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- **SFC sets out staking guidance for licensed virtual asset trading platforms and authorised virtual asset funds**
- **MAS consults on proposed amendments to AML/CFT notices and guidelines for financial institutions and variable capital companies**
- **ASIC publishes sustainability reporting regulatory guide. Follow this link to the briefings section.**

EMIR 3: ESMA consults on clearing thresholds

The European Securities and Markets Authority (ESMA) has launched a consultation on the new clearing thresholds under the review of the European Market Infrastructure Regulation (EMIR 3).

In particular, the consultation paper covers the following areas:

- proposals for a revised set of clearing thresholds;
- considerations for hedging exemptions for non-financial counterparties; and
- a trigger mechanism for reviewing the clearing thresholds.

The revised clearing threshold methodology focuses on the activity in over-the-counter (OTC) derivatives not cleared at an authorised or recognised central counterparty (CCP). This approach assesses the risk associated with uncleared activity to determine whether entities should be mandated to clear their OTC derivatives. The new methodology is intended to ensure a proportionate clearing obligation regime, focusing on entities with significant OTC derivatives activity and large uncleared positions.

Comments are due by 16 June 2025. Based on the feedback received, ESMA will publish a final report and submit the final draft regulatory technical standards (RTS) to the EU Commission by the end of 2025.

MiFID2: ESMA finalises RTS on firms' order execution policies

ESMA has published its final report on the draft RTS setting out the rules on how investment firms should establish their order execution policies and assess their effectiveness under MiFID2.

In particular, the RTS include requirements on:

- the establishment of an investment firm's order execution policy – this includes the classification of financial instruments in which firms execute client orders and the selection of venues for the order execution policy;
- the investment firm's procedures and criteria to monitor and regularly assess the effectiveness of its order execution arrangements and order execution policy;
- the investment firm's execution of client orders through own account dealing; and
- how an investment firm should deal with specific client instructions.

The final report has been submitted to the EU Commission.

MiFID2: ESMA highlights issues raised by fractional shares trading

ESMA Chair Verena Ross has written to the EU Commission regarding the evolution of trading in fractional shares and their classification as financial instruments under MiFID2.

In her letter, Ross warns that fractional shares are currently not regulated in a coherent manner across the EU and that this fragmented approach creates uncertainty, notably concerning investor protection and transparency requirements. Ross notes that neither MiFID2 nor MiFIR provides for a definition of shares or fractional shares and that, as a consequence, such instruments are defined and governed by national or case law. She argues that a consistent classification of fractional shares would help firms that want to offer fractional shares across the EU by eliminating barriers arising from national law and fostering a level playing field, and she invites the Commission to consider how best to provide clarity in this area.

MiFID2: ESMA publishes technical advice on Listing Act amendments to research regime

ESMA has published its final technical advice to the EU Commission on the amendments to the research provisions in the MiFID2 Delegated Directive ((EU) 2017/593) in the context of the Listing Act, in particular in relation to the payment for research and execution services.

MiFIR Review: ESMA publishes final technical standards on single volume cap, systematic internalisers and circuit breakers

ESMA has published a final report containing a package of three draft technical standards, as part of the MiFIR Review.

The final report contains:

- an amendment of the RTS on the application of the single volume cap and transparency calculations, including the phasing-out of daily reporting of transparency data for trading venues and approved publication arrangements (APAs);
- new implementing technical standards (ITS), which set out a qualitative regime for systematic internalisers (SIs) harmonising the notification content and clarifying the notification procedure to be followed by investment firms acting as SIs; and
- a recast of the RTS specifying organisational requirements for trading venues in order to integrate the new empowerment on circuit breakers and reflecting the changes stemming from the Digital Operational Resilience Act (DORA).

ESMA has indicated that the overall objective of the package is to ensure that the rules from the MiFIR Review are applied consistently, with simplification and burden reduction as the guiding principle.

The final report has been submitted to the EU Commission, which now has three months to decide whether to endorse the draft technical standards.

ESMA consults on rules for external reviewers of European Green Bonds

ESMA has launched a consultation on the remaining RTS for external reviewers under the European Green Bonds Regulation.

The RTS relate to the following aspects of the external reviewer regime:

- appropriateness, adequacy and effectiveness of systems, resources and procedures;
- authority, resources, expertise and access to relevant information of the compliance function;
- soundness of administrative and accounting procedures, internal control mechanisms and effectiveness of information systems controls;
- quality and reliability of sources of the information used for external reviews;
- information, form and content of applications for recognition; and
- notification of material changes in the information provided at registration.

