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Omnibus Simplification Package: EU Parliament approves CSRD and CSDDD stop-the-clock Directive

The EU Parliament has formally adopted the 'stop-the-clock' Directive, which forms part of the first omnibus package (Omnibus I), and postpones:

- by two years the entry into application of the Corporate Sustainability Reporting Directive (CSRD) requirements for large companies that have not yet started reporting, as well as for listed SMEs; and
- by one year the transposition deadline and the first phase of the application (covering the largest companies) of the Corporate Sustainability Due Diligence Directive (CSDDD).

To enter into force, the Directive now requires formal approval by the Council, which endorsed the same text on 26 March 2025.

CRR: EU Commission proposes permanent lower liquidity requirements for SFTs

The EU Commission has adopted a proposal for a regulation amending the Capital Requirements Regulation (CRR) to make the current treatment of short-term securities financing transactions (SFTs) under the net stable funding ratio (NSFR) permanent.

Under the Capital Requirements Regulation (CRR), some short-term SFTs currently benefit from lower liquidity requirements than those set out in the Basel III international standards. This transitional treatment is set to expire on 28 June 2025, after which the higher requirements of the Basel standards would apply. The amending regulation is intended to ensure a level playing field between EU and international banks, supporting the liquidity of EU financial markets.

The proposal will now be submitted to the EU Parliament and the Council for their consideration and adoption. The Regulation would apply from 29 June 2025.

MiCA: RTS and ITS on CASP authorisations, proposed acquisitions of CASPs and ART issuers, sustainability

indicators and information exchange published in Official Journal

The following Level 2 measures setting out regulatory and implementing technical standards (RTS/ITS) under the Markets in Cryptoassets Regulation (MiCA) have been published in the Official Journal:

- Commission Delegated Regulation (EU) 2025/300 setting out RTS on information to be exchanged between competent authorities;
- Commission Delegated Regulation (EU) 2025/305 setting out RTS specifying the information to be included in an application for authorisation as a cryptoasset service provider;
- Commission Delegated Regulation (EU) 2025/413 setting out RTS specifying the detailed content of information necessary to carry out the assessment of a proposed acquisition of a qualifying holding in an issuer of an asset-referenced token;
- Commission Delegated Regulation (EU) 2025/414 setting out RTS specifying the detailed content of information necessary to carry out the assessment of a proposed acquisition of a qualifying holding in a cryptoasset service provider;
- Commission Delegated Regulation (EU) 2025/422 setting out RTS specifying the content, methodologies and presentation of information in respect of sustainability indicators in relation to adverse impacts on the climate and other environment-related adverse impacts; and
- Commission Implementing Regulation (EU) 2025/306 setting out ITS on standard forms, templates and procedures for the information to be included in the application for authorisation as a cryptoasset service provider.

All six Regulations will enter into force on 20 April 2025.

ESAs publish evaluation report on Securitisation Regulation

The Joint Committee of the European Supervisory Authorities (ESAs) has published its evaluation report on the functioning of the Securitisation Regulation. The report identifies areas where the regulatory and supervisory framework can be enhanced to support the growth of securitisation markets in Europe. Key recommendations from the report include:

- clarifying the scope of the Securitisation Regulation;
- broadening the definition of public securitisation;
- introducing proportionality in due diligence requirements;
- simplifying transparency and reporting requirements;
- targeted changes to the STS framework;
- clarifying risk retention rules; and
- promoting greater supervisory consistency across Europe.

Recommendations from the report will feed into the EU Commission's legislative review of the securitisation legislative framework.

Listing Act: ESMA consults on simplified insider list formats

The European Securities and Markets Authority (ESMA) has launched a consultation proposing changes to the format for drawing up and updating insider lists, as part of the Listing Act amendments to the Market Abuse Regulation (MAR).

The Listing Act mandates ESMA to review the ITS on insider lists to extend the simplified format currently used by issuers on the Small and Medium Enterprises (SME) Growth Market to all issuers. The proposed changes are intended to reduce the administrative burden on issuers required to draw up and maintain insider lists under MAR.

Comments are due by 3 June 2025. ESMA intends to finalise the ITS and submit them to the EU Commission for adoption in Q4 2025.

ESMA clarifies status of bond consolidated tape provider

ESMA has published a press release encouraging all market participants to prepare for the start of the activities of the consolidated tape provider (CTP) for bonds.

