (EBA/GL/2024/07);
- [Circular CSSF 25/874](#) on the application of the EBA guidelines establishing the common reference parameters of the stress test scenarios for the liquidity stress tests referred to in Article 45(4) of MiCA (EBA/GL/2024/08);
- [Circular CSSF 25/875](#) on the application of the joint EBA and ESMA guidelines on the suitability assessment of members of the management body of issuers of asset-referenced tokens and of cryptoasset service providers, and of the joint EBA and ESMA guidelines on the suitability assessment of shareholders and members, whether direct or indirect, with qualifying holdings in issuers of asset-referenced tokens and in cryptoasset service providers (EBA/GL/2024/09 and ESMA75- 453128700-10); and
- [Circular CSSF 25/876](#) on the application of the EBA guidelines on redemption plans under Articles 47 and 55 of MiCA (EBA/GL/2024/13).

SFC proposes to relax position limits for key exchange-traded derivatives

The Securities and Futures Commission (SFC) has launched a [consultation](#) proposing to increase the position limits for exchange-traded derivatives based on the three major stock indices in Hong Kong.

The proposals are intended to enable Hong Kong's derivatives markets to keep pace with the growth in the market capitalisations of major stock indices and trading volumes of their constituents over the past years, without introducing additional risks to the markets.

To facilitate the hedging activities of market participants, the proposals will lift the current position limits for the futures and options contracts by: (i) 50% to

15,000 position delta for Hang Seng Index; (ii) 108% to 25,000 position delta for Hang Seng China Enterprises Index; and (iii) 43% to 30,000 position delta for Hang Seng TECH Index. The relaxation of position limits is intended to provide market participants with greater flexibility in managing positions, while also enhancing the liquidity and efficiency of both the derivatives and broader markets.

The SFC has indicated that to facilitate the implementation of the proposals, amendments will be made to the Securities and Futures (Contracts Limits and Reportable Positions) Rules and the Guidance Note on Position Limits and Large Open Position Reporting Requirements.

Comments on the consultation are due by 28 March 2025.

HKEX enhances stock settlement fee structure for securities market

The Hong Kong Exchanges and Clearing Limited (HKEX) has [announced](#) enhancements to the securities market stock settlement fee structure intended to improve market efficiency and ensure consistent fee application across all trade sizes.

The HKEX has taken the view that the current stock settlement fee structure, which includes a minimum fee of HKD 2 and a maximum fee of HKD 100, disproportionately impacts lower-value trades. To address this, the HKEX will remove the minimum and maximum fee components, and adjust the *ad valorem* rate to 0.42 bps (0.0042%) for each trade. The new fee structure is intended to be cost-neutral to the market as a whole, creating a more equitable fee structure across all trade sizes.

Additionally, the stock settlement fee for eligible market making trades for exchange traded products (ETPs) will be set at a rate of 0.20 bps (0.0020%), removing the minimum and maximum fees. This adjustment aligns with the historical costs of ETP market-making activities and aims to ensure the ongoing provision of liquidity to the ETP market.

The new fee structure, approved by the SFC, will come into effect in June 2025, ahead of the implementation of Phase 1 of the minimum spreads reduction, subject to market readiness. Further details regarding the specific date will be provided in due course.

SC-STs announces completion of interest rate benchmark transition from SOR and SIBOR to SORA

The Steering Committee for Singapore Dollar Swap Offer Rate (SOR) and Singapore Interbank Offered Rate (SIBOR) Transition to Singapore Overnight Rate Average (SORA) (SC-STs) has [announced](#) the successful completion of the transition from the SOR and SIBOR to the SORA. The announcement comes after banks successfully completed the SIBOR to SORA transition on 31 December 2024.

The SIBOR transition involved mainly banks' retail customers, as SIBOR was largely used in retail mortgage loans. The completion of the SIBOR to SORA transition, following the completion of the SOR to SORA transition on 30 June 2023, marks the conclusion of the overall SOR and SIBOR interest rate benchmark transition exercise which began in 2019.

The SORA is now the de facto standard for Singapore Dollar loan products. With the successful completion of the interest rate benchmark transition to SORA, the work of the SC-STS will draw to a close.

ASIC makes new clearing and settlement rules to promote competition

The Australian Securities and Investments Commission (ASIC) has made [new rules](#) to promote competitive outcomes in cash equity clearing and settlement (CS) services by requiring the Australian Securities Exchange (ASX) to provide its CS services on a transparent and fair basis, with a requirement to publish a comparison of fees against international providers.

Under the new rules, the ASX will be required to take all reasonable steps to:

- ensure that the pricing of its services is transparent, fair and reasonable;
- provide access to its covered services (including data) on commercial, transparent and non-discriminatory terms; and
- ensure that its core technology systems are designed and developed in a way that facilitates third-party access.

The new rules follow the ASIC's responses to the feedback received on its July 2024 consultation on proposed rules to facilitate competitive outcomes in cash equity CS services provided by the ASX Group.

The new rules will come into effect in three months.

RECENT CLIFFORD CHANCE BRIEFINGS

Finance Act for 2025 – Strengthening anti-abuse provisions against dividend stripping schemes

The Finance Act for 2019 originally introduced anti-abuse measures in French domestic tax law under Article 119 bis A of the French tax code (FTC) to combat dividend stripping schemes put in place to avoid withholding tax on French source dividends. While the French tax authorities (FTA) have been trying to tackle transactions of this nature over the last few months through various proceedings, those anti-abuse measures proved to lack efficiency, notably due to their scope considered too narrow. In this context, the Finance Act for 2025 is intended to considerably strengthen the legal means to address these schemes, namely through (i) including the concept of 'beneficial ownership' in the general provisions governing the French withholding tax on dividend distributions (art. 119 bis of the FTC) and (ii) widening the scope of the anti-abuse rules (art. 119 bis A of the FTC).

This briefing paper discusses the changes.

<https://www.cliffordchance.com/briefings/2025/02/finance-act-for-2025-strengthening-anti-abuse-provisions-against-dividend-stripping-schemes.html>

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