Comments are due by 30 May 2025 and ESMA expects to publish a final report and submit the draft RTS to the EU Commission for adoption by 21 December 2025 at the latest.

ESMA publishes outcomes of common supervisory action on ESG disclosure rules for benchmark administrators

ESMA has published its final report on the outcome of the common supervisory action (CSA) on ESG disclosures under the Benchmarks Regulation (BMR), which it conducted with national competent authorities (NCAs) in 2024.

The final report recommends:

- potential amendments to the BMR Level 2 measures with the objective of alleviating the regulatory burden on benchmarks administrators; and
- enhancing transparency and comparability of ESG information for the benefit of users of benchmarks.

The report also considers the wider regulatory context on sustainable finance and the need to ensure consistency and compatibility of the ESG disclosure requirements across the various pieces of sustainable finance legislation.

ECON Committee publishes draft report on proposed transition to T+1 settlement by 11 October 2027

The EU Parliament's Economic and Monetary Affairs (ECON) Committee has published its draft report on the EU Commission's 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). The proposal sets 11 October 2027 as the date for the transition to T+1 settlement. This timeline is intended to give market participants sufficient time to develop, test and agree processes and standards to ensure an orderly and successful introduction of T+1 on EU capital markets.

The draft report welcomes the Commission's proposal and, in light of the technical nature of the proposal and the urgency of adopting it, the rapporteur is proposing that the EU Parliament should approve the proposal without amendments.

HM Treasury and FCA consult on regulation of alternative investment fund managers

HM Treasury has launched a consultation on its proposals for the future regulatory framework for alternative investment fund managers (AIFMs) and the depositories they use.

This will involve bringing into effect provisions to repeal firm-facing legislation based on the Alternative Investment Fund Managers Directive (AIFMD), thus removing detailed, firm-facing requirements from legislation and enabling the Financial Conduct Authority (FCA) to create a new UK regime for fund managers.

The Treasury's consultation is accompanied by an FCA call for input, setting out its proposed approach to the detailed rules for AIFMs. The FCA proposes a three-tiered approach to the regulation of AIFMs, with only the largest firms being subject to a regime similar to the current rules for full-scope UK AIFMs. Even for these firms, the FCA may remove some elements of prescriptive detail. A new mid-tier of firms would be subject to a comprehensive regulatory regime, covering all the same areas as the current regime, but without many of the prescriptive detailed requirements, to allow for greater flexibility. Small firms would be subject to core baseline standards.

The FCA is also proposing to streamline requirements for some different types of activities such as managing venture capital or listed closed-ended investment companies, to reflect the differences in their business models.

Comments on the HM Treasury consultation and the FCA call for input are due by 9 June 2025.

Following the consideration of responses to the consultation, HM Treasury will publish a draft statutory instrument on the regulatory framework for AIFMs. The FCA plans to consult on its proposed rules for AIFMs in the first half of 2026, subject to feedback and to decisions by the Treasury on the future regime.

FCA publishes annual work programme 2025/26

The FCA has published its annual work programme for 2025/26. The work programme sets out how the FCA intends to deliver on its four strategic priorities of:

- being a smarter, more efficient and effective regulator;
- supporting growth;
- helping consumers navigate their financial lives; and
- fighting financial crime.

Amongst other things, the FCA intends to:

- make it easier for firms to test innovative products and support new firms applying for regulatory approval, by providing every firm that uses the Regulatory Sandbox with an authorisation case officer from the start and extending its pre-application support service to all wholesale, payments, and cryptoasset firms;

- work with firms through its AI Lab in order to encourage innovation, deepen understanding and support the use of AI solutions to drive growth;
- let more firms know it is 'minded to approve' applications for authorisation when it thinks they can meet required standards;
- work with the Government to bring Buy Now Pay Later (BNPL) products into its regulatory regime, in particular by developing a rules framework to replace the disapplied Consumer Credit Act provisions on information disclosure; and
- build a new data-led detection capability to increase identification of financial crime and take action to tackle it.

The FCA has also published a consultation paper (CP25/7) on its regulated fees and levy rates proposals for 2025/26. It is proposing to increase minimum and flat rate fees, as well as application fees, by 2.5%. Comments on CP25/7 are due by 13 May 2025.