According to ESMA, the EU Commission is expected to adopt the draft RTS shortly, and there has been no indication that there will be substantial changes made to the draft RTS. ESMA has encouraged market participants to use the draft RTS to procced with all preparatory steps necessary to be ready for the start of the activities of the CTP. The draft RTS set out the requirements for:

- data contributors' connection and contribution to the CTP, including those pertaining to input and output data of the CTP;
- the synchronisation of business clocks; and
- standards on bond transparency.

ESMA has also provided clarification on the possibility of granting a transition period to the selected and authorised CTP for bonds. It intends to adopt a decision on the selected applicant by July 2025, who will be selected to operate the CTP for five years and will be invited to apply for authorisation without delay. It has acknowledged the possibility of granting a short transition period to the authorised CTP, to ensure its readiness and the readiness of its contributors for the start of the CTP activities.

ESMA publishes annual peer review of CCP supervision

ESMA has published its annual peer review report on the supervision of EU central counterparties (CCPs) by national competent authorities (NCAs).

The review measures the effectiveness of NCA supervisory practices in assessing CCP compliance with the European Market Infrastructure Regulation (EMIR) requirements on outsourcing and intragroup governance arrangements.

The report concludes that the participating NCAs overall met the supervisory expectations in relation to the supervision of CCP's outsourcing and intragroup governance arrangements. In particular, the NCAs consistently assessed the CCPs' ongoing compliance with the respective regulatory requirements in EMIR. In the cases where NCAs only partially met supervisory expectations, ESMA has issued recommendations to address the shortcomings.

The review has also identified the need to promote further supervisory convergence in respect of the definition of major activities linked to risk management.

ESMA intends to follow up on the report's findings to identify, where relevant, the most appropriate tools to further enhance supervisory convergence.

MiFIR Review: ESMA consults on transparency requirements for derivatives

ESMA has launched a consultation on its proposals for various RTS specifying certain provisions set out in the Markets in Financial Instruments Regulation (MiFIR) Review.

Specifically, ESMA is seeking views on:

- the transparency requirements for derivatives, including the new deferral regime for exchange traded derivatives (ETD) and over-the-counter (OTC) derivatives, size thresholds, liquidity determination and deferral durations for post-trade transparency, as well as limited amendments for pre-trade waivers, and amendments to post-transparency fields and flags;
- amendments to the RTS on package orders which take into consideration the new scope and liquidity determination for derivatives; and
- amendments to the RTS on input/output data for the OTC derivatives consolidated tape including the data quality requirements for the prospective consolidated tape providers (CTPs) and data contributors.

Comments are due by 3 July 2025.

CSDR: ECB opines on proposed transition to T+1

The European Central Bank (ECB) has published an opinion on the EU Commission's legislative proposal for 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).

According to the opinion, the ECB agrees that:

- fast, efficient and reliable settlement is an essential precondition for developing the savings and investments union (SIU);
- the improved efficiency and resilience of post-trade processes that would be prompted by a potential move to T+1 would help to further promote settlement efficiency in the EU; and
- moving to T+1 would reduce impacts associated with misalignment with other major global jurisdictions where similar reforms have been carried out.

Platform on Sustainable Finance publishes report on advancing sustainable finance

The Platform on Sustainable Finance has published a report on advancing sustainable finance, setting out technical criteria for new activities and a first review of the Climate Delegated Act.

The report focuses on:

- reviewing and potentially recommending amendments to the technical screening criteria of the economic activities included in the Climate

Delegated Act, with a focus on transitional activities for which the Taxonomy Regulation stipulates a requirement for review every three years;

- developing technical screening criteria for a list of new economic activities; and
- developing 'do no significant harm' (DNSH) criteria for activities included in Annex II of the Climate Delegated Act as adapted activities.

SRB consults on expectations on valuation capabilities

The Single Resolution Board (SRB) has launched a public consultation on its expectations on valuation capabilities. The consultation is part of the SRB's engagement with industry to achieve its mandate and focus on improving crisis readiness under the Single Resolution Mechanism (SRM) Vision 2028 strategy.

The consultation aims to gather feedback on:

- valuation data index (VDI), providing information necessary to perform valuations. To reduce the burden on banks, the VDI is built upon existing documents already available at bank level. The VDI does not require any documents or information that is not already publicly available or accessible to the SRB;
- data repositories for resolution (DRR), outlining the minimum functionalities expected for the DRR. The DRR is expected to be populated with VDI information at predefined frequencies; and
- valuation playbooks, establishing the content and structure of such playbooks to help the independent valuer gain an in-depth understanding of banks' internal valuation models and their application in business processes.

