

Outlook 2025

Grip on Financial Supervision



Finnius Outlook No. 11

Foreword

Overview. Control. No fear of missing out. This is why we provide our annual Finnus Outlook. For everyone who wants to keep a grip on what regulation and supervision is coming in the new year. A familiar concept that basically does not change and consists of several sections, with titles that will speak for themselves.

Please note the breakdown into sector-specific regulation (such as for crypto service providers and issuers, banks and insurance intermediaries) and cross-sector regulation (such as the Sustainability and DORA & AI specials). Furthermore, this year we complement the Finnus Outlook with a new special: the Supervision and Enforcement Retrospective. On that front, looking back offers good opportunities for anticipating the year ahead.

Finnus is also looking ahead to 2025 for itself. This year we celebrate our third anniversary. That will be a time to reflect on the enormous development our firm has gone through over the past 15 years. From a two-person firm to a still growing team of almost 20 lawyers, each with their own focus areas within financial supervision law. That growing team also requires more space. That is why we are expected to expand our office in Huys Asia on the north side of Amsterdam by a good number of m² in the course of the year. If this goes through, in addition to new meeting rooms and workplaces, we will have a beautiful view over the IJ River as a result. It is a nice addition to the view of the city we already enjoy. Naturally, we would like to share this with clients and other relations, for whom we want to organize various events.

Furthermore, the same trends that our clients face apply to our business operations. We therefore pay a lot of attention to the further development of our sustainability policy, to integrating AI solutions for the benefit of our clients and, of course, to digital resilience. And of course, we also continue to work with our clients on the various issues at hand.

Overview. Control. Away with the fomo. We are hereby pleased to once again share all our knowledge in this 11e Finnus Outlook.

On behalf of the entire Team Finnus,

Rosemarijn Labeur (chief editor)

- Would you like to brainstorm about the scope of new regulations?
- Need training for directors and/or commissioners?
- Need help determining the implications of new regulations?
- Would a checklist be useful to make extensive regulations more concrete?
- Need assistance with an M&A transaction?
- Seeking a compliance review of agreements?
- Need policy documents?
- Need advice on the impact of refinancing in light of capital requirements?
- In need of temporary inhouse assistance for specific projects?

Please feel free to contact us.



FINNIUS

Postal address:

Finnius
attn. editorial office Vooruitblik
Huys Azië
Jollemanhof 20A
1019 GW Amsterdam

Contact details:

Tel. 020 767 01 80
Fax. 020 767 01 81
E-mail info@finnius.com

www.finnius.com

Colophon

The Finnius Outlook 2025 is a publication of Finnius.

Editor-in-Chief: Rosemarijn Labeur

Editors: Sam Visser, Nathalie Gloudemans

Editorial office: Coreine de Boer

Authors: Bart Bierman, Casper Riekerk, Daniëlle van de Vijver, Gijs van Dijk, Guido Roth, Laurens Hillen, Marieke Spee, Marijke Kuilman, Marise Kok, Masha Advan, Maurice van Oosten, Pim Smith, Rens Budde, Rick Sanders, Rosemarijn Labeur, Tim de Wit

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GENERAL DEVELOPMENTS

This section deals with topics that, in general, cannot be specifically linked to one or certain players in the financial market, but are applicable in a broad sense to anyone operating in the Dutch financial market. The Supervision & Enforcement section here is a look ahead within that domain. The new special [Supervision and Enforcement Retrospective](#) is included as a separate section.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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SUPERVISION & ENFORCEMENT

AFM Trend Monitor 2025

On 14 November 2024, the AFM published its [Trend Monitor 2025](#), presenting its perspective on trends and associated risks concerning financial market supervision in 2025. The specific implications of these trends and risks for the AFM's supervisory activities will be detailed in the AFM Agenda 2025, scheduled for release in early 2025. This Outlook 2025 highlights topics from the report pertinent to particular sectors or subjects. In this section on General Developments, two overarching topics from Trend Monitor 2025 are discussed:

i. General developments. The AFM identifies four observations regarding general developments in the financial markets. Firstly, it notes that economic growth is expected to remain limited, despite inflation moving towards lower levels. Factors such as geopolitical tensions, cyber threats, and underwhelming AI performance may contribute to this. The global interconnectedness of financial markets means that unexpectedly severe negative economic news could pose a risk to financial stability. Additionally, if the crypto market continues to grow and becomes more intertwined with the traditional financial system, it could lead to financial stability risks. Lastly, the AFM observes that demographic developments (such as aging populations) may eventually shift financially vulnerable groups.

ii. Internationalisation. Another trend highlighted by the AFM is the ongoing internationalisation within the financial sector. Political shifts and geopolitical tensions are straining international relations, potentially leading to increasing divergence in regulations and regulatory arbitrage, particularly affecting relations between the EU, the US, and China. The AFM also notes, as in its Trend Monitor 2024, the increasing international nature of financial services, resulting in a broader range of offerings and a greater diversity of providers. However, the internationalisation of financial services also brings cross-border risks, such as a rise in cross-border market abuse. According to the AFM, these cross-border risks require an international approach.

DNB Supervision in focus 2024-2025

- **What?** On 11 November 2024, DNB published its [Supervision in Focus 2024-2025](#). This annual publication reflects on DNB's supervisory activities over the past year and outlines its priorities for 2025. DNB identifies

four key challenges, namely (i) economic and financial uncertainty, (ii) a harsher geopolitical climate, (iii) technological innovation, and (iv) increased cyber threats. In addition, DNB describes the main themes in its supervision. In line with its Vision on Supervision 2025-2028 (see below), DNB distinguishes between themes that are becoming embedded in regular supervision and those identified as focus areas for the next four years. The focus areas cited by DNB are (i) adapting to technological innovation, (ii) increasing cyber resilience, and (iii) monitoring geo-economic and political resilience. The specific sections of this Outlook 2024 highlight the topics from Supervision in Focus 2023-2024 for a particular sector or with respect to a specific topic

- **Who?** All financial institutions under the supervision of DNB.
- **When?** Effective immediately; DNB's Supervision in Focus focuses on DNB's supervision for the coming year.

DNB Vision on Supervision 2025-2028

- **What?** On 11 November 2024, DNB published its [Vision of Supervision for 2025-2028](#) (a similar document in English is [DNB Supervisory Strategy 2025 – 2028](#)). In this document, DNB sets out what financial institutions can expect from DNB's supervision in the coming years, consisting of (i) the core of DNB supervision, (ii) focus areas of DNB supervision, and (iii) themes from recent years that have since become embedded in DNB supervision. According to DNB, its core supervision focuses on risk-based, proportional, independent and transparent supervision, European and international cooperation, forward-looking approaches, providing clear guidance on open standards and effective enforcement of norms. The focus areas that DNB has highlighted in this regard for the coming years are (i) identifying and managing geopolitical risks, (ii) adapting to technological innovation and how this requires flexibility and agility, and (iii) increasing the financial sector's resilience to cyber threats. DNB sees tackling financial-economic crime, getting a grip on sustainability risks and steering governance and behaviour as embedded in its regular supervision.
- **Who?** All financial institutions under the supervision of DNB.
- **When?** Effective immediately; DNB's Vision on Supervision focuses on DNB's supervision for the period 2025 to 2028.

Note: See also our [blog](#) on navigating the supervisory relationship with DNB and the AFM (only available in Dutch).



Maximum penalties and time limits

- **What?** On 28 May 2022, the Ministry of Justice and Security published the draft [Bill](#) Streamlining Administrative Penalty Maximum and Time Limits for consultation. The proposed amendment to streamline maximum fines in administrative law more with the maximum fines from criminal law does not concern the maximum fines in financial regulatory laws such as the Wft and the Wwft, but does concern, for example, the fine maximum in the Whc. It is also proposed to change the limitation period (*verjaringsstermijn*) from Section 5:45 of the Awb for the imposition of a fine from five years to six years after the breach has occurred, in the case of offenses for which a severe fine can be imposed. On 8 April 2024, the Advisory Division of the Council of State issued its [opinion](#) on the bill, advising that (i) certain parts of the bill, such as the possible consequences of the proposal and increase of maximum criminal fines, should be further substantiated and (ii) the relationship between the bill and the possibilities under European law should be further examined.
- **Who?** Parties facing enforcement by the AFM or DNB.
- **When?** It is unclear at this time at which point in the legislative process the bill is currently in, but the Department of Justice and Security's [legislative schedule](#) indicates that the bill's submission was scheduled for Q4 2024.

Financial supervision costs

- **What?** The Financial Supervision Funding Decree 2019 is being amended by the Financial Supervision Funding [Amendment Decree](#) 2025. The Amendment Decree focuses on being able to pass on the costs for the supervision of crypto-asset service providers and stablecoin issuers as both falling under the Markets in Crypto-Assets Regulation (MiCAR) to these parties and revises the AFM's percentage allocation. In addition, the decree contains some other changes and clarifications, including adjustments to the category allocation and benchmarks, the possibility of being able to impose a levy on limited-risk life insurers, and a clarification of the course of action for consolidated supervision of banks.
- **Who?** All supervised institutions and in particular for crypto service providers and providers of stablecoins (asset-related tokens or e-money tokens).
- **When?** The amendments took effect from 1 January 2025, with the exception of an amendment to Appendix 1, Part B, Section 8 of the Financial Supervision Funding Decree 2019. The latter amendment will take effect on 1 January 2026.

Penalty categories change

- **What?** On 13 September 2023, the Ministry of Finance published the Financial Markets [Amendment Decree](#) 2024 for consultation. The decree aims to make amendments to the Decree on Conduct of Business Supervision of Financial Undertakings Wft (BGfo), the Decree on Prudential Rules Wft (Bpr) and some other decrees in the field of financial markets. One of the proposed amendments concerns adding and dropping some penalty categories. After the consultation period expired in October 2023, the [opinion](#) of the Advisory Division of the Council of State was published on 26 September 2024. This opinion makes some comments on the Amending Decree that the legislator should provide further justification for, but these comments only concern the codification of certain rules from the Code of Conduct for the Treatment of Personal Injury. The Division points out that laws and regulations should only be enacted if their necessity and proportionality are sufficiently justified, which would not be the case at present.
- **Who?** The proposal is relevant to supervised financial firms. The sections for the relevant individual players discuss the sector-specific elements of this proposal in more detail.
- **When?** It is not yet known when the Amending Decree will take effect, now that the Division has advised the legislature to come up with further justification for some parts. The Amendment Decree is expected to take effect in 2025, though.

EUROPEAN COMMISSION

Banknotes and coins as legal tender

- **What?** On 28 June 2023, the EC published a proposal for a [Regulation](#) on euro banknotes and coins as legal tender. The proposed regulation aims to protect the effectiveness of the status of currency as legal tender and ensure citizens' access to currency. The increased use of electronic payments, as amplified by the COVID-19 crisis, has led to a decline in cash payments. As a result, there has been some discussion at the European level about the legal status of cash and the lack of a definition of it in European legislation. With the proposed regulation, the EC aims to clarify the access to and acceptance of euro bills and coins, as well as to clarify that the digital euro should only be considered as a complement to, and not a replacement for, cash. The proposal is currently still before the Council.

- **Who?** All financial institutions, consumers and regulators.
- **When?** The proposal is currently still before the Council for first reading. We expect more clarity on the progress of the proposed regulation in 2025.

Combating late payments

- **What?** On 12 September 2023, the EC published a proposal for a [Regulation](#) on combating late payment in commercial transactions. The regulation will revise the existing late payment directive and is part of the EC's SME Relief Package. This package aims to meet the financing, competitiveness and market improvement needs of SMEs within the EU. The new regulation will apply stricter measures to combat late payments and ensure that the payment of interest and compensation fees becomes automatic and mandatory. It also includes new enforcement and redress measures for creditors to counter defaulters.
- **Who?** Particularly relevant to SMEs and financial market players providing financing to the SME sector
- **When?** In April 2024, the European Parliament published its [position at first reading](#), which proposed some changes. Based on the originally proposed text, the regulation will be applicable 12 months after its entry into force, but the European Parliament has proposed to make this 18 months. We expect more clarity on the progress of the proposed regulation in 2025.

CONSUMER PROTECTION

EU consumer programme

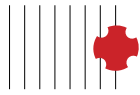
- **What?** In August 2023, the EC published an [evaluation document](#) on the EU Consumer Programme 2014-2020. The evaluation aims to assess the main results achieved and the overall performance of the 2014-2020 consumer program. These include effectiveness, efficiency, relevance, coherence and the EU added value of the actions financed. In addition, the EC aims to use the evaluation to identify key further challenges.
- **Who?** Particularly relevant for consumers, authorities and consumer organizations. But it may also be useful for financial institutions serving consumers in the EU to take a look at this.
- **When?** The consultation period ended on 4 September 2023. Publication of the final review is scheduled for the first quarter of 2025.

Contracts concluded at a distance

- **What?** The revised Distance Marketing of Consumer Financial Services [Directive](#) was published on November 28, 2023. This directive, in a new chapter in the Consumer Rights Directive, introduces new provisions for distance contracts for financial services to protect consumers in all kinds of commercial practices (and thus there will no longer be a separate directive specifically dealing with financial services in the future). The revised Directive:
 - clarifies the scope and safety net for financial services;
 - improves disclosure rules and modernizes pre-contractual information requirements (member states retain the option to impose even stricter national rules);
 - gives consumers the right to request human intervention on websites that use automated information tools, such as robotic advice or chatbots;
 - facilitates the exercise of the right of withdrawal from distance contracts by providing a withdrawal function in the service provider's interface that is easy to find; and
 - introduces additional protection for consumers against *dark patterns* (a user interface designed to trick users into unplanned actions, such as buying products they were not looking for).
- **Who?** Financial companies offering financial services at a distance to consumers.
- **When?** The revised directive entered into force on 18 December 2023. Member states are expected to have implemented the revised directive by 19 December 2025, after which the new provisions will apply by 19 June 2026. The Netherlands is in the process of [implementing](#) the directive, and says it is on track to implement the directive by December 2025.

Alternative dispute resolution

- **What?** In October 2023, the EC published a [proposal](#) to revise the Consumer Alternative Dispute Resolution Directive. With the proposal, the EC aims to make the framework, among other things, suitable for digital markets by having it cover all categories of EU consumer rights disputes. The Directive, if it is up to the EC, will apply to all infringements of EU law with a consumer protection dimension, e.g. related to misleading price indications, discriminatory practices, issues related to switching service providers, omission of pre-contractual information, portability of content, remedies related to the right to repair, etc., and thus a broader scope of application than the current Directive is envisaged
- **Who?** Particularly relevant to consumers, authorities and consumer organizations.
- **When?** The proposal is currently in the trilogue



between the EC, Parliament and Council. The [Council](#) and [Parliament](#) have now determined their negotiating positions. We do not expect parties to reach a negotiation result before mid-2025.

ACCESSIBILITY DIRECTIVE

Accessibility Directive

On 28 June 2025, the European [Accessibility Directive](#) will enter into force. The purpose of the Accessibility Directive is to increase the social participation of persons with disabilities or functional limitations. Therefore, the directive sets rules for making all kinds of products and services more accessible. The directive explicitly also applies to many different financial products and services. As the moment of application is fast approaching, we have a [blog](#) last year and the AFM has now published a [news release](#) and dedicated [webpage](#). Below we explain the relevant scope, the main regulations, a roadmap for compliance and the obligation to report to and supervise by the AFM.

The scope of the Accessibility Directive is broad and applies to most providers of products and services. The individual sections for [Financial Service Providers](#), [Lenders](#), [Investment Funds](#), [Investment Firms](#), [Payment Service Providers](#) and [EMIs](#), [Banks](#), [Crypto Services](#), [Insurers](#) and [Capital Markets: Issuers & Crowdfunding](#) elaborate further.

What roadmap for compliance can the market participant follow?

- 1. Determining scope.** Under which scope does the financial undertaking fall (provider of banking services to consumers, or provider of e-commerce services) and is an exception possible (micro-enterprise, fundamental change or disproportionate burden)? This determines the basis of the accessibility rules (Wft/BGfo or Book 6 BW) and which special set of accessibility rules apply additionally. Put an appeal to an exception in writing and review the judgment after five years.
- 2. Making the service accessible.** Determine which information, documents, and products used should be made accessible using the Annexes to the Accessibility Guidelines. Consider, for example, setting up an additional sensory channel or making text transformable.
- 3. Establish accessibility information.** Compile information about how the service is made accessible and document this on the company's channels and include an accessibility statement in the terms and conditions (or similar document).
- 4. Establish internal processes and training.** Adjust internal policies and procedures to ensure services

remain compliant. For example, consider revising the PARP and completing an additional check on processes for preparing client documentation or revising the website. Ensure accessibility knowledge is included in internal training policies.