PISCES: FCA provides update and offers pre-application support

The FCA has published a statement providing an early update following the closure of its December 2024 consultation on the regulatory framework for the Private Intermittent Securities and Capital Exchange System (PISCES) sandbox (CP24/29).

The statement sets out the potential impact of the feedback the FCA received on its final rules, in order to support firms who intend to operate a PISCES and give them sight of the FCA's thinking as they are working up their plans. However, the FCA has emphasised that the final rules for PISCES remain subject to the FCA Board's agreement and that the positions outlined in the statement may be adjusted as the rules instrument for PISCES is developed. The final rules for PISCES will be set out in a policy statement, which the FCA expects to publish in June 2025.

The FCA has also indicated that it will now welcome requests from prospective PISCES operators for pre-application support and to provide preliminary feedback on proposed operating models and draft rulebooks.

PRA publishes business plan and consults on regulated fees and levies for 2025/26

The Prudential Regulation Authority (PRA) has published its business plan for 2025/26. The business plan sets out the workplan for each of the PRA's strategic priorities for 2025/26, which comprise:

- maintaining and ensuring the safety and soundness of the banking and insurance sectors and ensuring continuing resilience;
- identifying new and emerging risks, and developing international policy;
- supporting competitive, dynamic and innovative markets, alongside facilitating international competitiveness and growth, in the sectors the PRA regulates; and
- running an inclusive, efficient, and responsive regulator within the central bank.

The PRA has also published a consultation paper (CP8/25) setting out proposals for its fees for 2025/26, including:

- the fee rates to meet the PRA's 2025/26 Annual Funding Requirement (AFR);
- the introduction of a cost allocation to fund the PRA's activities in the Future Banking Data project;
- changes to internal model application fees, the model maintenance fee, the Special Project Fee for restructuring, the minimum fee and the new firm authorisation fee for Type 3 applications;
- changes to the fees rules for firms applying to cancel before the start of the fee year;
- setting out how the PRA intends to allocate the surplus from the 2024/25 AFR (Chapter 3); and
- the retained penalties for 2024/25 (Chapter 4).

Comments are due by 9 May 2025.

PRA highlights concerns regarding significant risk transfer financing activities and sets out prudential expectations

The PRA has written a letter to Chief Financial Officers to highlight practices it has observed in relation to illiquid and structured financing portfolios across regulated firms. In particular, the PRA has identified that for certain financing portfolios, banks have adopted an imprudent approach associated with the recognition of collateral for regulatory capital purposes, resulting in a potential undercapitalisation of the risks.

While the principal concerns outlined in the letter are informed by supervisory information received regarding significant risk transfer financing activities, the PRA expects firms to consider the application of the feedback contained in the letter to all relevant financing portfolios. The PRA has emphasised that banks engaged in these businesses should ensure that the regulatory capital approach they adopt appropriately reflects the substance of the transactions, including the liquidity of the underlying collateral.

Luxembourg Instant Payment Law enters into force

The Luxembourg law of 4 April 2025 amending, among other things, the Luxembourg law of 10 November 2009 on payment services (the Payment Services Law) in order to implement Regulation (EU) 2024/886 amending Regulations (EU) No 260/2012 (the SEPA Regulation) and (EU) 2021/1230 and Directives 98/26/EC (SFD) and (EU) 2015/2366 (PSD2) as regards instant credit transfers in euro (the Instant Payments Regulation) was published in the Luxembourg Official Journal (Mémorial A*)* (the Instant Payment Law).

The Instant Payment Law introduces targeted amendments into the Payment Services Law.

First, certain directly applicable amendments made by the Instant Payments Regulation to the SEPA Regulation are being made operational. Payment service providers (PSPs) carrying out ordinary credit transfers in euros will now also be obliged to provide services for sending and receiving instant payments in euros. To guarantee the security of instant transfers, the Instant

Payments Regulation requires PSPs to offer a service consisting of matching the beneficiary's name and its account identifier (IBAN), and to follow a harmonised procedure for monitoring financial restrictive measures.

The Instant Payment Law also introduces a regime of administrative sanctions and measures that can be imposed or taken by the competent Luxembourg regulator, Commission de Surveillance du Sectuer Financier (CSSF), in the event of failure by PSPs subject to its supervision to meet these legal requirements with regard to instant payments.

Second, the Instant Payment Law implements targeted amendments to PSD2 and SFD. These amendments concern the access by PSPs and electronic money institutions to payment systems designated at national level, as well as access by such entities to accounts with central banks for the safeguarding of customer funds.