Comments are due by 2 July 2025.

IOSCO reports on standards implementation monitoring for regulator principles

The International Organization of Securities Commissions (IOSCO) has published a final report on its review of IOSCO standards implementation monitoring (ISIM) for two of its principles relating to the regulator. Principles 6 and 7 address systemic risk and the perimeter of regulation.

Amongst other things, IOSCO found:

- a high level of implementation across the 55 jurisdictions from both emerging and advanced markets;
- there are some good practices but also a few areas where there is room for improvement, observed primarily in some emerging markets; and
- other jurisdictions lack a proper information-sharing framework among various regulators to manage systemic risk.

The report also sets out recommendations for certain jurisdictions under Principles 6 and 7.

PRA consults on depositor protection

The Prudential Regulation Authority (PRA) has published a consultation paper (CP4/25) on depositor protection under the Financial Services Compensation Scheme (FSCS).

CP4/25 sets out the PRA's proposals to increase the limits on the protection available to a firm's depositors from the FSCS if the firm fails. More specifically, the PRA is proposing to:

- increase the deposit protection limit from GBP 85,000 to GBP 110,000;
- increase the limit applicable to certain temporary high balance (THB) claims from GBP 1 million to GBP 1.4 million; and
- provide for a transitional period for firms to update disclosure materials relating to the protection limits and the availability of protection more generally.

The PRA is also proposing to update the rules that would be needed to facilitate the implementation of proposals made in the Bank Resolution (Recapitalisation) Bill, which include a new resolution tool enabling industry funds, provided via the FSCS, to be used to recapitalise a failing firm to support its sale or transfer to a bridge bank, where its use is judged to be in the public interest.

The proposals would result in changes to the Depositor Protection Part of the PRA Rulebook, supervisory statement (SS) 18/15 and the Deposit Guarantee Scheme statement of policy.

Comments on the Bank Resolution (Recapitalisation) Bill proposals are due by 30 April 2025. Comments on the FSCS proposals are due by 30 June 2025.

FCA issues policy statement on derivatives trading obligation and post-trade risk reduction services

The Financial Conduct Authority (FCA) has issued a policy statement (PS25/2) on the derivatives trading obligation (DTO) and post-trade risk reduction services.

PS25/2 provides a summary of the feedback the FCA received to its July 2024 consultation (CP24/14) and how it has responded to that feedback. It also outlines the final rules regarding the classes of SOFR OIS (secured overnight financing rate overnight index swaps) subject to the DTO, as well as the final rules framework to provide exemptions from the DTO, and other relevant obligations, for transactions arising from the use of post-trade risk reduction services.

The rules will be live from 30 June 2025.

BaFin issues general decree on diversity notifications

The German Federal Financial Supervisory Authority (BaFin) has issued a general decree (Allgemeinverfügung) on diversity notifications as of the reporting date 31 December 2024. The general decree applies to CRR credit institutions that are significant within the meaning of section 1 para 3c of the German Banking Act (Kreditwesengesetz - KWG).

This follows the new European Banking Authority (EBA) guidelines on benchmarking of diversity practices, including diversity policies and gender pay gap, under Directive 2013/36/EU and Directive (EU) 2019/2034 (EBA/GL/2023/08).

Article 91(11) of CRD4 requires supervisory authorities to collect data on diversity in institutions. The new guidelines, which are being applied for the first time this year, specify the concrete reporting content. In future, the report must be submitted by selected institutions every three years.

The national supervisory authorities must collect the information specified in the guidelines from participating institutions by 30 April 2025 and submit it to the EBA by 15 June 2025.

Since the legislative process to amend the KWG and the Notification Ordinance (Anzeigenverordnung - AnzV) accordingly could not be finalised in time for these reporting deadlines, BaFin has issued a general decree.

The EBA has published the list of participating institutions on its website.

CRR: BaFin publishes circular on right to choose ECAI credit assessments

BaFin has published circular 06/2025 (BA) on the right to choose an external credit assessment institution (ECAI) credit assessment in accordance with Article 495e of the CRR.

BaFin is exercising its option to derogate from Article 138(g) CRR, as amended by CRR3, and allow institutions to continue using an ECAI credit assessment in relation to an institution which incorporates assumptions of implicit government support until 31 December 2029.

The relevant institutions may use credit assessments by a nominated ECAI pursuant to Article 4(1)(99) CRR that has assumed implicit government support pursuant to Article 138(3) when preparing the assessments. BaFin has revised the circular following consultation 07/2025. Institutions no longer have to notify BaFin if they use credit assessments from ECAI rating agencies that assume implicit government support.