Reporting obligation to and enforcement by the AFM
Accessibility regulations are not optional. The AFM is charged with supervision and enforcement for the financial sector (i.e. for both consumer banking services and financial e-commerce services). In doing so, the AFM may apply its usual instruments, such as an order under penalty payments or an administrative fine. When a firm discovers it is not compliant with the accessibility rules, it is obliged to report this "non-conformity" and the corrective measures taken to the AFM on its own accord.

EMIR

EMIR 3.0

- What?** On 4 December 2024, [EMIR 3.0](#) was published in the Official Journal of the EU together with an accompanying [Directive](#). Among other things, this amending regulation aims to make *EU clearing services* more attractive and resilient. The EC introduces, for example, the requirement for financial and non-financial counterparties to maintain an active account with *Central Counter Parties* (CCPs) in the EU (see also [Outlook 2023](#) and [2024](#)). On the active account requirement, ESMA published another [consultation paper](#) in November 2024, with the consultation period running until 25 January 2025.
- Who?** Counterparties, CCPs and market participants using CCPs.
- When?** EMIR 3.0 has been applicable since 24 December 2024, with some exceptions that will apply once the accompanying RTS are published (such as the changes to the clearing threshold calculation). The accompanying directive must be implemented by member states by 25 June 2026.

RTS IMMV under EMIR

- What?** EBA adopted final regulatory technical standards ([RTS](#)) on *initial margin model validation* (IMMV) under EMIR in July 2023. The RTS describe the supervisory procedures for the initial and ongoing validation of initial margin models that will be used to determine the level of margin requirements for uncleared over-the-counter derivatives (OTC derivatives). EBA proposes, among other things, a two-tier approach whereby larger counterparties are subject to a standard IMMV process and small counterparties are subject to a

simplified IMMV process. Simultaneously with the publication of the RTS, EBA issued an [opinion](#) on IMMV in its 3 July 2023 publication that, among other things, called for only large counterparties to be brought under the scope of the RTS. In December 2024, the EBA subsequently published a [no-action letter](#) calling on national regulators not to enforce with respect to initial margin models until the RTS and related guidance are finalized.

- **Who?** Regulators and counterparties using IMMV.
- **When?** It is currently unclear when the RTS will take effect, but its application by section will be phased in within three years of publication.

Equity options - bilateral margin RTS

- **What?** In a June 2023 letter, the ESAs [called on](#) EU legislators to clarify the exemption for non-centrally cleared equity options or index options (hereafter: equity options) under Delegated Regulation (EU) 2016/2251 with respect to risk mitigation techniques for OTC derivative contracts not cleared by a central counterparty (*bilateral margin RTS*). Indeed, stock options are exempt from margin requirements under EMIR. However, this exemption expired on Jan. 4, 2024. At the EU level, as part of the negotiations on EMIR 3.0, a [consensus](#) seems to be emerging that stock options will continue to be exempt. In anticipation of the entry into force of EMIR 3.0, the ESAs have prepared draft [technical guidance](#) to regulate the extension of the exemption for two years. The ESAs have also [urged](#) national regulators not to take enforcement action until the guidelines are adopted. At the time of writing, the Commission has not yet adopted the draft guidelines.
- **Who?** Parties entering into OTC equity options.
- **When?** For now, the exception expired on 4 January 2024, but legislation is in the works to extend the exception for two years. In the meantime, the ESAs have called for no enforcement action, and DNB has followed suit.

Intra-group contract exemption

- **What?** On 13 February 2023, the EC - in view of the EMIR review - extended the applicable regime of temporary exemptions for intra-group contracts by three years through two delegated regulations ([Delegated Regulation \(EU\) 2023/314](#) and [Delegated Regulation \(EU\) 2023/315](#)). Intra-group contracts will remain exempt from margin and clearing obligations under EMIR at least until June 2025.
- **Who?** Trade repositories, counterparties and CCPs.
- **When?** The transition period is now in effect until 30 June 2025.

Guidelines Trade Repositories

- **What?** ESMA has published an update to the [guidance](#) on trade repositories ahead of the entry into force of the new reporting requirements under EMIR REFIT. The purpose of the adjustments is to ensure that trade repositories calculate positions in a harmonized manner, and in line with Article 80(4) EMIR and the new standards under EMIR REFIT.
- **Who?** Trade repositories.
- **When?** The new guidelines have already been applicable since 28 October 2024, but there is a transitional regime until 28 April 2025.

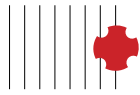
BENCHMARKS

Benchmark Regulation

- **What?** The EC published a [proposal](#) to amend the Benchmark Regulation (BMR) in October 2023. The proposal aims to address the following two shortcomings identified by the EC: i) there is insufficient proportionality in the current BMR, in particular because managers of non-essential benchmarks have to adhere to a registration requirement from the first use of a benchmark they offer, and ii) managers of non-EU benchmarks, often not supervised in their home jurisdiction, face significant additional compliance burdens in gaining access to the EU market via accreditation or approval. This risks reducing the number and variety of benchmarks available to EU users. The EC proposes, among other things, to limit the scope of the BMR to significant (and critical) benchmarks. Managers of non-significant benchmarks would then no longer have to comply with registration requirements. Also, the (temporary) recognition of third-country benchmarks (see below under the heading 'Transitional period for third-country benchmarks') should become a permanent solution for such parties to gain access to the EU.
- **Who?** Benchmark managers.
- **When?** The Parliament and Council reached preliminary [agreement](#) on the revised BMR in December 2024. Currently, the revised BMR is scheduled to take effect on 1 January 2026.

Transition period third countries

- **What?** On 23 October 2023, [Delegated Regulation \(EU\) 2023/2222](#) was published in the Official Journal of the EU. The delegated regulation governs the extension of the transition period for third-country benchmarks. The deadline was extended because the EC concluded that a majority of third-country benchmark managers had not taken the necessary steps to prepare for the end of



the transition period and to ensure the continued use of their benchmarks in the EU after that date.

- **Who?** Parties using third-country benchmarks.
- **When?** The transition period has now been officially extended to 31 December 2025 (it was 31 December 2023).

Information license/registration application

- **What?** ESMA published a [final report](#) in May 2023 following a review that took place of the information that must be provided in the context of an application for authorization and an application for registration under the BMR. In the report, ESMA makes concrete proposals on additional information to be provided. This could include how the provision of benchmarks is operationally separated from any part of the applicant's business activities to avoid conflicts of interest with respect to other business activities of the applicant.
- **Who?** Benchmark operators who wish to apply for licensing or registration.
- **When?** ESMA submitted the proposal to the EU for approval. For now, the EC has not adopted these proposals.

ESMA disclosure guidelines

- **What?** ESMA has consulted on new [guidelines](#) that lay out a new framework for periodic reporting. The purpose of the guidelines is to introduce a common approach to periodic reporting. This is achieved by creating cross-sectoral reporting requirements, which will ensure consistency among them. The guidelines also introduce two reporting calendars, requiring institutions to follow one of the two calendars depending on their risk profile.
- **Who?** Benchmark managers.
- **When?** The consultation is now closed. ESMA expects to present final guidance in Q1 2025.

ESMA governance expectations

- **What?** ESMA has launched a [consultation paper](#) outlining its governance expectations (particularly with respect to the board of directors and supervisory board) for benchmark managers directly under its supervision. ESMA's aim with the publication is to ensure that all ESMA supervised institutions are equally aware of ESMA's expectations in terms of, inter alia, division of roles, performance of duties, documentation, and composition of the (supervisory) board.
- **Who?** Benchmark managers.
- **When?** The consultation is now closed. ESMA expects to publish a final document in Q1 2025.

ESMA supervisory fees

- **What?** In June 2024, an EC [Delegated Regulation](#) appeared in the Official Journal of the EU harmonizing certain aspects of the supervisory fees charged by ESMA. The delegated regulation addresses what ESMA costs are reimbursed, how the contribution is calculated, and what turnover should be used as the basis for calculating the contribution of recognized third-country benchmark managers to ESMA's supervisory costs.
- **Who?** Benchmark managers.
- **When?** The delegated regulation came into effect on 1 January 2025.

Guidelines on internal management

- **What?** In December 2024, ESMA published (draft) [guidelines](#) for the internal management of, among others, benchmark managers. This guidance builds on the guidance ESMA issued in 2020 for credit rating agencies. The guidance sets out ESMA's expectations in the area of internal conduct of business, which can be used to establish a strong policy framework on the one hand and implement effective control functions (such as compliance) on the other. The draft guidance also discusses ESMA's approach to invoking proportionality in the implementation of internal business conduct.
- **Who?** Benchmark managers.
- **When?** Market participants can respond to the consultation until 19 March 2025. ESMA expects to present a final report in Q4 2025.

CSDR

CSDR

- **What?** On 27 December 2023, the [revision](#) of the Central Securities Depositories Regulation (CSDR) was published in the Official Journal of the EU. The CSDR revision aims to make securities settlement in the EU more efficient by (among other things) simplifying requirements and clarifying authorisation procedures. The revision should, among other things, encourage cross-border settlement by *Central Securities Depositories* (CSDs), facilitate cooperation and exchange of information between regulators, streamline the rules on mandatory *buy-in* (see also below under the heading "ESMA elaboration DLT pilot regime") and give CSDs access to banking ancillary services.
- **Who?** CSDs, CCPs, trading venues and market participants such as (bank) investment firms.
- **When?** The regulation entered into force on 16 January 2024. Certain provisions are applicable as of 1 May 2024, but some provisions also take effect as of 17 January 2025 and 17 January 2026.

Level 2 CSDR Refit

- **What?** ESMA published three [consultations](#) in the summer of 2024 to further flesh out new rules under the CSDR Refit. The shared documents address: (i) the assessment and evaluation process of EU CSDs, proposing harmonization of the information to be shared by CSDs on their cross-border activities and the risks to be taken into account by relevant authorities; (ii) third-country CSDs, proposing streamlining the information to be reported, with a view to accurately understanding the provision of services in the EU, thereby reducing the reporting burden; and (iii) the scope of settlement discipline, describing underlying causes of settlement failures that are not attributed to transaction participants, and the circumstances in which transactions are not considered trades.
- **Who?** CSDs, CCPs, trading venues and market participants such as (bank) investment firms.
- **When?** ESMA expected to share its technical advice on the scope of settlement discipline with the EC by 31 December 2024, but the current status of this is unknown. The remaining two documents should be shared with the EC by 17 January 2025.

Shortening settlement cycle

- **What?** In 2014, the CSDR introduced a requirement that all transactions in transferable securities executed on trading venues must be settled no later than the second business day after the trade (T+2). Due to recent developments, the question has arisen whether the settlement cycle of securities can be shortened. ESMA launched a [call for evidence](#) in 2023 to gather market opinions and qualitative evidence to better understand the (supposed) problem. The EC, ECB and ESMA issued a joint [statement](#) in October expressing support for a shorter resolution cycle (T+1). Following that, ESMA published its findings [report](#) in November 2024, which (indeed) suggested shortening the resolution cycle.
- **Who?** CSDs, CCPs, participants of a CSD/CCP, investment firms, fund managers and investors.
- **When?** ESMA has proposed that the transition to the new cycle take place simultaneously on 11 October 2027. The EC, ECB and ESMA have joined forces to work together toward this deadline.

Calculation of penalties

- **What?** ESMA published a final [report](#) in November 2024 suggesting how the penalty regime under CSDR could be adjusted. In the report, ESMA comes up with three recommendations to improve the fining regime, in its view: (i) alternative parameters to calculate the

fining regime: (i) fines for lack of cash, when the official overnight credit interest rate charged by the central bank issuing the settlement currency is not available; (ii) the treatment of historical reference prices for the calculation of late matching fines; and (iii) the design and level of fine rates for each asset class.

- **Who?** CSDs, CCPs, participants of a CSD/CCP, investment firms, investment fund managers and investors.
- **When?** The EC has considered ESMA's advice. It is not clear at the time of writing whether and if so how the EC will incorporate the advice into the revision of Delegated Regulation (EU) 2017/389.

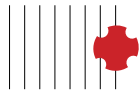
MARKET ABUSE REGULATION

Capital Markets Union

- **What?** Final versions of the regulation and guidelines that make up the Listing Act were published in November 2024. These developments are discussed in more detail in the relevant market participants' Outlook chapters. At this point, a brief interpretation of the impact of the [Regulation](#) in particular on the Market Abuse Regulation (MAR) will suffice, as the Regulation aims to simplify a number of provisions in the MAR. The Regulation regulates, for example, that in a "staggered process" such as an M&A transaction, not all information needs to be disclosed immediately. ESMA is also mandated to revise the implementing technical standards on the lightened format of insider lists for issuers admitted to trading on SME growth markets and have them made applicable to all forms of insider lists.
- **Who?** These proposals are relevant to, among others, securities issuers and financial companies that conduct transactions in listed institutions.
- **When?** The regulation has a graduated entry into force, with provisions entering into force on 4 December 2024, 5 March 2026 and 5 June 2026. For example, ESMA must deliver draft implementing technical standards related to insider lists to the EC by 5 September 2025.

Formation of tip money scheme

- **What?** In the [Collective Letter](#) Financial Markets 2024, the Minister returned, among other things, to the implementation of a motion adopted by the House of Representatives (*Tweede Kamer*) in which the legislator is asked, in brief, to identify all the implications of the AFM paying out tip money to prevent market abuse and to devise a regulation accordingly. The minister acknowledged in the letter that the implementation of



this motion is legally complex, and is therefore pending. For example, how best to protect the identity of the tipster must be considered. According to the minister, such a tip-off scheme is unique in Europe. This also makes it impossible to follow other precedents.

- **Who?** Tipsters and the AFM.
- **When?** The minister aims to submit a regulation for consultation in the spring of 2025. It will then be considered whether, in accordance with the motion, the regulation can be submitted to Parliament in the form of legislation.

OTHER DEVELOPMENTS

Financial Markets Amendment Regulation 2025

- **What?** On 29 November 2024, the Minister of Finance published the [Financial Markets Amendment Regulation 2025](#) in the Government Gazette. This amendment regulation makes changes to various ministerial regulations in the area of financial markets to eliminate a number of omissions and other inconsistencies. For example, a number of references have been added in the Regulation on the performance of duties and cross-border cooperation of financial regulators (Rtgs) to CRR and IFD, the Transparency Directive, the UCITS Directive and the Mortgage Credit Directive. A number of technical amendments have also been made to the Regulation on the designation of competent authorities for the supervision of securities transactions, the Wwft Implementation Regulation and the Wft Implementation Regulation, and the Temporary Regulation on Markets in Financial Instruments Directive 2014 is repealed due to MiFID II already being in force. As the amending regulation concerns technical changes without new policy, no public consultation took place.
- **Who?** All supervised financial companies.
- **When?** The amendments entered into force on 1 January 2025, except for the amendments to the Implementing Regulation Wft which, due to consistency with amendments to the BGfo, will coincide with the entry into force of the Financial Markets Amendment Decree 2024.

FIDA

- **What?** On 28 June 2023, the European Commission published a proposal for the Regulation on a framework for access to financial data (the [FIDA Regulation](#)). This proposal aims to extend the obligation to provide access to financial data beyond payment account data (already introduced by PSD2 for and called *open banking*). Granting access to more financial data is called *open*

finance. The proposal will impact financial institutions (which will have to provide access to certain data) and creates opportunities for financial and non-financial institutions (which will have the ability to access and use the data). The FIDA proposal introduces: (i) the right for customers to access the data that financial institutions hold about them (these financial institutions are called *data holders*) and (ii) the right for customers to give access to this data to third parties providing innovative services (called *data users*). *Data users* can be both financial institutions and non-financial institutions (the latter need to be licensed as *financial information service providers* (FISP)). On 4 December 2024, the Council agreed on the text of the FIDA regulation.

- **Who?** All institutions within the scope of the FIDA regulation. For relevant institutions, reference will be made in the relevant sections.
- **When?** The proposal for the FIDA Regulation is currently in the European legislative process, which will run through 2025.