The Instant Payment Law entered into force on 11 April 2025.

CSSF publishes new circular on revised EBA guidelines on ML/TF risk factors

The Commission de Surveillance du Secteur Financier (CSSF) has published Circular 25/878 on the adoption of the revised European Banking Authority (EBA) guidelines on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing (ML/TF) risks associated with individual business relationships and occasional transactions (EBA/GL/2021/02) and complementing CSSF Circular 23/842 and CSSF Circular 21/782.

The circular is addressed to all credit and financial institutions (as defined in Article 1(3) and (3bis) of the Luxemburg law of 12 November 2004 on the fight against ML/TF (AML Law), as amended), including cryptoasset service providers (CASPs) as well as, subject to Article 24-1 of the AML Law, virtual asset service providers.

The purpose of the circular is to inform its addressees of the publication of the EBA guidelines EBA/GL/2024/01 amending the guidelines EBA/GL/2021/02. The amending guidelines have applied since 30 December 2024 and are intended to promote a common understanding of the ML/TF risks associated with CASPs and the measures to be taken to manage the related risks.

The CSSF notes that key changes introduced by the amending guidelines include:

- distinct ML/TF risk factors pertaining to cryptoassets and CASPs in Title I of the guidelines;
- detailed instructions for credit and financial institutions in Title II of the guidelines, focusing on ML/TF risks linked to clients providing cryptoasset services, particularly those neither regulated nor authorised under the Markets in Cryptoassets Regulation (MiCA);
- a new guideline 21 providing CASPs with specific considerations for evaluating ML/TF risks in their business relationships. This encompasses risks associated with transactions involving, for example, unregulated entities, products with anonymity features and certain types of customers that may raise red flags; and
- new suggested mitigating actions for CASPs to employ in both high and lower ML/TF risk scenarios as part of Title II of the guidelines.

The circular applies with immediate effect.

CSSF publishes circular on revised EBA guidelines on information requirements in relation to transfers of funds and certain cryptoassets transfers

The CSSF has published Circular 25/879 on the adoption of the EBA guidelines on information requirements in relation to transfers of funds and certain cryptoassets transfers under Regulation (EU) 2023/1113 (EBA/GL/2024/11) ('Travel Rule Guidelines').

The circular is addressed to all payment service providers (PSPs), all intermediary payment service providers (IPSPs), all cryptoasset service providers (CASPs) and all intermediary cryptoasset service provides (ICASPs).

The purpose of the circular is to inform its addressees of the publication of the EBA guidelines EBA/GL/2024/11. The guidelines have applied since 30 December 2024 and set out common measures that PSPs, IPSPs, CASPs and ICASPs should put in place to detect and manage a transfer of funds or cryptoassets lacking the required information on the payer/originator and the payee/beneficiary, and how these procedures should be applied.

In addition, the guidelines provide for specific measures regarding the identification and assessment of the risks of money laundering and terrorist financing associated with the transfer of cryptoassets directed to or originating from a self-hosted address.

The CSSF notes that key points addressed in the guidelines include:

- information requirements;
- detection and management of missing information;
- risk-based approach;
- self-hosted wallets; and
- direct debits.

The circular applies with immediate effect.

Polish Ministry of Finance publishes draft Act Amending Act on Counteracting Money Laundering and Terrorist Financing

The Ministry of Finance has published a draft Act Amending the Act on Counteracting Money Laundering and Terrorist Financing which introduces, among other things, a number of changes in the functioning of the Central Register of Beneficial Owners. The legislator has indicated that the changes are related to the upcoming deadline for implementing the solutions set out in Directive 2024/1640 (6AMLD).

The new regulations will introduce changes in the way data are transferred to public authorities, and the key change will be that the register will no longer be fully public; access to it will only be possible after a legitimate interest has been demonstrated. This will be assessed on the basis of objective criteria and a request made by the interested party. The possibility of limiting data sharing is also provided for.

The draft Act has been submitted for public consultation.

National Working Group on Benchmark Reform Steering Committee approves updated roadmap for replacing WIBOR and WIBID benchmarks

The Steering Committee of the National Working Group on Benchmark Reform (NGR SC) has approved an updated roadmap for replacing WIBOR and WIBID benchmarks. The updated roadmap is the result of a review and analysis of alternative risk-free rate (RFR) type indices for WIBOR, which was completed in December 2024. As a result of this process, it was decided to select the POLSTR (Polish Short-Term Rate) index, based on unsecured O/N term deposits made by credit institutions and financial institutions, as the future interest rate benchmark to replace WIBOR and WIBID.