BaFin may disallow the use of ECAI credit assessments in certain cases.

The circular applies to institutions in scope of Article 6(1) or Article 11(1) CRR and which are categorised as less significant institutions (LSIs) in accordance with Article 6(4) of the Single Supervisory Mechanism (SSM) Regulation. It also applies to all institutions that are treated as if they were CRR credit institutions in accordance with Section 1a of the German Banking Act (KWG), unless they are exempt from Part 3 of the CRR. The circular also applies to the KfW (Kreditanstalt für Wiederaufbau).

The circular applies until 31 December 2029.

Luxembourg bill on gender balance among directors of listed companies and related measures published

A new bill (No. 8519) on gender balance among directors of listed companies and related measures has been lodged with the Luxembourg Parliament.

The purpose of the bill is to implement Directive (EU) 2022/2381 into Luxembourg law, introducing a quantitative target for the gender balance amongst directors of listed companies.

Companies whose shares are admitted to trading on a regulated market in one or more Member States and which have their registered office in Luxembourg must ensure that, by 30 June 2026 at the latest, members of the underrepresented sex occupy at least 33% of all board positions, both executive and non-executive.

The adoption of Directive (EU) 2022/2381 is based on the observation that (i) women continue to be significantly under-represented in the decision-making bodies of companies throughout the EU, and (ii) better representation of women in decision-making bodies would be beneficial for the companies themselves and for the economy in general.

In the interests of proportionality, Directive (EU) 2022/2381 is aimed primarily at large listed companies in the real economy, to the exclusion of micro, small and medium-sized enterprises.

The bill follows the option that members of the underrepresented sex occupy at least 33% of all directorships, both executive and non-executive, rather than foreseeing that members of the underrepresented sex occupy at least 40% of non-executive directorships, in order to increase the proportion of members of the underrepresented sex in all decision-making positions, and not just in the positions of non-executive directors.

The bill designates the Commission de Surveillance du Secteur Financier (CSSF) as the competent authority to which listed in-scope companies are required to provide information on the composition of their boards, and responsible for analysing and monitoring the gender balance on boards. The analysis and monitoring of gender balance on the boards of listed companies would thus be added to the CSSF's task of analysing financial and non-financial information.

In addition, for the purposes of implementing Article 10 of Directive (EU) 2022/2381, the Gender Equality Observatory (Observatoire de l'égalité entre les genres) established by the Luxembourg law of 7 November 2024 would be responsible for promoting and supporting gender balance on boards in accordance with the bill.

The publication of the bill constitutes the start of the legislative procedure.

Legislative proposal to strengthen financial education in Luxembourg published

A new legislative proposal (No. 8522) intended to strengthen financial education in Luxembourg and amend the Luxembourg law of 23 December 1998 establishing the CSSF, as amended (the CSSF Law), has been lodged with the Luxembourg Parliament by the opposition to the Government.

The proposal notes that financial education is a fundamental competence to enable citizens to manage their resources effectively, anticipate financial risks and make informed decisions on savings and investment. It further states that insufficient mastery of basic economic concepts leads to increasing difficulties for individuals, particularly relating to excessive debt, complex financial products and risks arising from the digitalisation of banking services.

The proposal further states that the OECD/INFE 2023 International Survey of Adult Financial Literacy has revealed gaps in Luxembourg, and that the national financial education strategy developed in 2015 by the CSSF has not given rise to an effective follow-up, even though challenges have multiplied with the emergence of cryptoassets, the rise of digital payment solutions and the diversification of savings and investment instruments.

Against this background, the proposal seeks to include financial education as an explicit structuring objective within the legislative framework governing the CSSF, so that this mission is part of its official powers and allows it to mobilise adequate budgets to guarantee an effective and sustainable implementation.

The publication of the proposal constitutes the start of the legislative procedure.

CSSF issues regulation setting countercyclical buffer rate for second quarter of 2025

The CSSF has issued Regulation No. 25-01 setting the countercyclical buffer rate for the second quarter of 2025.

The Regulation provides that the countercyclical buffer rate applicable to the relevant exposures located in Luxembourg remains set at 0.50% for the second quarter of 2025.

The Regulation entered into force on the date of its publication in the Luxembourg official journal on 2 April 2025.

DORA: CSSF issues communiqué on submission timeframe for registers of information

The CSSF has published a communiqué entitled 'DORA – Submission timeframe for register of information – eDesk Portal open as of 1 April 2025'.