Proposal data sharing regulators

- **What?** In October 2023, the European Commission published a [proposal](#) for a regulation on data sharing between supervisory authorities and rationalization of reporting obligations. This regulation aims to maximize the usefulness of information reported by companies and increase the possibilities of obtaining such data. The proposal for information sharing between authorities supervising the financial sector seeks to avoid overlapping reporting requests in cases where multiple authorities have the authority to request certain data from financial institutions or other market participants, but where there is no explicit legal basis to share this information among themselves. The proposal is complemented by a mandate for authorities to review and delete reporting requirements that have become redundant or obsolete through, for example, improved information sharing. This will help avoid duplicative reporting by market participants. To improve the usability of reported data, the proposal also pushes to support the use of information for research and innovation in the financial sector. The proposal does this by allowing authorities to share information (under strict conditions) with financial institutions, researchers and other entities with a legitimate interest.
- **Who?** European financial regulators. However, because of the potential impact on applicable reporting requirements, this section is also relevant to players across the financial sector.
- **When?** The European Parliament published its first-reading position in July 2024. Once finalized and published, the regulation comes into force 20 days after publication and is immediately applicable.



SETTLEMENT INSTITUTIONS & CCPs

Note that the cross-sector [Integrity](#) section (think of the Wwft and sanction regulations) is also of great importance to settlement institutions (also referred to as ‘payment processing institutions’) and central counterparties (CCPs), as are the [DORA & AI](#) section and the [Sustainability \(ESG\)](#) section. Subjects relating to the aforementioned topics are not covered - with a few exceptions - in this section, but only in the aforementioned specials. In addition, it is useful for settlement institutions and CCPs to take note of the [General developments](#) section, as it also covers more general topics that may affect these parties.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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NEW LAWS AND REGULATIONS

Implementation NIS2 directive

- **What?** On 21 May 2024 the Dutch legislator published a [consultation](#) for a legislative proposal for a Dutch cybersecurity act. This legislative proposal implements the European [NIS2 Directive](#). The NIS2 Directive aims to raise cybersecurity in the European Union to a higher common level by strengthening the digital resilience of essential and important entities in the Member States. The legislative proposal includes among other things, the obligation for essential and important entities to take measures to protect the network and information systems they use for their services (duty of care) and to report ICT incidents (reporting obligation). Settlement institutions and CCPs may be identified as essential or important entities. However, please note that the DORA Regulation constitutes *lex specialis* with regard to the NIS2 Directive. Therefore, all cybersecurity risk-management measures in the cybersecurity act that are equivalent to the obligations in the DORA Regulation (please see the [DORA & AI](#) section), will not apply to settlement institutions or CCPs identified as essential or important under the cybersecurity act.
- **Who?** Settlement institutions and CCPs identified as essential or important.
- **When?** The deadline for the implementation of the NIS2 Directive was 17 October 2024. However, the Dutch legislator was unable to meet this deadline. The Dutch legislative process will continue in 2025.



European Council. We expect more clarity about the further course of the legislative procedure in 2025.

Implementation CER directive

- **What?** On 21 May 2024 the Dutch legislator published a [consultation](#) for a legislative proposal for a critical entities resilience act. This legislative proposal implements the European [CER Directive](#). The CER Directive introduces a minimum level that increases the resilience of essential services in certain sectors against various types of physical risks and threats. The legislative proposal includes among other things, the obligation for providers of essential services to take measures to increase their resilience (duty of care) and to report certain incidents (reporting obligation). Given the strong interlinkages between digital and physical resilience, the obligations covered by chapter III and IV of the CER directive do not apply to settlement institutions and CCPs that fall within the scope of the DORA Regulation (please see the [DORA & AI](#) section). Settlement institutions and CCPs can however be identified and designated as a critical entity based on the critical entities resilience act. In that case, certain provisions of the legislative proposal do apply to these entities, such as those on the Member States' support to critical entities.
- **Who?** Settlement institutions and CCPs identified as critical entities.
- **When?** The deadline for the implementation of the CER Directive was 17 October 2024. However, the Dutch legislator was unable to meet this deadline. The Dutch legislative process will continue in 2025.

Proposal digital euro framework

- **What?** On 28 June 2023, the European Commission has published a [proposal](#) for a Regulation on the establishment of the digital euro. The idea behind the digital euro is to complement cash and to offer people and businesses an alternative way to pay digitally, on top of the private options currently offered by banks, PSPs or EMIs. Under the proposal, the digital euro will be given a legal tender status for retail payments, meaning that its acceptance will be mandatory for beneficiaries unless otherwise specified in the regulation. The settlement of online digital euro payment transactions will in time be performed in the *digital euro settlement infrastructure*, after being adopted by the Eurosystem. More details on the *digital euro settlement infrastructure* will follow during the development of the digital euro. On 2 December 2024, the ECB published its [second progress report](#) on the digital euro preparation phase.
- **Who?** All settlement institutions.
- **When?** The proposal is currently at first reading in the

Implementation Instant Payments

- **What?** On 8 April 2024, the [Instant credit transfers Regulation](#) entered into force. This Regulation amends the Payment Settlement Finality Directive, the revised Payment Services Directive (PSD2), the SEPA Regulation and the Cross-border Payments Regulation. Because these amendments must be (partly) implemented in Dutch laws and regulations, an were submitted for consultation at the end of 2024. The purpose of the Instant credit transfers Regulation (and its implementation) is to ensure that instant credit transfers are processed affordably, securely and without hindrance throughout the EU. Instant credit transfers are transfers that are submitted individually and that are executed immediately, 24 hours a day and on any calendar day, so that the amount of money is on the recipient's payment account within seconds. The Instant Credit transfers Regulation provides, among others, that payment institutions and EMIs can participate directly in final systems. Therefore, the Settlement Finality Directive is amended. The Dutch implementation act includes the amendments to the Settlement Finality Directive.
- **Who?** Final systems to which the Settlement Finality Directive applies.
- **When?** The Instant credit transfers Regulation entered into force on 8 April 2024 and the implementation of the amendments to the directives must be completed by 9 April 2025 at the latest.

DEVELOPMENTS IN EXISTING LAWS AND REGULATIONS

Capital Markets Union

- **What?** On 7 December 2022, the European Commission issued [new proposals](#) to further develop the Capital Markets Union (CMU). Part of these proposals include measures: i) to make EU clearing services more attractive by enabling CCPs to expand their products more easily and quickly and encouraging market participants to build liquidity at EU CCPs, ii) help build a safe and resilient clearing system by strengthening the EU supervisory framework for CCPs, for example by increasing the transparency of margin calls, and iii) reduce excessive exposures of EU market participants to CCPs in third countries, particularly for

derivatives identified by ESMA as substantially systemic. On 7 February 2024, the Council and Parliament [agreed](#) on the improvements to EU clearing services.

- **Who?** All CCPs.
- **When?** The proposals are still in the EU legislative process that continues in 2025.

Exposure third country CCPs

- **What?** Part of the further development of the CMU is a [proposed Regulation](#) with measures to mitigate excessive exposures to third-country CCPs and improve the efficiency of the Union's clearing markets. The changes are intended to make the EU a more attractive clearing hub. They include measures (among others) to improve the liquidity of EU CCPs and strengthen the EU's supervisory framework.
- **Who?** All CCPs.
- **When?** The delegated regulation is final and awaiting publication in the Official Journal of the EU, and it will apply on the twentieth day following that publication. We expect this to be in 2025.

Recast SIPS Regulation

- **What?** On 18 October 2024, the European Central Bank (ECB) launched a [public consultation](#) on the planned recast of the regulation laying down oversight requirements for systemically important payment systems (SIPS Regulation). The planned recast of the SIPS Regulation entails the following main changes: i) revision of the definition of a SIPS operator so as to exceptionally include a euro area branch of a legal entity located outside the euro area, as well as amendments catering for the oversight of such a branch, ii) new requirements on how SIPS operators are governed, iii) addition of a new article on cyber risk requirements and iv) addition of a new article setting out key requirements for outsourcing.
- **Who?** Settlement institutions that are identified as a SIPS under the SIPS Regulation.
- **When?** The consultation ran from 18 October to 29 November 2024. The results are expected in 2025.

ESMA & EC

ESMA Strategic Objectives 2023-2025

- **What?** On October 11, 2022, ESMA's CCP supervisory committee presented its [strategic objectives](#) for the years 2023-2025. The objectives are: i) strengthening the EU CCP resilience, ii) addressing cross-border risks from third-country CCPs, and iii) deepening risk- and

data-driven supervision. These objectives are in line with the ESMA Strategy 2023-2028 (please see the [General developments](#) section).

- **Who?** All CCPs.
- **When?** The years 2023-2025.

ESMA 2025 Annual Work Programme

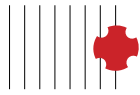
- **What?** On 1 October 2024, ESMA published its [Annual Work Programme 2025](#). In this programme, ESMA describes its supervisory priorities for 2025. For CCPs, ESMA will focus on – among other things – developing RTS following the adoption of EMIR 3 review, promote convergence of supervision of CCPs across the EU and continue improving its supervisory stress-testing framework.
- **Who?** All CCPs.
- **When?** Ongoing in 2025.

Shortening the settlement cycle

- **What?** In 2014, CSDR introduced the requirement for all transactions in transferable securities which are executed on trading venues to be settled by no later than the second business day after the trading takes place (commonly referred to as a "T+2" settlement cycle). Due to recent developments the question of shortening the securities settlement cycle has emerged. In October 2023, ESMA launched a [call for evidence](#) on the shortening of the settlement cycle. Through this call for evidence, ESMA is seeking to collect stakeholders' views as well as quantitative evidence to form a better understanding of the issue and for the purposes of a costs and benefits assessment of a potential reduction of the securities settlement cycle in the EU. The EC, ECB and ESMA issued a [joint statement](#) in October 2024 expressing their support for a shorter settlement cycle (T+1). Subsequently, ESMA published its [report](#) on findings in November 2024.
- **Who?** All CCPs.
- **When?** ESMA has proposed that the transition to the new cycle take place in October 2027. The EC, ECB and ESMA have joined forces to work together towards this deadline.

Monitoring operational capacity clearing members

- **What?** On 17 December 2024, ESMA published a [supervisory briefing](#), setting out supervisory expectations for national supervisory authorities on supervising CCPs. Based on a CCP peer review on due diligence of clearing members, it was concluded that CCPs do



not always focus on the continuous monitoring of the clearing members' operational capacity to ensure that the clearing members continue to comply with the respective membership criteria. To ensure that national supervisory authorities ensure that supervised CCPs monitor and regularly review their clearing members' operational capacity, ESMA published supervisory expectations on a) adequate IT systems, b) access to payment systems and services, c) the resources and expertise required to use the service, and d) the operational risk management and business continuity.

- **Who?** All CCPs. While the supervisory briefing is addressed towards national supervisory authorities, it may be likely that the described supervisory expectations may form focus points for future supervision.
- **When?** Ongoing in 2025.

OTHER DEVELOPMENTS

CPMI reports interlinkage FPS & APIs

- **What?** On 15 October, the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements (BIS) published [two reports](#). The first [report](#) is called 'Linking fast payment systems across borders: governance and oversight', and aims to inform owners and operators of fast payment systems (FPS) as they are developing the governance and risk management elements of their FPS interlinking arrangements and overseers as they are defining their oversight approach. The second [report](#) is called 'Promoting the harmonisation of application programming interfaces to enhance cross-border payments: recommendations and toolkit' and contains recommendations to promote greater application programming interface (API) harmonisation in cross-border payments. The recommendations are formulated by the API Panel of Experts (APEX), an initiative led by the CPMI that also includes industry participants.
- **Who?** All Settlement institutions and payment systems.
- **When?** Ongoing in 2025.

BANKS

For banks, 2025 will be a year of coping with the impact of geopolitical and macro-economic stress on their business, further implementing climate and environmental risk control measures, and further strengthening their IT environment and governance. There will also be a lot of new regulations for banks in 2025, especially following the entry into force of the Banking Package. This concerns 'hard' detailed legal and regulatory rules, but also more detailed 'soft' guidance and interpretations from regulators and supervisors. Both on a global, European and national level.

In order to limit the size of this chapter, we had to make a selection. For example, in this Outlook 2025 we only address a number of supervisory law developments that are specifically relevant to the banking sector. We had to prioritize, and have not included each and every new amended regulation, guidance, interpretation, etc.

For banks that provide several types of services, other sections of this Outlook may also be relevant, such as the section for [Investment Firms](#), [Payment Institutions](#), [DORA & AI](#), [Lenders](#) and/or [Financial Service Providers](#).

The cross-sectoral components [Integrity](#) and [Sustainability \(ESG\)](#) are also of great importance to banks. Items relating to these topics are generally not discussed in this section but only in the aforementioned specials. Furthermore, it is useful for banks to take note of the [General developments](#), because it also discusses topics that may affect banks.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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ECB SUPERVISION

Priorities 2025 – 2027

On 17 December 2024, the ECB published its Supervisory Priorities 2025-2027. In cooperation with national supervisors, the ECB assessed the main risks and vulnerabilities of significant institutions and, based on this assessment, has set strategic priorities for the period 2025-2027. When setting the strategic priorities, the ECB also took the results of the 2024 Supervisory Review and Evaluation Process ([SREP 2024](#)) into account, which were published on the same day.

The ECB concludes that banks have demonstrated resilience in the face of an uncertain geopolitical environment and shown capacity to continue supporting the economic recovery. However, notwithstanding the robustness of banks' balance sheets and risk profiles, prudence is required especially given the persistently high geopolitical tensions and the associated uncertainty about the macroeconomic outlook. The ECB also finds that banks should strengthen their digitalisation efforts and ensure prudent management of risks stemming from the adoption of new technologies. Banks should also further strengthen their efforts to effectively address material shortcomings identified by supervisors in previous cycles, remedying them in a timely manner.

For the period 2025-27, ECB's priorities addressing banks' vulnerabilities are:

- Strengthen ability to withstand immediate macro-financial threats and severe geopolitical shocks:**
 - Credit risk*: deficiencies in credit risk management frameworks;
 - Operational risk*: deficiencies in operational resilience frameworks as regards IT outsourcing and IT security and IT security/cyber risks.
 - Special focus across risk areas*: incorporating the management of geopolitical risks in supervisory priorities.
- Remedy persistent material shortcomings in an effective and timely manner:**
 - Climate-related and environmental risks*: deficiencies in business strategies and risk management as regards climate-related risks and environmental risks;
 - Governance*: deficiencies in risk data aggregation and reporting.
- Strengthen digitalisation strategies and tackle emerging challenges stemming from the use of new technologies:**
 - Business model*: deficiencies in digital transformation strategies.

Last year's priorities that have been removed from the ECB list of priorities include (a) shortcomings in asset and liability management frameworks, and (b) deficiencies in management bodies' functioning and steering capabilities. The ECB indicates they will still follow-up with banks in relation to work done on these priorities.

The new priorities provide guidance for planning and prioritizing supervision by the Joint Supervisory Teams (JSTs) on individual banks and important guidance for the annual SREP. For each of the prioritized vulnerabilities, the ECB sets out the specific main supervisory activities part of the supervisory work programme. The ECB will apply the priorities directly to all significant banks. Further, DNB will also apply the same supervisory priorities to the less significant banks under its supervision. The ECB priorities document will thus be the main driver for each bank's supervisory agenda in 2025 making it a must read.

The ECB published its Supervisory Priorities 2025-2027 together with a more detailed description of the SREP methodologies for significant banks. See 'SREP methodology'.

SREP methodology

- **What?** On 17 December 2024, the ECB published a [description](#) of its Supervisory Review and Evaluation Process (SREP) applied by it to significant institutions (SIs), containing the latest supervisory developments as well as regulatory requirements. Through the SREP, the ECB assesses the way a bank deals with its risks and the elements that could adversely affect its capital or liquidity, now or in the future. Also on 17 December 2024, the ECB published various detailed descriptions of the SREP methodology for assessing the (i) [credit risk](#), (ii) [market risk](#), (iii) [internal governance and risk management](#), (iv) interest rate risk in the banking book and credit spread risk in the banking book ([IRRBB and CSRBB](#)) and (v) operational risk and the information and communication technology (ICT) risk ([operational and ICT risk](#)) of SIs.
- **Who?** All significant banks. These SREP methodologies will likely also be partly adopted by DNB for less significant banks.
- **When?** The ECB will apply the new SREP methodologies in the coming SREP cycles in 2025.