Among the key milestones for 2025 is the formal adoption of the documentation required under the provisions of the EU Benchmarks Regulation in relation to the proposal of the POLSTR index and the commencement of its publication. Meanwhile, the first issue of treasury bonds based on the POLSTR index is scheduled for December 2025.

HKMA issues standards for authorised institutions engaging in virtual asset staking services

The Hong Kong Monetary Authority (HKMA) has issued a circular in response to the growing interest of authorised institutions (AIs) in digital asset-related activities, including the provision of staking of virtual assets (VAs) as a service. The circular sets out the standards the HKMA expects of AIs relating to the provision of staking of VAs from custodial services to their customers.

The circular applies to AIs and subsidiaries of locally incorporated AIs that provide staking services from custodial services to their clients. The HKMA expects locally incorporated AIs to ensure that the business conduct, practices and controls of such subsidiaries comply with the circular. For the purposes of requirements set out below, the term 'AI' includes a subsidiary of a locally incorporated AI which provides staking services from custodial services. Amongst other things, the AIs are required to:

- maintain effective policies to prevent or detect errors and other improper activities associated with their staking services;
- implement internal controls to manage operational risks and address conflicts of interests that may arise;
- ensure that the staked client VAs are adequately safeguarded;
- disclose the risks that clients may be exposed to in using their staking services, including the types and nature of additional risks that the staked client VAs may be subject to, and the manner in which losses relating to such risks would be dealt with; and
- act with due skill, care and diligence when including a blockchain protocol for providing staking services – where the provision of staking services involves outsourcing to a third party service provider, AIs are required to perform proper due diligence and conduct ongoing monitoring on the third party service provider.

Before engaging in staking services, AIs are reminded to implement adequate policies, procedures, systems and controls to ensure compliance with the requirements set out in the circular and other applicable requirements, and to discuss with the HKMA in advance. AIs may also utilise the Supervisory

Incubator for Distributed Ledger Technology launched by the Banking Supervision Department of the HKMA to test their staking-related operations and controls.

SFC sets out staking guidance for licensed virtual asset trading platforms and authorised virtual asset funds

The Securities and Futures Commission (SFC) has issued a circular setting out its regulatory approach and expected standards in respect of licensed virtual asset trading platforms (VATPs) that wish to provide staking as a service to their clients.

The SFC recognises the demand from investors for staking services, and the potential for such activities to contribute to the security of the blockchain network. As a result, the SFC intends to allow VATPs to provide staking services to clients by modifying the conditions imposed on the VATP licence.

The SFC requires a licenced VATP to maintain measures to effectively prevent errors associated with the staking services, safeguard staked client virtual assets and ensure proper disclosure of risks to which such staked assets may be subject. VATPs interested in providing staking services are required to obtain the SFC's prior written approval. The SFC will impose specific terms and conditions, as detailed in the Appendix to the circular, on a VATP's licence before it may provide staking services.

Simultaneously, the SFC has revised its circular on SFC-authorised funds with exposure to virtual assets (VA Funds) to facilitate their engagement in staking. These VA Funds are required to stake virtual asset holdings only through licensed VATPs and authorised institutions, subject to a cap to manage liquidity risk. Prior consultation with and approval of the SFC are required for such funds intending to engage in virtual asset-related activities including staking. The revised circular supersedes the circular on SFC-authorised funds with exposure to virtual assets issued on 22 December 2023.

MAS consults on proposed amendments to AML/CFT notices and guidelines for financial institutions and variable capital companies

The Monetary Authority of Singapore (MAS) has launched a consultation seeking feedback on proposed amendments to its notices and guidelines for financial institutions (FIs) and variable capital companies (VCCs) on anti-money laundering (AML), countering the financing of terrorism (CFT) and countering proliferation financing (PF).