The communiqué is addressed to Luxembourg financial entities supervised by the CSSF, except those under the direct supervision of the ECB. It is intended to remind financial entities subject to the Digital Operational Resilience Act (DORA) of their obligation to maintain and update at entity level, and at sub-consolidated and consolidated levels, a register of information in relation to all contractual arrangements on the use of ICT services provided by ICT third-party service providers.

Luxembourg financial entities must submit their register of information to the CSSF for further transmission to the ESAs at individual or consolidated level in line with Article 3 of the joint ESAs decision of 8 November 2024. Financial entities are required to submit their register of information as relevant to the CSSF between 1 April 2025 and 15 April 2025 via eDesk. For 2025 (the first year of submission), the reference date of the register of information is set at 31 March 2025, i.e., the register of information should contain all contractual arrangements entered into until 31 March 2025.

The CSSF has highlighted that the register of information must be submitted via eDesk in plain-csv files, enclosed in a .zip-file following a predefined folder structure and file naming convention, as defined by the ESAs. If the extension, folder structure or naming convention are not correct, the entity will not be able to upload the register on the eDesk platform. Further details on how to submit the register to the CSSF can be found in a dedicated user guide, linked to in the communiqué.

The CSSF has reminded financial entities that uploaded registers of information will be subject to validation checks to be performed by the CSSF in due time. In case errors are detected, the submitting financial entity will be invited to fix them and re-submit its register of information before 30 April 2025. During the month of May 2025, the ESAs will perform an additional second round of validation checks. Should the ESAs detect additional errors and consequently refuse the register of information on their side, the submitting financial entity must fix the detected errors and re-submit its register of information.

By way of disclaimer, the CSSF notes that in case financial entities will be assisted by third parties in the submission of their register of information, it should be kept in mind that providing access, even with a specific role, to the

eDesk portal to a third party entails the risk that such third party may have access to other eDesk reporting procedures, i.e., data of the financial entity that goes beyond the data strictly linked to the submission of the register of information, including potentially sensitive data. The CSSF invites financial entities to ensure that any third party with access to the eDesk Portal confirms strict compliance with the confidentiality obligations relating to the data that may be accessed. The financial entity remains solely responsible for the protection of its sensitive data in line with applicable regulations.

SFC proposes rule enhancements for IPO cases and post-IPO matters

The Securities and Futures Commission (SFC) has launched a consultation on proposed enhancements to the Securities and Futures (Stock Market Listing) Rules (SMLR) for initial public offering (IPO) cases and post-IPO matters, with a view to improving regulatory efficiency in Hong Kong's listing market and providing broader protection for the investing public.

The proposed enhancements follow an SFC review of the SMLR to examine whether the existing rules equip the SFC with sufficient targeted tools to ensure and encourage both listed issuers and listing applicants to make more transparent and accurate disclosures, as well as to address misconduct. The key technical enhancements to the SMLR include the following:

- an express provision for imposing continuing conditions on listing applicants – this is intended to allow a listing application to proceed on condition that, after listing, the issuer would be required to observe or comply with certain obligations or undertakings that are imposed in conjunction with the listing;
- an express provision for imposing post-listing conditions on listed issuers – this is intended to provide a less disruptive alternative action to a trading suspension;
- streamlining the procedures for resumption of dealings – this is intended to enhance the efficient handling of resumption cases, which should lead to shorter suspension times in relevant cases; and
- a right for an issuer aggrieved by the SFC's decisions (for example, imposition of conditions, suspension of trading or refusal to resume trading) to seek a full merits review by the Securities and Futures Appeals Tribunal – this is intended to provide an effective independent safeguard to ensure that the relevant regulatory decisions are made in a reasonable, proportionate and fair manner.

Comments on the consultation are due by 23 May 2025.

SFC updates grant scheme for open-ended fund companies and real estate investment trusts

The SFC has announced updates to the eligibility criteria of the grant scheme for open-ended fund companies (OFCs) and real estate investment trusts (REITs) to allow more participants to benefit from the scheme, and considering that the industry is becoming more familiar with the set-up of OFCs.

Since the launch of the grant scheme in May 2021, the SFC recorded a strong growth in the number of OFCs. As of end-February 2025, the number of registered OFCs in Hong Kong recorded a year-on-year increase of 81% to 502. In light of the growing demand, the Hong Kong Government announced

in its 2024-25 Budget the extension of the grant scheme for three years to 2027.