SSM Supervisory Manual

- **What?** In January 2024, the ECB published its revised SSM [Supervisory Manual](#). The Supervisory Manual describes the organisational set-up of the

Single Supervisory Mechanism (SSM) and defines the methodologies, processes and procedures for banking supervision in the euro area. This revised version of the Supervisory Manual contains up-to-date information on European banking supervision, reflecting, among others, the reorganisation of ECB Banking Supervision that took place in 2020. The revised Supervisory Manual replaces the 2014 Guide on banking supervision.

- **Who?** All banks.
- **When?** Applicable as of January 2024.

Guide to internal models

- **What?** On 19 February 2024, the ECB published its revised [Guide](#) to internal models. The guide explains how the ECB understands the rules applicable to banks when they use their own internal models to determine their risk-weighted assets and to calculate how much capital they need. The revised version of the guide clarifies how banks should integrate material climate-related and environmental risks in their models. It also provides clarifications for banks that wish to revert to the standardised approach for calculating their risk-weighted assets.
- **Who?** All banks that use or plan to use their own internal models to determine their risk-weighted assets.
- **When?** The ECB applies the guide in ongoing supervision.

Outsourcing cloud services

- **What?** On 3 June 2024, the ECB launched its [public consultation](#) on its new [Guide](#) on outsourcing cloud services to cloud service providers. The guide provides detailed expectations from the ECB and best practices for banks' outsourcing of cloud services. The ECB has found these best practices necessary after ECB found vulnerabilities in banks' IT outsourcing strategies. Banks are increasingly using cloud computing services offered by third-party service providers. These services are potentially cheaper, more flexible and more secure, but dependency on third parties can also expose banks to risks, for example with regard to IT security and possible business disruptions. Also, DORA should make banks more resilient, through stricter requirements for managing risks when outsourcing to ICT service providers. See 'DORA'.
- **Who?** All banks.
- **When?** The consultation period ended on 15 July 2024. We expect that the ECB will publish the final guide in Q1 2025.



Governance and risk culture

- **What?** On 24 July 2024, the ECB launched its [public consultation](#) on its new [Guide](#) on governance and risk culture. This guide clarifies ECB's detailed expectations regarding how management bodies and their committees should be composed and function, sets out the roles and responsibilities of the internal control functions, emphasises the importance of risk culture and outlines expectations regarding the risk appetite frameworks of banks. The guide also contains many examples of good practices.
- **Who?** All banks.
- **When?** The consultation period ended on 16 October July 2024. We expect that the ECB will publish the final Guide in Q1 2025.

Cyber resilience stress test

- **What?** On 26 July 2024, the ECB published the [results](#) of the cyber resilience stress test, in which the ECB assessed banks' ability to respond to and recover from cyberattacks. Overall, the stress test showed that banks have response and recovery frameworks in place, but areas for improvement remain. Feedback has been provided to banks individually. The results increased bank's awareness of the strengths and weaknesses of their cyber resilience frameworks. Cyber threats are also highlighted by DNB in its recent [Study](#) on resilience in an unstable world covering geopolitical risks and financial institutions. See 'Anticipating geopolitical instabilities'.
- **Who?** All significant banks.
- **When?** The results are included into the Supervisory Review and Evaluation Process (SREP) for banks in 2024, which should be followed up in 2025.

O&Ds for CRR III and CRD VI

- **What?** On 8 November 2024, the ECB published its [public consultation](#) on the revision of its options and discretions (O&Ds) framework. This framework consists of a [Guide](#) on options and discretions available in Union law, including an [explanatory memorandum](#), a draft [regulation](#), a draft [guideline](#) and a draft [recommendation](#). This set of documents sets out the approach by the ECB on the exercise of O&Ds included in CRR and CRD, relating to own funds, calculation of capital requirements and exclusions to the scope of prudential consolidation. The updates are mainly necessary because of the entering into force of the new Banking Package (CRR III and CRD VI). The ECB is also proposing some changes to its guidance on already existing O&Ds. The ECB exercises O&Ds in a harmonised manner for significant institutions (SIs) and promotes the harmonised exercise of O&Ds by

national competent authorities (NCAs) in relation to less significant institutions (LSIs). DNB adopts the ECB O&D's on a one-on-one basis for LSIs.

- **Who?** All banks.
- **When?** The consultation period will end on 10 January 2025. We expect that the ECB will publish final documents in Q2 2025.

Fit-for-55 climate stress test

- **What?** On 19 November 2024, the ECB together with the ESAs (EBA, EIOPA and ESMA) published the [Results](#) of the one-off Fit-for-55 climate risk scenario analysis. Under the scenarios examined, transition risks alone are unlikely to threaten financial stability. However, when transition risks are combined with macroeconomic shocks, losses may increase for financial institutions and may lead to disruptions. This conclusion leads to a coordinated policy approach to financing the green transition and the need for financial institutions such as banks to integrate climate risks into their risk management in a comprehensive and timely manner.
- **Who?** All banks.
- **When?** The results will feed into ongoing supervision by the ECB and DNB.

Intraday liquidity risk

- **What?** On 13 November 2024, the ECB published [Practises](#) for managing intraday liquidity risk. The practices are a result of the 2023 banking turmoil, during which distressed banks faced significant liquidity outflow. One of the lessons learnt after the turmoil relates to the management of intraday liquidity risk (entailing risk management framework, governance, forecasting and monitoring, managing outflows and stress testing). Intraday liquidity risk arises in situations where a bank fails to manage its intraday liquidity effectively. It is the risk that a bank is unable to meet a payment obligation, including collateral, at the time expected, thereby affecting its own liquidity position and those of other parties. Intraday liquidity is also highlighted in a recent [Report by BCBS](#) on the 2023 banking turmoil and liquidity risk. See 'BCBS – 2023 turmoil'.
- **Who?** All banks.
- **When?** The results will feed into ongoing supervision by the ECB and DNB.

SREP review

- **What?** On 28 May 2024, the ECB published an [FAQ](#) on the SREP of tomorrow. The FAQ follows from a review

by the ECB of the SREP and the SREP process and takes into account feedback from the Expert Group's [review](#) of the SREP and a [report](#) published by the European Court of Auditors, on how to streamline the SREP. As a result, the following changes will be implemented: i) the ECB will use the multi-year assessment (MYA) for the SREP going forward, ii) flexibility regarding certain risk assessments which are not linked to the publication of the annual financial reports will be applied and (iii) proportionality will increasingly be applied to in the overall SREP. Also, the ECB will strive to reduce the length of the SREP. The process of determining capital requirements will become more efficient, including a revised Pillar 2 requirement (P2R) methodology.

- **Who?** All banks.
- **When?** The review of the SREP has been completed. The ECB will gradually implement the changes to the SREP in the 2025 cycle and the 2026 cycle.

DNB SUPERVISION

Vision on Supervision 2025 – 2028

- **What?** On 11 November 2024, DNB published its [Vision on Supervision](#) (see [Supervisory Strategy](#) for a comparable English document) for the period 2025 - 2028. In this document, DNB sets out what financial institutions and other stakeholders can expect from DNB over the next four years. In short, DNB will focus on i) management of the risks arising from geopolitical developments, ii) impact of technological innovation on the financial sector and iii) cyber resilience of the financial sector as a result of increasing threats. DNB also addresses themes that have been discussed a lot in recent years, such as countering financial and economic crime, the management of sustainability risks and governance and behaviour at institutions.
- **Who?** All banks.
- **When?** Vision on supervision DNBs vision for supervision for the next four years.

Priorities 2025

- **What?** On 11 November 2024, DNB published [Supervision in focus](#) for 2025. In this document, DNB summarizes its focus themes in supervision for 2025. In 2025, DNB will focus on the implementation of the Banking Package (CRR III and CRD VI). Furthermore, DNB will continue to contribute to the development of prudential and integrity supervision, with special attention to geopolitical risk and credit risk. See also 'Anticipating geopolitical instabilities'. The developments on the Dutch housing market also remain a priority, as well as structural risks regarding sustainability, liquidity, governance &

behaviour, digital transformation, data quality, IT and cyber risks. Special attention will be paid to resolving shortcomings in internal models used by banks. In 2025 significant banks will be subject to a EU-wide stress.

- **Who?** All banks.
- **When?** Supervision in Focus includes the supervisory priorities by DNB for 2025.

Anticipating geopolitical instabilities

- **What?** On 11 November 2024, DNB published its [Study](#) on resilience in an unstable world covering geopolitical risks and financial institutions. The study outlines that a new era has emerged, characterized by increasing international tensions, fragmentation and bloc formation. This has direct and indirect consequences for financial institutions through the growth of protectionist measures, an increasingly complex cyber threat landscape and an increase in the number of sanctions imposed. DNB [calls](#) financial institutions such as banks to proactively identify geopolitical risks and safeguard their operational resilience. In addition, it is important that institutions have sufficient buffers in case geopolitical developments lead to financial risks. Also, DORA should make banks more resilient, through stricter requirements for managing risks when outsourcing to ICT service providers. See also 'DORA'.
- **Who?** All banks.
- **When?** The results are included into the Supervisory Review and Evaluation Process (SREP) for banks in 2024, which should be followed up in 2025.

SIRA Good Practices

- **What?** On 19 November 2024, DNB published its [public consultation](#) of the new SIRA Good Practices. With the new SIRA Good Practices, DNB aims to provide the institutions under its supervision with practical guidance for carrying out the systematic integrity risk analysis (SIRA). The SIRA Good Practices will replace the document called '*Good practices. De Integriteitrisicoanalyse – meer waar dat moet, minder waar dat kan*' from 2015. One of the new good practises is a banks' internal awareness of unintended side effects when implementing its policy regarding the Wwft and the Sanctions Act, such as exclusion and discrimination (see also 'Discrimination by banks'). The new SIRA Good Practices contains an appendix with an overview of the most important changes compared to the current SIRA Good Practices from 2015.
- **Who?** All banks.
- **When?** The consultation period will end on 17 January 2025. We expect that DNB will publish final documents in 2025.



No action on separation BB and TB

- **What?** On 16 August 2024, DNB [announced](#) to follow the 'no-action' [recommendation](#) from the EBA whereby competent authorities are advised not to enforce the provisions regarding the separation between the banking book and the trading book until the full introduction of the new market risk framework, the 'Fundamental Review of the Trading Book' (FRTB). The provisions regarding the separation between the banking book and the trading book have been introduced in CRR II on 27 February 2023 and are supplemented by CRR III on 1 January 2025. The application of FRTB has been [postponed](#) by the European Commission until 1 January 2026. See also 'Postponement of FRTB'.
- **Who?** All banks.
- **When?** The action on separation of the banking book and the trading book has been postponed to 1st of January 2026.

Suitability testing and DORA

- **What?** On 28 November 2024, DNB [announced](#) that DORA will play a role in the initial assessment of the suitability of, amongst others, members of the management board or supervisory board of banks. As part of the assessment DNB will take into account a person's knowledge and experience in the field of ICT risk management. A candidate may be asked about his or her knowledge of DORA, ICT risk management and the digital resilience of the bank. The depth of these questions will depend on the exact function of the candidate.
- **Who?** All banks.
- **When?** As of the moment DORA enters into force on 17 January 2025, DNB will take DORA into account in the initial suitability assessments.

Independence supervisory board

- **What?** On 26 February 2024, DNB published the final version of the amended [Q&A](#) on the independent functioning of the supervisory board for, among others, banks. In the Q&A a distinction is made between three forms of independence for members of the supervisory board: i) 'independent of mind', ii) 'independence in appearance', and iii) formal independence or 'independence in state'. The new Q&A's will be more in line with the Joint ESMA and EBA [Guidelines](#) on the assessment of suitability. As a consequence, DNB will take all relevant circumstances into account when assessing the formal independence of the supervisory board,

meaning there will be more possibilities for banks to have a supervisory board with less than 50% formally independent members.

- **Who?** All banks.
- **When?** In 2025, in ongoing supervision, DNB expects banks to continuously assess whether the independence of the supervisory board meets the legal requirements.

O-SII buffers

- **What?** On 2 December 2024, DNB [announced](#) to maintain the buffer requirement for certain significant banks (O-SII buffer). As a result, the following Other Systemically Important Institutions (O-SII) buffers continue to apply: ING (2%), Rabobank (1.75%), ABN AMRO Bank (1.25%), BNG (0.25%) and de Volksbank (0.25%). Also, DNB has classified ING again as a global systemically important institution (G-SII). The G-SII buffer of 1% applicable to ING has, on balance, no effect on ING's risk-weighted capital requirement, because the above-mentioned O-SII buffer for ING is higher and the higher of these two buffers applies.
- **Who?** Certain significant banks.
- **When?** A new evaluation of the O-SII buffers will take place in 2025.

EBA

Work Programme 2025

- **What?** On 2 October 2024, the EBA published its [Work Programme 2025](#) setting out the EBA's priorities for 2025 and its multi annual priorities for 2025 - 2027. The EBA has multiple mandates with a wide range. The priorities for the EBA for 2025 include: implementing the Banking Package and enhancing the Single Rulebook, ii) enhancing risk-based and forward-looking financial stability for a sustainable economy, iii) enhancing data infrastructure and launching a data portal, iv) starting oversight and supervisory activities under the Digital Operational Resilience Act (DORA) and Markets in Crypto-Assets Regulation (MiCAR), and v) developing consumer oriented mandates and ensuring a smooth transition to the new anti-money laundering and countering the financing of terrorism (AML/CFT) framework. The ongoing mandates for the Banking Package will be an important part of work by the EBA. The EBA's [Roadmap](#) provides clarity on how the EBA will use the mandates given to it in the Banking Package. See also under 'Roadmap Banking Package'.
- **Who?** All banks.
- **When?** The Work Programme 2025 describes EBA's priorities in 2025.

Roadmap Banking Package

- **What?** EBA's [Roadmap](#) on the implementation of the Banking Package will become especially relevant in 2025, with the start of the Banking Package as of 1 January 2025. Already published on 14 December 2023, the roadmap set's out the sequencing of the mandates given to EBA in the Banking Package. The Banking Package includes amendments to CRR and CRD (CRR III and CRD VI) as the final elements for implementation of the globally agreed Basel III regulatory reforms. See also under 'Final implementation of the Banking Package'. The Banking Package contains just over an astonishing 140 (!) mandates for the EBA to be delivered between 2024 and beyond. These mandates will be developed in 4 phases in the coming years. In 2024, the EBA developed multiple draft guidelines and standards for Phase 1, which cover the areas of credit, market and operational risk and ESG.
- **Who?** All banks.
- **When?** For 2025, multiple draft and final guidelines and standards are expected from the EBA under its Banking Package mandate as set forth in the Roadmap. Especially Phase 1 and 2 will become relevant in 2025.

ESEP – Supervisory Examination

- **What?** On 8 July 2024, the EBA published its European Supervisory Examination Programme ([ESEP](#)) for 2025. The ESEP identifies key topics for competent authorities' attention, including the ECB and DNB. The ESEP is part of an annual cycle and contributes to enhancing supervisory convergence in the EU by providing common directions and focus areas for supervisors. For 2025, the key topics are: i) testing and adjusting to increasing economic and financial uncertainties, ii) digital challenges, in particular ICT risk management and building operational resilience towards the digital transformation and iii) transitioning towards Basel III and the EU Banking Package implementation by ensuring institutions' information systems and capital planning are able to support the revised prudential metrics and corresponding robustness.
- **Who?** The ESEP reflects EBA's priorities for competent authorities, such as the ECB and DNB. This in turn is reflected in the supervisory priorities of the ECB and DNB in relation to both significant and less significant banks.
- **When?** Competent authorities should consider the above issues in shaping their oversight priorities for 2025.

EREP – Resolution Examination

- **What?** On 13 August 2024, the EBA published its European Resolution Examination Programme

([EREP](#)) for 2025. It sets three priorities for resolution authorities and banks for 2025: i) operationalisation of resolution tools, ii) liquidity strategies in resolution and iii) management information system for valuation. Compared to 2024, building up own funds and eligible liabilities is not a separate priority anymore, given that most banks have met their minimum requirement for own funds and eligible liabilities (MREL). However, to increase the effectiveness of the bail-in tool, MREL qualitative aspects are to be further monitored as part of the operationalisation of resolution tools, and quantitative aspects will be followed and disclosed by the EBA in its [MREL Dashboard](#).