The MAS proposes amendments to the AML/CFT notices to:

- clarify that money laundering (ML) includes PF, and that the ML/terrorism financing (TF) risk assessments carried out by FIs and VCCs include PF risk assessments;
- align the wording of the MAS Notice TCA-N03 – Prevention of ML and CFT – Trust Companies with the Trustees Act 1967 and contemplated legislative changes, arising from the revised Financial Action Task Force (FATF) Recommendation 25. The Ministry of Law has recently made amendments to the Trustees Act 1967 to, among other things, bolster the legal framework in combating misuse of trusts, in order to reflect the revised FATF Recommendation 25 which was updated in February 2023. The MAS is proposing the corresponding similar amendments to its Notice TCA-N03 to enhance the definition of trust relevant party and make clear

the requirements to identify all related parties to a legal arrangement and to collect relevant information as necessary; and

- remove the requirement for FIs and VCCs to extend a copy of all suspicious transaction reports (STRs) filed with the Suspicious Transaction Reporting Office (STRO) to the MAS, as it already has direct access to these reports filed with STRO. Instead, FIs and VCCs will be required only to extend a copy of STRs filed to the MAS upon request.

The MAS is also seeking comments on proposed amendments to guidelines to the relevant AML/CFT notices to clarify and reflect supervisory expectations and guidance over the years. These include clarifications of the timelines for filing STRs, screening, source of wealth and source of funds establishment, and characteristics of a high-risk shell company. A broad overview of these amendments is set out in paragraph 2.15 of the consultation paper.

On the timelines for filing of STRs, the MAS proposes to amend the AML/CFT guidelines to state that the filing of an STR should not exceed five business days after suspicion was first established, unless the circumstances are exceptional or extraordinary. In cases involving sanctioned parties and parties acting on behalf of, or under the direction of, sanctioned parties, FIs and VCCs should file STRs as soon as possible, and no later than one business day after suspicion was first established. The MAS has not prescribed specific timelines for concluding STR investigations to establish suspicion. Nevertheless, the MAS expects FIs and VCCs to put in place robust controls and processes to ensure the timely review of suspicious transactions and mitigation of ML/TF concerns identified. This includes ensuring processes are in place to:

- identify and prioritise the review of concerns of higher ML/TF risks;
- ensure that such concerns of higher ML/TF risks are reviewed promptly; and
- escalate any such concerns of higher ML/TF risks that cannot be promptly reviewed to senior management, or a similar oversight body, for the application of appropriate ML/TF risk mitigation measures.

The proposed amendments are expected to take effect from 30 June 2025.

Comments on the consultation are due by 8 May 2025.

ASIC publishes sustainability reporting regulatory guide

The Australian Securities and Investments Commission (ASIC) has published a regulatory guide on sustainability reporting.

Regulatory Guide 280: Sustainability reporting (RG 280) provides guidance for entities (including companies, registered schemes, registrable superannuation entities, and retail corporate collective investment vehicles) that are required to prepare a sustainability report containing climate-related financial information under Chapter 2M of the Corporations Act 2001 (Cth).

RG 280 includes guidance on:

- who must prepare a sustainability report under the Act;
- the content required in the sustainability report;
- disclosing sustainability-related financial information outside the sustainability report (such as in disclosure documents and product disclosure statements); and

- ASIC's administration of the sustainability reporting requirements.

ASIC has indicated that it intends to take a proportionate and pragmatic approach to supervision and enforcement as the sustainability reporting requirements are being phased in. In that regard, ASIC will:

- consider how it can support reporting entities through guidance and continue to monitor practices;
- engage with reporting entities to understand the basis of disclosures in sustainability reports, where it identifies that a statement in a sustainability report is incorrect or misleading in any way. If concerns remain, ASIC may provide reporting entities with an opportunity to make changes or exercise its new direction powers; and
- commence an enforcement investigation where it sees misconduct of a serious or reckless nature, or where a reporting entity fails to prepare a sustainability report.

ASIC has the discretionary power to grant relief to a reporting entity from the requirement to comply with its sustainability reporting and audit obligations.

In assessing whether to grant relief from the sustainability reporting and audit requirements, ASIC will consider the underlying policy objectives of the sustainability reporting requirements, the users of the sustainability report, and established policy and precedents in relation to sustainability reporting and financial reporting.

Specific considerations apply for some applications for relief, including those relating to extensions of time to lodge sustainability reports, consolidated sustainability reporting relief and audit relief.

The sustainability reporting requirements are being phased in over three years across three groups of reporting entities (as set out in 'Table 2: Commencement of sustainability reporting requirements' of RG 280), with the first reporting cohort required to prepare sustainability reports for financial years commencing on or after 1 January 2025. The second and third reporting cohorts are required to prepare annual sustainability reports for the financial years commencing on or after 1 July 2026 and 1 July 2027 respectively.