With effect from 11 April 2025, for OFCs incorporated in or re-domiciled to Hong Kong and SFC-authorised REITs newly listed on the Stock Exchange of Hong Kong Limited, the scheme will cover 70% of eligible expenses paid to Hong Kong-based service providers, subject to the following:

- a cap of HKD 300,000 per public OFC (currently HKD 1 million per public OFC);
- a cap of HKD 150,000 per private OFC (currently HKD 500,000 per private OFC);
- a maximum of one OFC per investment manager (currently three OFCs per investment manager); and
- a cap of HKD 5 million per REIT (currently HKD 8 million per REIT).

The SFC has indicated that, for grant applications that are submitted before 11 April 2025, the original parameters of the scheme will apply. The grant scheme, which operates on a first-come-first-served basis, will expire when the funding is fully disbursed or in May 2027, whichever is earlier. Upon the full utilisation of the funding, an applicant may not receive a grant at all or may only receive less than the original eligible grant amount. As a result of the scheme updates, the SFC has updated its set of frequently asked questions and the application form on the grant scheme for OFCs and REITs.

MAS consults on prudential treatment of cryptoasset exposures and requirements for additional Tier 1 and Tier 2 capital instruments for banks

The Monetary Authority of Singapore (MAS) has launched a consultation seeking feedback on proposed amendments to the standards relating to the regulatory framework for: (a) capital and large exposures for Singapore-incorporated banks, and (b) liquidity for banks in Singapore.

The proposed amendments are intended to implement the standards relating to the prudential treatment and disclosure of cryptoasset exposures published by the Basel Committee on Banking Supervision (BCBS) in December 2022 and July 2024 respectively and subsequently updated in July 2024 and November 2024.

The MAS intends to adopt the BCBS framework, which categorises cryptoassets into two groups:

- Group 1 for qualifying tokenised traditional assets (Group 1a) and cryptoassets designed to be redeemable for a peg value which is the value of predefined reference asset or assets and with effective stabilisation mechanisms (Group 1b). These will generally receive capital treatment similar to traditional financial assets; and
- Group 2 for cryptoassets that fail to meet all of the Group 1 classification conditions. These are subject to a more conservative capital treatment, reflecting their higher risks.

Amendments to the following notices are proposed to adopt and implement the BCBS standards on the prudential treatment and disclosure of cryptoasset exposures:

- MAS Notice 637 on risk based capital adequacy requirements for banks incorporated in Singapore;
- MAS Notice 649 on minimum liquid assets and liquidity coverage ratio;
- MAS Notice 651 on liquidity coverage ratio disclosure;
- MAS Notice 652 on net stable funding ratio;
- MAS Notice 653 on net stable funding ratio disclosure; and
- MAS Notice 656 on exposures to single counterparty groups for banks incorporated in Singapore.

In particular:

- on the eligible reserve assets for Group 1b cryptoassets, the MAS is proposing: (i) for cryptoassets that are pegged to one or more currencies, that the scope of eligible reserve assets is restricted in the manner set out in paragraph 2.6 of the consultation; and (ii) to specify a portfolio-weighted average residual maturity limit of three months;
- the MAS is seeking views on whether cash or securities received from repos, similar securities financing transactions or collateral swaps should be included in the scope of eligible reserve assets, and the safeguards to prevent artificial inflation of these reserve assets;
- the MAS is proposing that banks perform due diligence on the sufficiency of collateralisation of a Group 1b cryptoasset prior to the acquisition of the cryptoassets, and thereafter semi-annually as well as upon certain events. Certain statistical (basic risk test) or other tests should also be conducted as part of the due diligence.

In addition, the MAS proposes amendments to the Notice 637 to:

- revise the minimum requirements for Additional Tier 1 (AT1) and Tier 2 capital, such that AT1 and Tier 2 capital instruments which are issued to retail investors in Singapore cannot be included as regulatory capital. Capital instruments which are included as AT1 Capital and Tier 2 capital immediately before 1 January 2026, even if previously issued to retail investors, would be grandfathered and continue to be recognised as AT1 Capital and Tier 2 capital; and
- enhance the clarity of requirements on the computation of the capital conservation buffer and countercyclical buffer and the recognition of credit risk mitigation under synthetic securitisations.

The proposed amendments are intended to take effect from 1 January 2026.

Comments are due by 28 April 2025.

MAS proposes regulatory framework for retail private market investment funds

The MAS has launched a consultation seeking feedback on a proposed regulatory framework for retail investors to invest in private market investment funds.