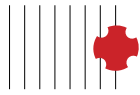
- **Who?** The EREP reflects EBA's priorities for competent authorities, such as the ECB and DNB. This in turn is reflected in the supervisory priorities of the ECB and DNB in relation to significant and less significant banks.
- **When?** Resolution authorities should consider the above issues in shaping their oversight priorities for 2025.

2025 EU-wide stress test

- **What?** On 12 November 2024, the EBA published the final methodology, draft templates, and template guidance for the [2025 EU-wide stress test](#), along with the milestone dates for the exercise. The methodology and templates cover all relevant risk areas and incorporate feedback received from market parties. Participating banks will be required to estimate the progression of common risk factors (credit, market, counterparty, and operational risks) under a baseline and an adverse scenario. Additionally, banks must project how these scenarios will affect key income streams. The methodology note lists the banks involved in the exercise in Annex I. Ahead of the 2025 EU-wide stress test, the EBA performed a EU-wide transparency exercise in 2024.
- **Who?** All banks listed in Annex I to the methodology note.
- **When?** The stress test exercise will formally start in January 2025, with the results scheduled for publication in early August 2025.

Guidelines ESAs Information System

- **What?** On 20 November 2024, the EBA, together with EIOPA and ESMA (the ESAs), published the [Joint Guidelines](#) on the system (the ESAs Information System) for the exchange of information relevant to reliability and suitability assessments of holders of qualifying holdings, including its directors, by competent authorities. Only limited and necessary information will be stored in the ESAs Information System, accessible on a strict need-to-know basis. Candidates subject to



testing should be aware that competent authorities may exchange information that is relevant to the assessment of the suitability and reliability of a person of interest through the system.

- **Who?** The guidelines are directed to competent authorities, but provide insight on the processing of personal data of persons subject to a fit and proper assessment.
- **When?** The guidelines will apply gradually as of 2025.

Guidelines internal policies

- **What?** On 14 November 2024, the EBA published two [Guidelines](#) on the governance arrangements and the policies, procedures and controls banks should have in place. The guidelines provide for rules that are necessary to ensure that banks' governance and risk management systems are sound and sufficient to address the risk that they might breach or evade restrictive measures.
- **Who?** All banks.
- **When?** The guidelines apply from 30 December 2025.

RTS operational risk loss

- **What?** On 6 June 2024, the EBA published a [public consultation](#) on three sets of draft Regulatory Technical Standards (RTS) aiming to standardise the collection and the record of operational risk losses and to provide clarity on the exemptions for the calculation of the annual operational risk loss and on the adjustments to the loss data set that banks must perform in case of merged or acquired entities or activities.
- **Who?** All banks.
- **When?** The consultation period ended on 6 September 2024. We expect the EBA to publish the final RTS in Q1 2025. The European Commission may adopt the RTS soon thereafter.

ITS supervisory reporting & Pillar III

- **What?** On 9 July 2024, the EBA published the final [Implementing Technical Standards](#) (ITS) on supervisory reporting requirements implementing the changes necessary to keep the supervisory reporting framework relevant and aligned with CRR III. The ITS regard supervisory reporting requirements concerning output floor, credit risk, market risk, operational risk, crypto assets and leverage ratio under CRR. Earlier, on 21 June 2024, the EBA [published](#) the final ITS on public disclosures by banks following CRR III. These ITS ensure that market participants have sufficient comparable information to assess the risk profiles of banks, promoting market discipline. The ITSs are part of the

Phase 1 mandates in EBAs [Roadmap](#) for implementing the Banking Package. See 'Roadmap Banking Package'.

- **Who?** All banks.
- **When?** The ITS shall enter into force after adoption by the European Commission on the day following that of its publication in the Official Journal of the European Union.

ITS internal model authorisation

- **What?** On 16 July 2024, the EBA published a [consultation paper](#) amending the Implementing Regulation on the joint decision process for internal model authorisation under CRR. The revised Implementing Technical Standards (ITS) incorporate changes to the EU legal framework, including the reduced scope of application for internal models under CRR III and the updated framework on the general functioning of competent authorities. The ITS are part of the Phase 1 mandates in EBAs [Roadmap](#) for implementing the Banking Package. See 'Roadmap Banking Package'.
- **Who?** All banks.
- **When?** The consultation period ended on 16 October 2024. We expect EBA to publish the final ITS in 2025. The European Commission may adopt the ITS soon thereafter.

ITS & Handbook resolution

- **What?** On 30 July 2024, the EBA published a [public consultation](#) on its draft ITS on the provision of information for the purposes of resolution plans, overhauling the EBA resolution planning reporting framework. The ITS aim to ensure that resolution authorities have the data they need and harmonise reporting requirements in the EU to avoid duplication of data requests. The main proposals included in the ITS include bringing forward the submission deadline for reporting from April 30 to March 31, an extension of the scope of entities for which data is collected, and an expansion of the information requested on some topics. Earlier, on 19 July 2024, the EBA published a [public consultation](#) on the draft Handbook on independent valuers for resolution purposes. The draft Handbook aims at enhancing convergence by providing best practices, high-quality methodologies and processes for the selection and appointment of independent valuers for resolution purposes.
- **Who?** All banks.
- **When?** The consultation period for the ITS ended on 30 October 2024 and the consultation period for the Handbook ended on 19 September 2024. We expect the EBA to publish its final ITS and the Handbook in



2025. The European Commission may adopt the ITS soon thereafter.

RTS on FRTB

- **What?** On 13 August 2024, the EBA published the final [Regulatory Technical Standards](#) (RTS) on the fundamental review of the trading book (FRTB), including standards for the calculation by banks of own funds requirements for market risk. The RTS are part of the Phase 1 mandates in EBAs [Roadmap](#) for implementing the Banking Package. See 'Roadmap Banking Package'. The application of the FRTB standards has been [postponed](#) by the European Commission until 1 January 2026. See also 'Postponement of FRTB'.
- **Who?** All banks.
- **When?** The RTS will enter into force 20 days after its publication in the Official Journal of the European Union, but will only come into effect after application of the FRTB standards, currently envisaged for 1 January 2026.

Guidelines resubmission historical data

- **What?** On 9 April 2024, the EBA published its final [Guidelines](#) on the resubmission of historical data under the EBA reporting framework. The guidelines provide a common approach to the resubmission of historical data by banks to the competent and resolution authorities in case of errors, inaccuracies or other changes in the data reported. The Guidelines include a precision requirement in the EBA filing rules for monetary data from one thousand to ten thousand, which should reduce the number of resubmissions.
- **Who?** All banks.
- **When?** The Guidelines apply per 17 October 2024. The new precision requirement will enter into force on 1 April 2025.

Various

In 2024 EBA published a large number of (consultations on) guidelines, opinions, studies and draft technical standards that will be of great interest to all banks in 2025. These include (but are not limited to):

- **Report on the monitoring of non-CET1 instruments.** On 27 June 2024, the EBA published its [Report](#) on the monitoring of Additional Tier 1 (AT1), Tier 2 and total loss absorbing capacity (TLAC) as well as the minimum requirement for own funds and eligible liabilities (MREL) instruments of institutions. The report provides new guidance on the prudential valuation of

non-CET1 instruments and on other aspects related to the terms and conditions of the issuances.

- **Report on the stacking orders of capital buffers.** On 15 July 2024, the EBA published its [Report](#) on stacking orders, leverage and MREL/TLAC requirements and related capital buffers, as well as on reflections about management buffers practices in the European Union (EU). The report describes the role of regulatory stacks, both going and gone concern, with a focus on micro-prudential elements.
- **Report on the requirements to pay out the variable remuneration.** On 16 July 2024, the EBA published a [Report](#) on the requirements to pay out the variable remuneration of identified staff partly under deferral arrangements and in instruments. The report aims to assess the implementation and application of derogations within the EU and their impact on the costs, risk alignment of variable remuneration to the risk profile of the bank as well as on the ability to recruit and retain staff.
- **Report on the application of gender-neutral remuneration policies.** On 16 July 2024, the EBA published a [Report](#) on the application of gender-neutral remuneration policies by institutions and investment firms. The report shows that the industry faces no major hurdles in adopting and implementing gender-neutral remuneration policies, but that some entities still have not yet adopted remuneration policies that explicitly contain measures that ensure that remuneration is awarded gender neutrally. The report further shows that a gender pay-gap persists and that further work is needed to ensure 'equal opportunities' (e.g. there are biases that require further attention).
- **ITS on benchmarking of internal models.** On 9 August 2024, the EBA published the final draft [Implementing Technical Standards](#) (ITS), amending the Implementing Regulation on the benchmarking of credit risk, market risk and IFRS9 models for the 2025 benchmarking exercise. The ITS are used by competent authorities to conduct an annual assessment of internal approaches used by banks for the calculation of own funds requirements.
- **Opinion on a measure to address macroprudential risk.** On 29 August 2024, the EBA published an [Opinion](#) following the notification by DNB of its intention to extend a [measure originally introduced in 2022](#) for a further two years until 2026. The measure imposes a minimum average risk weight on Dutch housing loan portfolios for credit institutions that have adopted an internal ratings-based (IRB) approach. The measure aims to maintain the resilience of banks against a potential severe downturn in the residential real estate market. This action comes amidst recent sustained real estate price increases. Based on the information provided by the DNB, the EBA does not object to the extension of the measure.



- **Technical Package for 4.0 reporting framework.** On 23 October 2024, the EBA published a draft [technical package](#) for version 4.0 of its reporting framework. The final version will be released in December 2024. This package will facilitate a smoother transition to the new data point model (DPM 2.0). See also 'ITS on supervisory reporting and Pillar III disclosure'.
- **ITS on Pillar III data hub.** On 11 October 2024, the EBA published a [public consultation](#) on Implementing Technical Standards (ITS) presenting the IT solutions and processes to be followed by large and other institutions when submitting their respective Pillar 3 disclosures. This includes the IT solutions to be used, the data exchange formats to be considered and the technical validations to be performed by the EBA. See also 'ITS on supervisory reporting and Pillar III disclosure'.
- **Updated list of CET 1 instruments.** On 20 November 2024, the EBA published an updated [List](#) of capital instruments that are classified as Common Equity Tier 1 (CET1). The reference to the grandfathered instruments has been deleted and a few new instruments have been added. The List also reflects changes in relevant national legislative provisions.

SRB

SRM Vision 2028

- **What?** In February 2024, the SRB published its [SRM Vision 2028](#). The vision marks a new phase for the European Resolution Mechanism (SRM), which consists of a network of National Resolution Authorities (NRAs) and the SRB and contains a shift in focus. The SRM is moving from resolution planning and preparation to operationalisation, resolution testing and crisis readiness. The new focus is to ensure that each plan and preferred resolution strategy for each bank can be implemented and at short notice. DNB [calls](#) the SRM Vision 2028, a bold new vision that will contribute to confidence in a stable banking system.
- **Who?** All banks.
- **When?** In the coming years, DNB will place more emphasis on testing and operationalizing resolution plans.

Work Programme 2025

- **What?** On 26 November 2025, the SRB published its [2025 Work Programme](#) in which the SRB sets out the plans for upcoming year. In 2025, the SRB will move the focus from drafting and updating resolution plans to making the plans operational through testing resolution strategies. Furthermore, the SRB will, amongst others, adopt new guidance on how banks can self-assess their resolvability and perform on-site inspections (OSIs).

- **Who?** All banks.
- **When?** The work programme is relevant for 2025.

Resolvability self-assessment

- **What?** On 3 December 2024, the SRB published its [public consultation](#) on the operational guidance for banks on resolvability self-assessment. The SRB has revised its resolvability assessment methodology, known as the Heatmap, outlining the capabilities that banks are expected to maintain over time in order to be deemed resolvable. These capabilities will be integrated into the self-assessment that banks are expected to complete each year, for consistency purposes and a level playing field across the sector. Banks are expected to submit self-assessment reports to the SRB yearly by 31 January at the latest.
- **Who?** All banks.
- **When?** The consultation period will end on 7 February 2025. We expect the SRB to publish the final guidance in 2025. The first self-assessment report under the guidance should cover the resolution planning activities carried out during the calendar year 1 January 2025 to 31 December 2025 and is expected to be submitted by 31 January 2026 at the latest.

New bail-in template

- **What?** On 5 November 2024, the SRB published a new [bail-in template](#) for banks. The template facilitates the execution of a bail-in decision should a bank fail and can be used in testing exercises. The template follows the SRB's [bail-in operational guidance](#), ensuring a structured and standardised data collection. It also includes country-specific fields, as national resolution authorities are responsible for implementing the SRB bail-in decisions at national level. The new bail-in template is part of the SRB's strategic shift to ensuring all resolution tools are fully operational in a crisis. Earlier, on 26 June 2024, the SRB published a [document](#) for banks, investors and other stakeholders on executing bail-in decision by the SRB. See also 'SRM Vision 2028' and 'Work Programme'.
- **Who?** All banks.
- **When?** Banks have 12-18 months to adapt to the template.

AFM

Trend Monitor 2025

- **What?** On 7 November 2024, the AFM published its [Trend Monitor 2025](#). In this report the AFM addresses significant trends and risks in the financial sector. Next



years' outlook focuses on the uncertainties around stagnated (or higher) interest rates, digitalization within the financial sector, including the use of AI, making the financial sector vulnerable to concentration risks and cybercrime, risks around the decrease of popularity of the sustainability transition, putting pressure on ESG investing and regulations and internationalization of financial services, which entails cross-border risks, including an increase in fraudulent financial providers.

- **Who?** All Dutch banks that are subject to conduct supervision from the AFM.
- **When?** The concrete implications of the trends and risks for the AFM's supervisory activities are elaborated in its Agenda 2025, which is traditionally published by the AFM in early 2025.

Information Provision

- **What?** On 30 September 2024, the AFM published a revised [Policy Rule](#) on the provision of information relating financial products. The revised policy rule gives banks insight and helps them to comply with legislation and regulations on the provision of information. In short, the AFM welcomes correct, clear and non-misleading information on saving and lending products (mortgage loans).
- **Who?** All Dutch banks that are subject to conduct supervision from the AFM.
- **When?** The policy rule applies as per 30 September 2024.

DEVELOPMENT OF EUROPEAN LEGISLATION AND REGULATIONS

Final Banking Package

On 9 July 2024, the amended Capital Requirements Regulation ([CRR III](#)) and the amended Capital Requirements Directive ([CRD VI](#)) entered into force. CRR III and CRD VI form part of the Banking Package, which includes both the Basel III reforms and non-Basel changes to the regulatory landscape of banking services.

The Banking Package includes, e.g.

- 1) a third country regime for banks established outside the EU which are active within a Member State, in order to harmonise the EU supervision on third country banks and branches. Third country parties that are active on a cross-border basis in the EU should pay attention to the potential requirement to comply with the newly introduced third country branch (TCB) regime in CRD V

- (and to have to establish an EU branch);
- 2) a requirement to properly manage ESG risk, including the requirements to have ESG risk management systems, ESG reporting and disclosure requirements for all banks and the requirement that banks will have to draw up transition plans that will need to be consistent with the sustainability commitments banks undertake under Corporate Sustainability Reporting Directive (CSRD). Whereas CRR II includes new definitions of various ESG risks and the new ESG reporting and disclosure requirements, CRD VI focuses on the integration of ESG risks in the internal governance of EU banks (ICAAP) and supervision (SREP).
- 3) changes to the way banks calculate their risk-weighted assets (RWA) giving greater weight to the standardized calculation approach, e.g. with the introduction for the preferential treatment of real estate exposures, including a new category of 'buy-to-let' exposures (Income Producing Real Estate) and exposures to real estate acquisition, development and construction (ADC);
- 4) introduction of an 'output floor', which is a lower limit on the capital requirements that banks calculate when using their models. The output floor is introduced to reduce the excessive variability of banks' capital requirements calculated with internal models;
- 5) more detailed fit & proper tests, including harmonised checks for bank managers before the managers take their positions, and the introduction of a minimum common set of procedural rules and standardised information requirements;
- 6) expansion of the supervisory powers available to competent authorities in respect of (i) acquisitions by a credit institution of a material holding in a financial or non-financial entity, (ii) material transfers of assets or liabilities and (iii) mergers or divisions.

See for three key takeaways, our [blog](#) published on 10 July 2024. See also the announcement of the Banking Package on the [website](#) of DNB.

CRR III will apply from 1 January 2025 with some provisions already applying as of 9 July 2024 and some provisions being phased in as part of transitional arrangements.

In respect of CRD VI, EU Member States must transpose the amendments into national law by 10 January 2026 with these amendments becoming applicable on 11 January 2026. However, the new TCB regime will become applicable one year later on 11 January 2027.

In furtherance of the Banking Package, the EBA published its [roadmap](#) on 14 December 2023. The EBA roadmap provides clarity on how the EBA will use the 140 (!) mandates given to it in the Banking Package. The roadmap continues to be relevant in 2025. See further on 'Roadmap Banking Package'.



Postponement of FRTB

- **What?** On 24 July 2024, the European Commission [postponed](#) the application of the 'Fundamental Review of the Trading Book' (FRTB) until 1 January 2026. The FRTB introduces sophisticated risk measurement techniques for the calculation by banks of own funds requirements for market risk. The FRTB standards aim to align the own funds requirements with the actual risks banks are facing. The European Commission [noticed](#) that major jurisdictions, for which level playing field considerations are very relevant, have yet to finalise their rules or communicate on a definite timeline for implementation of the FRTB standards. More specifically, the United States has not yet provided clarity on when and how it would finalise its implementation of the FRTB standards. The implementation date in the US is now likely to be in January 2026 at the very earliest.
- **Who?** All banks.
- **When?** The FRTB is currently scheduled to enter into force on 1 January 2026.

RTS internal models market risk

- **What?** On 13 March 2024, the European Commission adopted the [Regulatory Technical Standards](#) (RTS) on the assessment methodology under which competent authorities verify a bank's compliance with the requirements to use internal models for market risk. Banks are only allowed to use internal models for market risk if they continuously comply with the requirements laid down in CRR. The RTS provide rules for competent authorities on assessment of compliance by banks with these requirements, e.g. with respect to the quality of the documents and the governance and decision-making structure of the bank.
- **Who?** The RTS are directed to competent authorities, but provide banks using internal models insight into the method of verification of these models by such authorities.
- **When?** The RTS entered into force on 7 July 2024, with the exception of certain provisions which will enter into force in 2025 and 2026.

AML

- **What?** On 10 July 2024, the [Regulation](#) on Money Laundering or Terrorist Financing (AMLR) and the [Directive](#) on Money Laundering and Terrorist Financing (AMLD6) entered into force. AMLR and AMLD6 will largely apply on 10 July 2027. The new AML framework sets out, among other things, the requirements for client due diligence (CDD), including sanctions screening, the outsourcing of AML/CFT tasks, the company-wide risk

assessment, the compliance function and the reporting of suspicious transactions to the FIU. These requirements largely follow from AMLD4, AMLD5 and the relevant EBA guidelines (including the amended [Guidelines](#) on ML/TF Risk Factors, applicable as of 30 December 2024). The new AML framework leads to an important change in the European (and therefore Dutch) AML/CFT landscape. The [Integrity](#) section discusses the changes and all related developments in more detail.

- **Who?** All banks.
- **When?** AMLR and AMLD6 will enter into force on 10 July 2027. Banks are urged to implement the regulation in the coming years.

DORA

- **What?** As of 17 January 2025, the Regulation on Digital Operational Resilience for the Financial Sector ([DORA](#)) will enter into force. DORA should make banks more resilient, through stricter requirements for managing risks when outsourcing to ICT service providers. The section [DORA & AI](#) discuss DORA and all related developments in more detail.
- **Who?** All banks.
- **When?** DORA entered into force on 17 January 2025. Banks are urged to implement the regulation.

MiCAR

- **What?** On June 9, 2023, the [Regulation](#) on markets in crypto-assets (MiCAR) was published. MiCAR aims to achieve harmonized regulation for crypto assets at European level. For example, under MiCAR, a whole range of services and activities surrounding crypto assets are subject to licensing, or at least brought within the scope of supervision. In addition to MiCAR itself, many additional regulations have been published or are still in the making. The [Crypto Service Providers](#) section discusses MiCAR and all related developments in more detail.
- **Who?** All banks with crypto activities (e.g. issuing ARTs, EMTs or providing crypto-asset services).
- **When?** MiCAR entered into force on 30 December 2024.

AI Act

- **What?** On 1 August 2024, the [Regulation](#) on Artificial Intelligence (AI Act) entered into force. The aim of the AI Act is the responsible development and rollout of AI in the EU. The use of AI by banks falls under the regular supervisory framework, but the AI Act introduces some additional requirements for banks that offer and/or use high-risk AI systems in their business. AI is also on the radar of DNB and the AFM. On 9 April 2024, DNB and the



AFM published a [report](#) with its views on the impact and risks of AI on the financial sector and supervision. DNB and the AFM expect financial institutions, including banks, to use AI responsibly and to apply all regulations in full.

- **Who?** All banks.
- **When?** The AI Act will enter into force on 2 August 2026.

Relaunching securitisation

- **What?** On 9 October 2024, the European Commission published a [targeted consultation](#) on the functioning of securitisation. The consultation contains questions in general and questions specific for certain participants in the European securitisation market: issuers, investors, sponsors. The consultation follows the recommendation to relaunching securitisation in, amongst others, the report by Mario Draghi, as a means of strengthening the lending capacity of European banks, creating deeper capital markets, building the European savings and investments union and increasing the EU's competitiveness. On 3 December 2024, the ECB published a [Response](#) to the consultation, promoting further harmonisation at EU level and an integrated EU capital market. See also 'Draghi Report'.
- **Who?** All banks and other parties active in securitisation.
- **When?** The consultation period ended on 4 December 2024. The responses will feed into the review of the securitisation framework to be considered by the European Commission in the next mandate.

Mission letter Commissioner

- **What?** On 17 September 2024, the European Commission published a [Mission Letter](#) directed to the new commissioner for Financial Services and the Savings and the Investment Union, Maria Luís Albuquerque, setting out the priorities for banking supervision by the European Commission for the next 5 years. The letter is very direct, with a focus on boosting private savings, fostering capital for innovation, unlocking digital finance, ensuring the competitiveness of the financial sector and harnessing sustainable finance. Also, the letter contains an explicit reference to enforcing financial supervision and further developing the Banking Union (referencing the European Deposit Insurance Scheme). Securitisation is seen as a potential to unlock bank financing (see also 'Relaunching securitisation'). Our thoughts on the Mission Letter are included in our [blog](#).
- **Who?** All banks.
- **When?** The consultation period ended on 4 December 2024. The responses will feed into the review of the securitisation framework to be considered by the European Commission in the next mandate.

DEVELOPMENT OF DUTCH LEGISLATION AND REGULATIONS

Financial Markets Amendment Act 2024

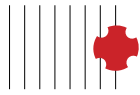
- **What?** On 11 June 2024, the [Financial Markets Amendment Act 2024](#) was adopted. As a result of the Financial Markets Amendment Act 2024, a new Article 12c will be introduced into the Banking Act 1998. Article 12c will provide that both the DNB director responsible for the supervision of a bank, as the DNB director for resolution, can determine that there is a failure or a probable failure by a bank. The amendment was necessary to bring the Banking Act 1998 in line with the bank resolution framework (BRRD).
- **Who?** DNB and all banks.
- **When?** The Financial Markets Amendment Act 2024 will generally enter into force as of 1 January 2025.

Deposit Guarantee Scheme

- **What?** On 1 September 2024, the [Decree](#) to amend the Deposit Guarantee Scheme (DGS) entered into force. The decree aims to further implement the revised Deposit Guarantee Schemes Directive and aims to update and repair identified defects and omissions in the provisions regarding the deposit guarantee scheme. Among others the decree clarifies the method for premium levy. As a result of the decree, DNB can change the risk methodology used to calculate the premiums to the DGS through the [Regulation](#) on Risk Indicators for Contributions to the Deposit Guarantee Scheme Wft 2024. Previously, the Ministry of Finance did this through a ministerial regulation. Also see the DNB [news item](#) on these changes.
- **Who?** All banks.
- **When?** As of now, the new risk methodology will be applied by DNB when it calculates the contributions to the deposit guarantee fund.

Implementation CRR III

- **What?** On 9 July 2024, the [Decree](#) on the implementation of CRR III was consulted by the Ministry of Finance. Although CRR III is directly applicable, the EU Regulations Wft [Decree](#) must be amended to include all (new) provisions of CRR III to become enforceable. In addition, it has been decided to apply a Member State option with regard to the application of the capital floor at a consolidated level within Member States. This will



also be included in the EU Regulations Wft Decree.

- **Who?** All banks.
- **When?** The consultation period ended on 30 August 2024. We expect the final Decree on the implementation of CRR III to be published in 2025.

Mortgage loan reporting act

- **What?** On 15 May 2024, a [consultation](#) was published for a Mortgage loan reporting act. This act provides for a reporting obligation for banks originating or investing in mortgage loans. A bank will be obliged to report information to DNB about residential or commercial mortgage loans originated by it or on its balance sheet. DNB needs this data to create reliable and up-to-date statistics about the financial sector and risk assessments in the field of financial stability. The precise data set that must be reported will be determined in lower regulation.
- **Who?** Banks originating or investing in mortgage loans.
- **When?** The consultation period ended on 1 July 2024. We expect that the act will be submitted to the parliament in 2025.

Act on cash payment

- **What?** On 18 October 2024, the Council of State (*Raad van State*) published its advice on the [Act on cash payment](#). The act has been consulted earlier in 2024. The aim of the act is to keep cash accessible, available and affordable. The act contains the following measures:
 - i) Large banks are obliged to provide a national basic infrastructure of ATMs. ABN AMRO, ING and Rabobank already do this, through their joint company Geldmaat.
 - ii) banks are obliged to offer their payment account holders access to the basic cash infrastructure, at maximum rates (free for private individuals).
 - iii) cash transport in the Netherlands is largely carried out by one service provider. The act does not regulate the acceptance of cash by retailers. This will be regulated by an EU [proposal](#) for an obligation to accept cash.
- **Who?** All banks.
- **When?** We expect that the act will be published in 2025.

EU Accessibility Act

- **What?** On 15 April 2024, the [Implementing act](#) accessibility requirements products and services has been published. Subsequently, on 4 July 2024 the [Implementing decree](#) accessibility requirements banking services has been published. The act and decree implement the EU [Accessibility Act](#) into Dutch law. The legislation describes accessibility requirements for, amongst others, providers of consumer banking services. Consumer banking services

mean offer a wide range of services related to the provision of consumer/mortgage credit, investment services, payment services and electronic money. Providers of consumer banking services must comply with requirements that are related to making the services more accessible to persons with a disability and providing information on the accessibility of the provided services. It is noted that consumer banking services must meet the standards of language level B2. Under [General developments](#), the accessibility requirements are elaborated upon in detail.

- **Who?** Banks who, in short, provide services online or otherwise at a distance with the goal of concluding an agreement with a consumer.
- **When?** The accessibility requirements enter into force on 28 June 2025.

NIS2 and CER

- **What?** On 21 May 2024, the Dutch legislator published a [consultation](#) for a legislative proposal for a Dutch cybersecurity act. This proposal implements the [NIS2 Directive](#). The NIS2 Directive aims to raise cybersecurity in the European Union to a higher common level by strengthening the digital resilience of essential and important entities in the Member States. In addition, on 21 May 2024, the Dutch legislator published another [consultation](#) for a critical entities resilience act. This proposal implements the [CER Directive](#). The CER directive focuses on the protection of organizations against physical threats, such as the consequences of (terrorist) crimes, sabotage and natural disasters. Banks could become subject to these acts, provided that a bank is identified as essential or important (under the cybersecurity act) or an critical entity or provider of an essential service (under the critical entity resilience act), provided that, for cyber threats, DORA is the *lex specialis* and applies first.
- **Who?** Banks identified as essential or important under the cybersecurity act.
- **When?** The deadline for the implementation of the NIS2 Directive was 17 October 2024. However, the Dutch legislator was unable to meet this deadline. The Dutch legislative process will continue in 2025.

OTHER DEVELOPMENTS

BCBS – CCyB

- **What?** On 28 November 2024, the BCBS published a [Report](#) on the range of practices in implementing a positive neutral countercyclical capital buffer (CCyB). The CCyB is intended to increase the resilience of banks when cyclical risks build up, and to release the buffer as soon as risks manifest. This gives banks extra room to absorb losses in

uncertain times and supports lending to companies and consumers. On 26 September 2024, DNB [announced](#) that it will maintain the CCyB is set by at 2.0%.

- **Who?** All banks.
- **When?** The report provides insight into the calculation the CCyB per competent authority, including DNB.

BCBS – 2023 turmoil

- **What?** On 11 October 2024, the BCBS published a progress [Report](#) on the 2023 banking turmoil and liquidity risk. The report is presented to the G20 Finance Ministers and central banks. The report includes an analysis on the liquidity outflow experienced by distressed banks during the turmoil and assesses the materiality of liquidity risk factors that are not explicitly covered by the Basel III Liquidity Coverage Ratio (LCR). Following the report, the BCBS will, amongst others, prioritise to strengthen supervisory effectiveness.
- **Who?** All banks.
- **When?** The report provides insight into the 2023 turmoil and the liquidity risk, which results may feed into new initiatives by BCBS.

BCBS – Core Principles

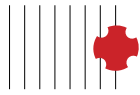
- **What?** On 25 April 2024, the BCBS published the revised [Core Principles](#) for effective banking supervision. The Core Principles entail the minimum standards for the sound prudential regulation and supervision of banks and banking systems. The principles are universally applicable and accommodate a range of banking systems and a broad spectrum of banks. At a high-level, these changes include: i) amendments to the definition of business model sustainability, which concept reflects the expectation that a bank designs and implements sound and forward-looking strategies that generate sustainable returns over time, to clarify its relationship to business model analysis and to emphasise that the ultimate responsibility for designing and implementing sustainable business strategies lies with a bank's board, ii) the introduction of a definition of 'climate-related financial risks' and iii) amendments to the definition of service providers to clarify the meaning of 'intragroup entities'. The Core Principles are used by competent authorities to assess the effectiveness of their regulatory and supervisory framework. In addition, the Core Principles are applied by the International Monetary Fund (IMF) and the World Bank as part of the Financial Sector Assessment Program (FSAP) to evaluate the effectiveness of countries' banking supervisory systems and practices.
- **Who?** All banks.
- **When?** The Core Principles determine how the ECB and other competent authorities will establish their own principles for banking supervision in 2025 and beyond.

Discrimination by banks

- **What?** On 27 May 2024, the Ministry of Finance handed a [Report](#) to the Parliament on experiencing discrimination by customers when taking out services by banks and payment institutions. Of all groups studied, people with a non-Western migration background and young people most often experience discrimination in their contact with banks and payment institutions. Excessive control by banks and payment institutions is the most frequently mentioned behavior. Discrimination will be on top of the agenda of the Ministry of Finance in discussions with banks, payment institutions and competent authorities. On 17 December 2024, the Minister of Finance sent a [letter](#) to the House of Representatives with an update on the progress. The Minister is working with DNB and the NVB on a number of concrete actions, including improving the Wwft and the Sanctions Act, a method to minimize account termination, a complaints desk, a manual on dealing with artificial intelligence (AI) and more attention to discrimination in internal training at banks.
- **Who?** All banks.
- **When?** We expect that the Ministry of Finance will follow up on actions to be taken to prevent discrimination by banks and payment institutions in 2025.

Draghi Report

- **What?** On 9 September 2024, the European Commission published a [Report](#) on the future of European Competitiveness, also referred to as the 'Draghi Report'. In his report, Draghi conducted research into the competitiveness of the EU economy. The report identifies three main areas for action for Europe to reignite sustainable growth: i) closing the innovation gap with the US and China, especially in advanced technologies, ii) concluding on a joint plan for decarbonisation and competitiveness and iii) increasing security and reducing dependencies. Draghi concludes that the EU relies excessively on bank financing, which is less well-suited to fund innovative projects and faces several constraints and that EU banks face specific regulatory hurdles which constrain their capacity to lend. Reviving securitisation is seen as a potential. See also 'Relaunching securitisation'. Also, Draghi concludes that the regulatory burden in the EU is high and continues to grow, but the EU lacks a common methodology to assess it. The report contains concrete proposals to reduce these regulations, including prudential banking regulations. Our thoughts on the Draghi report are included in our [blog](#).
- **Who?** All banks.
- **When?** The Draghi Report will feed into the European Commission legislative proposals and adoption of new regulations.