Under the current regulatory framework for funds, retail investors in Singapore have limited access to private market investments such as private equity, private credit and infrastructure. The MAS has proposed a long-term investment fund (LIF) framework that adapts the existing requirements for authorised funds to private market investment funds in response to growing interest from retail investors for such investments. The proposed LIF framework is intended to provide retail investors access to private market investments in a risk-calibrated manner, as part of a diversified investment portfolio.

The proposed LIF framework proposes two fund types, each with a different set of proposed safeguards:

- Direct Fund – a fund structure that makes direct private market investments, which allows for greater visibility of the underlying assets; and
- LIFF – a long-term investment fund-of-funds (LIFF) that primarily invests in other private market investment funds, for investors who want to benefit from the LIFF manager's expertise in selecting and monitoring a diversified portfolio of private market investment funds.

Some of the types of safeguards the MAS is seeking feedback on include:

- manager expertise (i.e., minimum AUM, track record in private market investments, and at least 3 full time representatives);
- board independence;
- skin-in-the-game;
- smart money (i.e., minimum participation by sophisticated investors);
- investment strategy and permissible investors (e.g., minimum valuation for portfolio companies of a Direct Fund investing in private equity);
- concentration limits and diversification requirements;
- valuations;
- interested party transactions;
- redemptions (minimum of one redemption date per year for unlisted funds); and
- disclosure requirements.

Comments are due by 26 May 2025.

MAS responds to consultation on proposed legislative amendments to requirements for enhancing pre- and post- transaction safeguards for retail clients

The MAS has published its responses to the feedback it received on its July 2024 consultation on proposed legislative amendments to the following notices and guidelines to effect the proposed changes set out in its June 2021 consultation paper on requirements for enhancing pre- and post-transaction safeguards for retail clients:

- Notice on Recommendations on Investment Products (FAA-N16);
- Notice on Requirements for the Remuneration Framework for Representatives and Supervisors (Balanced Scorecard Framework) and Independent Sales Audit Unit (FAA-N20); and

- Guidelines on the Remuneration Framework for Representatives and Supervisors (Balanced Scorecard Framework), Reference Checks and Pre-Transaction Checks (FAA-G14) - as the proposed requirements relating to pre-transaction checks have been moved from FAA-G14 to the revised FAA-N16, the MAS will rename FAA-G14 as 'Guidelines on the Remuneration Framework for Representatives and Supervisors (Balanced Scorecard Framework), and Reference Checks'.

Amongst other things, the MAS has clarified the following in its response:

- a dealer providing execution-related advice will be exempt from the proposed requirements under the revised FAA-N16. However, all dealers are required to ensure that they implement processes to deliver fair dealing outcomes for their clients. The MAS intends to consult on a set of enhancements to the complex products regime in the coming months, which may include proposals relating to transaction safeguards for selected clients and have implications for transactions that are performed based on execution-related advice;
- in determining whether the client possesses 'adequate knowledge and experience', the financial adviser should avoid a checklist approach and make a holistic assessment, taking into consideration all relevant factors and the product that the client wishes to transact in;
- the MAS will not mandate that the sales process or documentation be conducted or provided in languages other than English;
- the purpose of the formal declaration regarding the assessment of a client's SC status is to put the onus on the financial adviser to properly identify whether a client qualifies as an SC. The MAS will not prescribe how the formal declaration on the assessment should be made. A financial adviser may choose to incorporate the formal declaration as part of its fact-find forms;
- the MAS will not require anti-money laundering checks to be conducted on the trusted individual (TI). The financial adviser should inform the SC that he/she should identify a TI who meets the TI criteria, confirm with the SC that the individual present during the sales and advisory process is the TI whom the SC identified, and exercise reasonable judgement on whether the TI meets the TI criteria during the process. The MAS will also not specify if the same or different TI should be present during the sales and advisory process, and the subsequent call-back;
- the requirement to provide an option for a client to cancel or modify a transaction will only apply where the recommended investment product is assessed to be unsuitable for the client during pre-transaction checks;
- the requirements under paragraphs 41N, 41P and 41Q of the draft FAA-N16 on the party to conduct checks, rectification of failures identified from checks, and record keeping apply to all clients;
- the MAS will set out a principles-based approach to conduct call-backs in the FAA-N16 and issue further guidance via the frequently asked questions (FAQs) on the notice; and
- the post-transaction client survey may be deemed to have been completed if: (a) the pre-transaction call-backs have been conducted by an independent party, and (b) the questions of the client survey have been incorporated into the pre-transaction call-backs. To avoid doubt, the

independent party can be the Independent Sales Audit Unit, a third party provider or compliance/risk management function of the financial adviser.