INVESTMENT FUNDS

This section discusses the rules for managers of alternative investment funds (AIFs) and undertakings for collective investment in transferable securities (UCITS). Instead of the formal Dutch legal term “investment institution,” we use the market-standard term “investment fund” as a generic term for all types of investment vehicles.

Managers who are permitted to provide investment services in addition to managing investment funds (managers with MiFID II top-up) must comply with a large number of rules that apply to investment firms for that part of the service. Therefore, we recommend that those managers take note of the [Investment Firms](#) section of this Outlook in addition to this section. The cross-sectoral sections [Integrity](#), [Sustainability \(ESG\)](#) and [DORA & AI](#) also of great interest to managers. Topics related to these are not covered in this section, but only in the aforementioned specials

Finally, it is useful for mutual fund managers to take note of the [General developments](#) section, as it includes topics that may affect managers and mutual funds

What further concerns part of the market at the moment, but which we do not address in this Outlook, are tax developments and the consequent tax treatment of different types of investment funds.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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AFM SUPERVISION

Trend Monitor 2025

- **What?** On November 14, 2024, the AFM published [Trend Monitor 2025](#), in which the AFM addresses the main trends and associated risks in the financial sector. For asset management, the AFM highlights, among other things:
 - **Concentration and market power.** Consolidation in the asset management sector continues, due to increasing regulatory pressure, margin pressure and digitalization. This leads to concentration risks as either many asset managers become dependent on a limited number of parties or a few large asset managers with dominant market positions remain active.
 - **Increasing importance of private credit.** The market for private credit is growing rapidly and becoming more intertwined with the financial system. Pension funds and insurers are major investors in private credit, while private credit is actually considered high risk. While private credit contributes to a competitive credit market as an alternative to regular bank financing, it also carries high credit and liquidity risks. Managers should be vigilant to these increasing risks.
 - **Outsourcing.** Asset managers outsource not only (investment) administration and IT, but also licensed activities, such as portfolio and asset management. The increase in outsourcing, just as with consolidations, can lead to concentration risks when many asset managers become dependent on a limited number of parties to whom is outsourced.
 - **AI.** Increased use of AI models and applications by managers makes them dependent on the quality of available data, emphasizes the importance of transparency about the use of AI to customers and encourages dependence on third parties.
 - **Sustainability transition.** In the context of the sustainability transition, the AFM identifies various developments and risks, of which the limited availability and quality of ESG data is an important aspect. Correct, timely and complete ESG data is needed to correctly assess sustainability risks. As of yet, the quality of ESG data is not at the desired level. This is partly because many (physical) sustainability risks follow from the value chain, where there is less transparency.
 - **Integrity.** The AFM notes an increase in asset managers allowed to offer funds without a license (managers under the registration regime), which impacts the risk of fraud and crime (including risks of money laundering and misleading disclosures). The AFM published an [overview](#) of obligations applicable to managers under the registration regime in November 2024.
- **Who?** Primarily relevant to licensed managers of AIFs and UCITS, but also to managers using the AIFMD registration regime.

- **When?** The actual implications of the trends and risks for the AFM's supervisory activities will be further developed in its Agenda 2025, which will be published by the AFM in early 2025.

Policy Rule on Information Provision

- **What?** On September 30, 2024, the AFM published the revised [Policy Rule](#) on Information Provision. In it, the AFM sets out, among other things, further rules on the responsibility of the financial service provider when using "affiliate marketing" and new examples of misleading and/or unbalanced disclosures. Although the policy rule is already applicable, the requirements contained therein should have the ongoing attention of financial service providers.
- **Who?** All managers of AIFs and UCITS.
- **When?** Effective immediately. Affiliate marketing and unbalanced disclosure, in particular, seems to be increasingly on the AFM's radar. So, as far as we are concerned, this is a focus for cooperation with other parties in 2025. See also the following article on this subject: R.E. Labour, 'Rondom het Nieuws. Hoe beoordeelt de AFM diverse soorten van informatieverstrekking?', TFR 6 mei 2024, p. 105-109.

Recommendations outsourcing monitoring

The AFM's guidance on outsourcing has never been as specific and detailed as it is today. On September 23, 2024, the AFM published a report with [recommendations and observations](#) for monitoring outsourcing in the asset management sector. This report contains new and detailed guidance on when engaging third parties qualifies as outsourcing as well as the design and monitoring of outsourcing within asset management.

We will not summarize all the recommendations below, despite the fact that the recommendations may be very useful to the market. As far as we are concerned, three noteworthy recommendations from the AFM are:

- Insourcing or outsourcing.** The AFM notes that many companies do not classify relationships with third parties as outsourcing, while they in fact do qualify as such, because the relationship is seen as procurement, insourcing, standard services or support. To date, the AFM has never made very explicit when it considers something to be outsourcing or insourcing. Attached to the report, the AFM included a step-by-step flow chart as a tool to determine when insourcing is involved. Fund managers who engage in insourcing relationships would do well to check whether this relationship is rightly qualified as insourcing.



ii. Intra-group outsourcing. The AFM emphasizes that companies that outsource intra-group should have their own documented procedures and their own reporting lines to their own boards, even if group policies and procedures are used. Also, it is not always obvious that all group companies involved in the outsourcing have the same interests on an ongoing basis.

iii. Good Outsourcing Policy. While this is a less clear recommendation from the AFM, and more a useful tool for creating or revising outsourcing policies, the AFM provides a description of the cycle of outsourcing. This description addresses the main steps/phases of outsourcing an activity. This can serve as a guide to verify that all phases find their representation in one's own outsourcing processes.

We expect that the AFM will continue to pay attention to outsourcing in 2025 and thus apply the recommendations in its supervision of market parties. Market parties are expected to follow up on the AFM's recommendations. By now it is clear that "those who outsource activities, insource obligations".

Guidance PARP scenario analyses

- **What?** On December 3, 2024, the AFM published the [guidance](#) PARP "scenario analyses from a customer perspective". Studies have shown that financial undertakings are looking for ways to carefully design and perform relevant scenario analyses during the PARP process. The AFM provides guidance on this in its guidance document. For managers, for example, the AFM provides as a tool that a manager can analyze within the PARP scenario analyses, on the basis of a stress test, the situation in which a manager of an open-end fund in illiquid assets is facing possible liquidity problems. The manager can then incorporate the results in the (further) development of the investment and the determination of the target group and distribution strategy.
- **Who?** Licensed managers of AIFs and UCITS.
- **When?** Effective immediately: managers can include the tools in the periodic review of their PARP.

Liquidity stress testing concerns

- **What?** On December 19, 2024, the AFM published its [report](#) on liquidity stress tests (LSTs). The AFM considers it important that managers have adequate LST policies in place and implemented, also in view of the geopolitical tensions that also affect the financial markets. While the AFM believes that managers appear to have their LST policies in place and are largely performing the stress tests correctly, there are a few

areas of concern where the [ESMA guidelines](#) on LSTs are not being fully complied with. For example, not all managers adequately substantiate the choice of LST frequency. Some managers use only historical or hypothetical scenarios for their LSTs, which may not accurately reflect future stress situations. Furthermore, the AFM mentions, among other things, the usefulness of reverse stress testing, especially for managers using leverage, and the obligation to document the escalation procedure in case of threshold breaches.

- **Who?** Licensed managers of AIFs and UCITS.
- **When?** Effective immediately: managers can include the concerns in the periodic review of their LST policies and implementation.

AIFMD for light managers

- **What?** On October 31, 2024, the AFM published a report entitled [AIFMD-light Market View](#). In this report, the AFM shares its findings from an exploratory study of managers under AIFMD registration regime ("light managers"). The regulator sees that the majority of light managers invest primarily in private equity and the size of this type of manager in the Netherlands is relatively large compared to other member states. Much of the assets under management come from retail investors and from abroad. Among other things, the AFM draws attention to the annual manager and fund reporting requirements for light managers. New light managers are only required to provide this reporting for that year after a full calendar year has passed. This means that light managers registered in 2023 will have to report for the first time for 2024 in January 2025. The AFM notes that although compliance with the reporting requirement is improving there are still dropouts (missing reporting due to omissions, no reporting flags and missing values). Based on practical experience, it appears that the AFM is currently (follow-up) investigating specific fund managers about their activities.
- **Who?** Managers using the AIFMD registration regime.
- **When?** Effective immediately. Light managers should note that the AFM is conducting (follow-up) investigations.

DNB SUPERVISION

Supervision in Focus 2024-2025

- **What?** On November 11, 2024, DNB published the [Supervision in Focus 2024-2025](#) report. In the report, DNB indicates that attention will continue to be paid to the data quality of prudential reporting by managers, as the quality is not yet at the desired level.



DNB will also investigate the calculation of the “fixed cost requirement” as part of the capital requirements in 2025. Furthermore, DNB will support the Dutch legislator in the implementation of the revised AIFM Directive.

- **Who?** Licensed managers of AIFs and UCITS.
- **When?** During 2025.

General focus points for supervision

- **What?** On December 11, 2024, DNB released the [general focus points](#) for the supervision of managers in 2025. In any case, DNB will pay extra attention to:
 - the quality of prudential reports submitted to DNB. This was also a focus of DNB’s attention last year. In this context, DNB also points to the [Good Practices](#) it published in 2024. DNB has also published an [information page](#) on this topic;
 - the calculation and reporting of the fixed cost requirement. Noting that this could be improved, DNB has sent institutions a letter explaining this. DNB has also published an [information page](#) on this topic; and
 - market risk and its calculations in accordance with the IFR by proprietary traders. Furthermore, DNB will send the biennial questionnaire on liquidity risk and credit risk management to market parties in January.
- **Who?** All managers of AIFs and UCITS.
- **When?** During 2025.

Interim dividend payments

- **What?** As part of DNB’s focus on the quality of capital held by institutions, DNB pointed out in its April 10, 2024 [news release](#) that (again) a number of institutions have paid interim dividends on annual earnings without verifying the earnings. Companies must have Common Equity Tier 1 regulatory capital that meets the requirements of IFR and CRR in terms of amount and composition. If an institution wishes to pay dividends before the annual profit has been added to the regulatory capital and without a sufficient capital buffer, (i) the annual profit must be verified by an auditor and (ii) the institution must submit a request to DNB for the inclusion of the result in the regulatory capital (all pursuant to Article 26(2) CRR).
- **Who?** Licensed managers of AIFs and UCITS.
- **When?** This topic - capital quality - will have DNB’s increased attention in 2025. DNB emphasizes that institutions must comply with applicable capital requirements on an ongoing basis, and that it may impose fines for non-compliance with these requirements.

Anticipation of geopolitical instability

- **What?** On November 11, 2024, DNB published the [study](#) “Resilient in a Bleak World”. The study describes the emergence of a new era characterized by increasing international tensions, fragmentation and bloc formation. This has direct and indirect consequences for financial institutions through the growth of protectionist measures, an increasingly complex cyber threat landscape and an increase in the number of sanctions imposed. DNB calls on financial institutions to proactively identify geopolitical risks and ensure their operational resilience. In addition, it is important that institutions have sufficient buffers in case geopolitical developments lead to financial risks.
- **Who?** Although the study does not directly address AIF and UCITS managers, it may be relevant in assessing geopolitical risks in the context of risk management.
- **When?** Effective immediately.

Statistical data reporting requirements

- **What?** On July 23, 2024, the European Central Bank (ECB) published the [Regulation](#) on Statistics on Investment Funds. As the importance of the funds sector in determining monetary policy has grown significantly, the ECB, with assistance from DNB, needs more data from the industry. The Regulation therefore introduces an obligation for most managers to report monthly statistical data on fund assets, liabilities, income received, dividends paid and fees paid. DNB may grant exemptions from the mentioned statistical reporting requirements to the smallest investment funds in terms of total assets, as long as at least 95% of total investment fund assets are reported in the Netherlands. It is currently unclear how DNB will implement this in practice.
- **Who?** All managers of AIFs and UCITS.
- **When?** The amended reporting requirement will take effect December 1, 2025.

ESMA

Work Programme 2025

- **What?** On October 1, 2024, ESMA published its 2025 [Annual Work Programme](#). In it, ESMA outlines its priorities for 2025. Priorities relevant to managers are as follows:
 - ESMA expects to issue new reports on marketing communications and cross-border fund distribution in 2025. In terms of risks, ESMA will pay particular attention to the use of leverage by funds, liquidity of real estate funds and bond funds, and the increasing



- interconnectedness of funds with the financial system;
- ESMA expects to deliver a report on fees charged to investors by funds and managers;
- ESMA will continue to develop technical standards on liquidity management tools and guidelines for open-ended loan origination funds; and
- ESMA is conducting a peer review on depository obligations under AIFMD and UCITS.
- **Who?** All managers of AIFs and UCITS.
- **When?** During 2025.

Level 2 ELTIF Regulation

- **What?** On October 25, 2024, the European Commission published the [delegated regulation](#) under the revised ELTIF Regulation. European long-term investment funds (ELTIFs) are funds intended for long-term investment distributed on a cross-border basis to both professional and retail investors. Potentially, this is an attractive label for AIFs wanting to market to retail investors in Europe on the basis of a European passport. The Level 1 provisions of the ELTIF Regulation have been amended since January 10, 2024. The delegated regulation has been the subject of lengthy discussions. Among other things, this delegated regulation sets detailed rules on:
 - Under what circumstances derivatives may be used for hedging risks of investments by the ELTIF;
 - procurement criteria, including conditions, time window and frequency at which refunds are allowed, time frames and procedures for refunds such as a notice period and roles/responsibilities, how refunds can be requested, use of minimum retention period;
 - the circumstances for matching exiting and new investors of units in an ELTIF, with a policy defining the format, process, timing and frequency of matching, transaction dates, solicitation requirements, settlement deadlines, any guarantees and the use of notice periods; and
 - cost disclosure requirements, including definition of cost types from the ELTIF Regulation, calculation methods and performance formats, which will lead to need to revise disclosures.
- **Who?** Managers of ELTIFs.
- **When?** Since October 25, 2024.

Level 2 AIFMD – Open-end loan origination

- **What?** On December 12, 2024, ESMA published the consultation version for [technical standards](#) under the revised AIFM Directive relating to open-end loan originating funds. The technical standards define further rules, specific to loan originating funds, on liquidity, availability of liquid assets, stress testing and monitoring.

- **Who?** Licensed managers of open-end loan originating AIFs.
- **When?** The consultation will run until March 12, 2025, after which the final version of the technical standards will be published. They will become applicable once the revised AIFM Directive applies, expected April 16, 2026.

Level 2 AIFMD – Liquidity management & procurement

- **What?** On July 8, 2024, ESMA published draft [guidelines](#) and [technical standards](#) under the revised AIFM Directive. The technical standards define the elements of liquidity management tools (LMTs), such as calculation methods and activation mechanisms. The guidelines provide guidance on selecting and calibrating LMTs for UCITS and open-ended AIFs, which must be consistent with the fund's liquidity profile and redemption policy.
- **Who?** Licensed managers of (especially open-ended) AIFs and UCITS.
- **When?** The final versions of the guidelines and technical standards will be published on April 16, 2025. They will become applicable once the revised AIFM Directive applies, expected April 16, 2026.

Application of ESG in fund names

- **What?** On December 13, 2024, ESMA published new [Q&As](#) on the application of the [Guidelines](#) on fund names that use ESG or sustainability-related terms. In particular, the Q&As cover investments in green bonds, the concept of investing meaningfully in sustainable investments and controversial weapons. See also the [Sustainability \(ESG\)](#) section on this topic.
- **Who?** Managers of AIFs and UCITS with (potential) ESG or sustainability terms in fund names.
- **When?** Effective immediately.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

AIFMD 2

After more than five years of preparation, the final version of the amending directive for the Level 1 text of the [AIFM Directive](#) (or AIFMD) was published on March 26, 2024.