The revised notices, guidelines, as well as the FAQs on FAA-N16 and the BSC Framework will come into effect on 29 December 2025 (effective date). The MAS has indicated that it will provide a transitional period of nine months from the effective date of the amended notices, guidelines and FAQs. It strongly encourages financial advisers to consider early implementation of the revised requirements where possible.

MAS responds to consultation on proposed amendments to capital framework for approved exchanges, approved clearing houses and licensed trade repositories

The MAS has published its responses to the feedback it received on its December 2023 consultation on proposed amendments to the current capital framework for approved exchanges (AEs) and approved clearing houses (ACHs). The consultation was extended to include licensed trade repositories (LTRs) during the consultation period.

The MAS has indicated that, following the consultation feedback, it will issue a notice for the revised capital framework under the Securities and Futures Act 2001 (Notice), and set out consequential amendments under the Securities and Futures (Organised Markets) Regulations 2018, the Securities and Futures (Clearing Facilities) Regulations 2013, and the Securities and Futures (Trade Repositories) Regulations 2013, for AEs, ACHs, and LTRs (collectively, capital market financial market infrastructures (CM FMIs)) respectively (Regulations).

Amongst other things, the MAS has clarified the following in its response:

- the MAS will adopt the proposal for a separate liquidity requirement, requiring CM FMIs to maintain at all times liquid assets sufficient to cover at least six months of their annual operating expenses (based on audited figures), or an amount as assessed by the CM FMI that is needed to achieve recovery or an orderly wind-down, whichever is higher. This requirement will be set out in the Notice and CM FMIs are generally expected to hold liquid assets above the minimum requirement;
- operational risk component of the total risk requirement will be calculated as the higher of six months of annual operating expenses (including depreciation and amortisation expenses), or the amount to achieve recovery or orderly wind-down;
- matters relating to their capital are currently set out in the licensing approval conditions of the CM FMIs. These will be set out in the Regulations;
- on the requirement to notify the MAS before entering into any loan agreement (excluding any credit facility for day-to-day liquidity purposes), the MAS will shorten the minimum notification period to at least fourteen days. CM FMIs will be required to inform the MAS as soon as possible if they enter into any time-sensitive loan arrangements;
- a lower risk charge of 2% will be imposed on certain government and public sector entity securities (listed in paragraph 4.11 of the response paper). However, the MAS will retain the 10% investment risk charge on all other investments;

- the counterparty risk weight for unrated counterparties will increase from 50% to 100%;
- general counterparty risk requirement (GRR) should be calculated for any counterparty exposure faced by CM FMIs that are not already accounted for in other components of the capital framework. Under the Notice, there will be exclusions for exposures arising from: (a) interest receivables where principal amounts are already risk charged under the IRR or GRR, and (b) derivatives contracts entered into for hedging purposes; and
- the MAS will extend to LTRs the same set of proposals in the consultation paper, including any adjustment as noted in the response paper. The proposed capital framework for LTRs will be imposed via the same Notice, and the related reporting and notification requirements will be set out in the Securities and Futures (Trade Repositories) Regulations 2013.

The MAS intends to provide in-scope CM FMIs with a three-month transition period from the issuance of the finalised Notice and amended Regulations, to comply with the revised capital requirements. Entities that require more time to comply can seek the MAS' approval for an extended transition period of up to 12 months. The MAS will update CM FMIs upon issuing the finalised Notice and amended Regulations.

RECENT CLIFFORD CHANCE BRIEFINGS

Data Centre Insights 2025

As geopolitical focus intensifies around technology leadership, data sovereignty and environmental considerations, data centres and their role in the global digital economy are in the spotlight:

- governments are introducing or upgrading policies intended to boost digital infrastructure, including the development of data centres;
- data centres are a target of other forms of regulatory intervention, including trade and investment restrictions, creating a complex investment and deal landscape;
- power remains a key constraint, with its own regulatory challenges, a continued customer focus on sustainability and increasing competition for access to resources;
- the increasing scale and cost of data centre development is changing approaches to financing and attracting the attention of global capital; and
- the expansion and transformation the data centre sector has seen over the last few years has gone hand-in-hand with extensive deal-making – a trend we see as set to continue.

This briefing paper reviews the key trends impacting the data centre industry in 2025 and beyond.

https://www.cliffordchance.com/insights/thought_leadership/trends/2025/data-centre-insights-2025.html