As far as we are concerned, the key outcomes for AIF managers are:

- i. Loan origination.** Managers who manage AIFs that originate loans must meet additional requirements in areas such as investment restrictions, risk management, liquidity management and management of conflicts of interest.
- ii. Liquidity management.** There will be additional liquidity management requirements for open-end funds and a requirement to inform investors about the liquidity management techniques that the AIF may use. Managers must include a liquidity management technique in their fund documentation.
- iii. Outsourcing.** There will be a further tightening of outsourcing options and conditions. There will also be so-called *peer reviews* in which ESMA conducts an analysis among local supervisors. This analysis will focus on the measures taken to prevent AIFMs, which outsource portfolio and/or risk management to service providers in third countries, from becoming so-called letterbox companies.
- iv. Costs.** The proposal includes additional disclosure requirements (including periodic reports) on costs charged with respect to an AIF.

Also relevant for UCITS managers

The proposal also amends the UCITS Directive. The goal is to achieve greater harmonization of the rules in the two directives that dominate the supervision of managers in Europe. This harmonization will include reporting requirements of AIFs and UCITS

Parts ii. and iii. above are also relevant for UCITS managers.

Desirability of a Supervisory Board

A passage from the revised AIFM Directive that is making the market curious (or anxious) is the consideration that the European legislator considers it appropriate for managers managing funds offered to non-professional (retail) investors to appoint at least one independent or non-executive director (or according to Dutch custom: installing a Supervisory Board (SB)). Because the European legislator only considers this desirable for the time being, but has not cast it into a specific obligation, and it is still unknown how the Dutch legislator and the AFM view this desirability, it is important to keep an eye on developments in the field of "AIFMD 2".

Continued

Member states have until April 16, 2026, to implement the changes into national law.

In line with the revised AIFM Directive, the first proposal for new Level 2 text has now been published (see "Level 2 provisions revised AIFM Directive in this section of the Outlook).

Retail Investment Strategy – AIFMD & UCITS

- **What?** On May 24, 2023, the European Commission published the Retail Investment Strategy including a proposal for an [omnibus directive](#) amending, among others, the AIFM and UCITS Directives and MiFID II. The goal of the omnibus is to improve the retail investment market by introducing changes in the areas of product governance, permitted commissions, broadening the opt-up option to professional investor and adjustments in disclosure requirements. In addition, the very detailed rules on *due pricing* of investment funds stand out. The European Economic and Social Committee has published a report with initial findings and negotiations on the Retail Investment Strategy are now underway. The European Parliament adopted its [position](#) on April 23, 2024. Among other things, the European Parliament emphasizes a horizontal and harmonized approach to investment protection and the *twin transition* (digitalization and sustainability). The Council of the European Union adopted its [position](#) on June 12, 2024. Among other things, the Council suggests repealing the proposal's ban on commissions for execution-only sales, introducing overarching principles to be respected when paying or receiving commissions, and amending the proposed "Value for Money" principle.
- **Who?** All AIF and UCITS managers, but especially licensees.
- **When?** It is still unclear when and in what form the Retail Investment Strategy will end. The European Commission's proposals stipulate that EU member states must then implement the new rules in their national legislation within 12 months and apply them within 18 months.

Retail Investment Strategy – PRIIPs

- **What?** As part of the Retail Investment Strategy Package as announced on May 24, 2023, the European Commission has proposed [amendments](#) to the PRIIPs Regulation. The changes include (i) the introduction of the new product overview paragraph in the Key Information Document (KID), (ii) the removal of the comprehensibility warning from the KID, (iii) the introduction of a new sustainability paragraph in the KID, and (iv) the simplification and modernization of the provisions on providing the KID.
- **Who?** Managers of AIFs and UCITS offering units to retail investors.
- **When?** The European Parliament adopted its [position](#) on April 11, 2024. The Council [did](#) so on June 7, 2024. Subsequently, the negotiations between the European Parliament and the Council started. The European Commission's proposal and the European Parliament's position amending the PRIIPs Regulation stipulates that



18 months after the amended PRIIPs Regulation enters into force, the amendments become directly applicable in all EU member states. However, the Council proposes a deadline of 24 months.

EuVECA and EuSEF

- **What?** The previous amendments to the EuVECA and EuSEF regulations (2017) stipulated that the European Commission should have conducted a review by March 2, 2022. Currently, there are no public documents available on such a review of the two regulations. It seems that the European Commission has started the evaluation behind the scenes and that local regulators have provided input for it.
- **Who?** Managers of EuVECA or EuSEF funds.
- **When?** If and when the EuVECA and EuSEF regulations will be evaluated is still unknown. The expectation is that the European Commission will soon make the evaluations public.

Review MMF Regulation

- **What?** On March 26, 2021, ESMA published a [consultation report](#) for a review of the MMF Regulation (the framework that provides for the regulation of market funds MMFs). Through this document, ESMA requested input for the possible review. On February 16, 2022, ESMA released its [report](#). This served as input for the EC's [review of the MMF regulation](#), which ran from April 12 to May 20, 2022. On July 20, 2023, the EC published [the report](#). In the report, the EC concluded that while the MMF Regulation has had a positive impact, there are also structural issues with MMFs and the MMF Regulation by extension. The Financial Stability Board (FSB) published a [study](#) on February 27, 2024. The issues identified will be further investigated by the EC.
- **Who?** Managers of money market funds.
- **When?** We are now waiting for further action from the EC. At the time of publishing this Outlook 2025, no further information is available on this.

NEW LAWS AND REGULATIONS

Financial Markets Amendment Decree 2024

- **What?** From September 13, 2023 to October 25, 2023, the [internet consultation](#) ran for the Financial Markets Amendment Decree 2024. Among other things, this decree makes changes to the Decree on Conduct of

Business Supervision of Financial Undertakings Wft (Bgfo), the Decree on Prudential Rules Wft (Bpr) and the Implementation Decree Wwft 2018. The amendment decree clarifies that managers of UCITS must take measures to limit the risk of legal non-compliance and set up a periodic evaluation of compliance with the law. In addition, it is made possible to outsource UCITS management to another licensed UCITS manager. Finally, an article is amended that deals with what data a *feeder UCITS* must provide to the AFM in case the *master UCITS* is liquidated. The Council of State issued [its advice](#) on September 26, 2024 to further justify the amending decree.

- **Who?** Managers of UCITS.
- **When?** The Directive stipulates that the rules must apply from June 28, 2025. The effective date of the implementation law is not yet known.

Accessibility requirements

- **What?** On April 15, 2024, the Accessibility of Products and Services [Implementation Act](#) was published. The law and decree implement the [Accessibility Directive](#). The law sets accessibility requirements for providers of e-commerce services to consumers and consumer banking services. The online offering of holdings in investment funds to investors who could qualify as consumers can be considered e-commerce services. The provision of investment services to consumers (also under the MiFID II top-up) is a consumer banking service within the meaning of the directive. The directive requires market parties to provide information on the accessibility of their services and make their services and products more accessible. The [General Developments](#) section details the accessibility requirements.
- **Who?** Managers of AIFs and UCITS who, in short, provide services online or otherwise at a distance for the purpose of concluding a contract with a consumer.
- **When?** The accessibility regulations are applicable as of June 28, 2025.

Macroprudential framework NBFIs

- **What?** On May 22, 2024, the European Commission launched a [consultation](#) aimed at identifying vulnerabilities and risks of the existing macro-prudential framework for *non-bank financial intermediation* (NBFI). NBFI is the collective term for financial activities by non-banks, such as fund managers, investment firms, pension funds, insurers and certain unregulated entities. These parties are thus called NBFIs. The European Commission invites EU institutions, national supervisors and market parties to provide input on the functioning of the current prudential framework for NBFIs, as

contained in various EU sectoral directives and EU regulations including IFR/IFD. On November 22, 2024, ESMA [responded to](#) the consultation. The Ministry of Finance, together with DNB and AFM, also submitted a [consultation response](#) with [introduction document](#) on November 22, 2024.

- **Who?** Given the European Commission's initiating role in financial sector legislation, this consultation has relevance for all AIF and UCITS managers.
- **When?** The consultation period ended on November 22, 2024. The European Commission will consider the consultation responses in setting the policy agenda for the period 2024-2029.

to provide access to financial data beyond payment account data. The FIDA Regulation requires *data holders* to provide financial data to *data users*. The [General Developments](#) section discusses FIDA and all related developments in more detail.

- **Who?** All managers of AIFs and UCITS.
- **When?** The proposal is still in the European legislative process. Entry into force is expected by the end of 2026.

Mortgage market reporting consultation

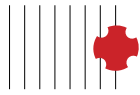
- **What?** On May 17, 2024, the [consultation version](#) of the DNB Mortgage Market Reporting Act was published. The Act allows DNB to impose reporting obligations on, among others, real estate fund managers for the purpose of mapping the mortgage market. DNB needs the reporting data to arrive at reliable and up-to-date statistics on the financial sector and risk estimates in the area of financial stability. The exact dataset to be reported will be determined in lower regulations.
- **Who?** Managers of AIFs and UCITS that invest in mortgage loans or make such loans.
- **When?** The consultation period ended on July 1, 2024. We expect the law to be sent to the House of Representatives in 2025.

Supervisory reporting consultation

- **What?** On May 17, 2024, the [consultation version](#) of the Act on supervisory reporting AFM was published. The law allows the AFM to impose reporting requirements on, among others, managers for the purpose of risk-based supervision. The consultation caused quite a stir in the market and received criticism from experts because the proposal gives the AFM far-reaching powers to impose reporting obligations. It is currently unclear whether and, if so, how this consultation will be followed up.
- **Who?** All managers of AIFs and UCITS.
- **When?** It is still unclear to what extent a bill (amended or otherwise) will be published.

FIDA

- **What?** The European Commission published a [proposal](#) for the Financial Data Access (FIDA) Regulation on June 28, 2023. This proposal aims to extend the obligation



INVESTMENT FIRMS

Please note that topics from the cross-sectoral sections [Integrity](#) (think of the Wwft and sanctions regulations), [Sustainability \(ESG\)](#) and [DORA & AI](#) are also of great importance to investment firms. These topics (with a few exceptions) are not covered in this section, but only in the aforementioned *specials*.

In addition, it is useful for investment firms to take note of the [General Developments](#) section, as it includes topics that may affect investment firms (such as developments regarding supervision and enforcement).

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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AFM SUPERVISION

Trend Monitor 2025

On November 14, 2024, the AFM published its [Trend Monitor 2025](#). In this document, as it does every year, the AFM identifies important trends and associated risks in the financial sector. For investment firms, the following trends are particularly relevant:

- **General developments.** Partly because of high expectations surrounding AI, stock prices rose sharply in 2024. As in previous years, the AFM further identifies that margin pressure, increasing laws and regulations and digitalization require investment firms to strategically reposition themselves. According to the AFM, consolidation and outsourcing of many tasks can further lead to concentration risks, when many investment firms become dependent on a limited number of third parties or when only a few large investment firms remain.
- **Digitalization.** The AFM sees investment firms increasingly using AI in asset management, operational processes and investment policies. While the use of AI can improve investment strategies and services for clients, it also carries inherent risks, according to the AFM. As examples, the AFM cites biases in algorithms, poor data quality and a lack of transparency and explainability. In addition, the use of AI may lead to dependency risks, as for now only a limited, non-European, group of companies can provide AI technology. The AFM also points out that risk management in the development and use of (AI) models is becoming increasingly important due to the increasing complexity and that there is still work to be done here. Finally, the AFM identifies that investment firms are more frequently targeted by cyberattacks and therefore need to ensure cyber resilience as envisaged in DORA, even if they outsource ICT tasks.
- **Sustainability.** The AFM maintains that investment firms have an impact on the climate transition through their investments. The AFM also sees that more and more sustainable products are being offered. In asset management and investment advice, investment firms are obliged to obtain information from the client about sustainability preferences, but according to the AFM this is not yet going well enough. The AFM calls on investment firms to invest in expanding their investment offerings so that these offerings are better aligned with clients' sustainability preferences. In addition to sustainability ambitions, sustainability risks (events with an impact on the value of investments) require continued attention. The AFM points specifically to natural loss, which is even more difficult

to quantify than climate risks but is already a factor in the here and now.

- **Internationalization.** New European laws and regulations will impact the playing field and competitiveness of the European asset management industry, according to the AFM. The AFM specifically points here to the further establishment of the European Capital Markets Union.

Specifically for investment firms and other asset managers, the AFM has prepared a so-called "risk map. In it, the AFM identifies a number of specific risks, including the following:

- **Consolidation and market power (risk: 'elevated/orange').** The strategic repositioning of investment firms in the form of mergers and acquisitions results in a few players with dominant market positions remaining in the market. This may not lead to the best outcome for investors, according to the AFM.
- **Chain dependency (risk: 'high/yellow').** Outsourcing of activities such as portfolio management, administration and ICT leads to chain dependency. Investment firms themselves remain responsible for the activities they outsource and must therefore take adequate control measures.
- **Digital operational resilience (risk: 'elevated/orange').** Increasing use and dependence on ICT systems makes investment firms vulnerable to cyberattacks and other ICT incidents. Increasing outsourcing to large service providers, such as cloud platforms, also makes the entire industry vulnerable to incidents at such nodes. Investment firms should take sufficient measures that ensure strong digital operational resilience, even when outsourcing ICT.
- **ESG integration, control and communication (risk: 'elevated/orange').** According to the AFM, insufficient integration of sustainability risks into risk and portfolio management can result in unforeseen declines in value for investors. There is also the risk of *greenwashing* if investment firms communicate unclearly or incorrectly about the sustainable features of a product. Both risks are exacerbated if ESG data is missing.
- **AI in investment policy and operations (risk: 'high/yellow').** Uncontrolled use of AI in portfolio management and operational processes leads to potential biases, reduced transparency and explainability. The AFM points out that in extreme cases errors in algorithms or poor control of the aforementioned risks can lead to financial instability. The increasing use and complexity of AI models increases the exposure of investment firms to model risk.

The concrete implications of the trends and risks for the AFM's supervisory activities will be detailed in its Agenda 2025, which will be published by the AFM in early 2025.



SREP topics

- **What?** The Supervisory Review & Evaluation Process (SREP) is a periodic call for investment firms. The AFM published its first [SREP Market View](#) in July 2024. It addressed IT risk management, the Product Approval & Review Process (PARP) and asset segregation, among others. Meanwhile, the follow-up SREP call has also been completed. This one looked at remuneration policies, incident management and outsourcing, among others.
- **Who?** Investment firms.
- **When?** Based on the first SREP Market Picture, the AFM expects companies to consider whether they can make improvements in their operations and will include these issues in its supervision. During 2025, the second SREP Market Picture will then be published. It makes sense to include the topics raised by the AFM in the 2025 compliance agenda where appropriate.

Recommendations outsourcing

- **What?** On September 23, 2024, the AFM published the [report](#) Recommendations on Outsourcing Monitoring. This report contains the outcome of AFM research on the ongoing management of outsourcing risks by investment firms. Key findings include that: (i) investment firms do not always have a well-substantiated approach to what qualifies as (material) outsourcing, (ii) in the design of outsourcing there is often still too little consideration of measures and agreements for appropriate monitoring, (iii) for intra-group outsourcing there is often (too) much reliance on informal measures and agreements and (iv) investment firms are not always aware of ICT risks of outsourcing. The AFM provides 20 concrete recommendations. The report also includes a useful flowchart for determining whether outsourcing is involved. With this, the AFM for the first time provides a concrete view on outsourcing versus procurement.
- **Who?** Investment firms that outsource and/or make extensive use of purchasing structures.
- **When?** Ongoing. The AFM expects investment firms to incorporate the report's recommendations in their ongoing control of outsourcing.

Sustainability compliance

- **What?** On May 14, 2024, the AFM published a [news release](#) and two reports on compliance with sustainability regulations by investment firms and others. In the [first report](#), the AFM discusses how investment firms, among others, complete the Sustainable Finance Disclosures Regulation (SFDR)

templates so that investors who want to invest sustainably can understand and compare products. The AFM concludes that part of the industry is still lagging behind in this regard, and that work is particularly needed in complying with Level 2 SFDR regulations. In the [second report](#), the AFM explores the extent to which investment firms have integrated applicable sustainability rules into their *product oversight & governance* (POG) and suitability tests. The AFM concludes that parties have made steps in this regard, but there is still a world to be won. In line with this, the AFM published a [news release](#) on November 12, 2024, in which it points out that although it is mandatory for asset managers and investment advisors to solicit sustainability preferences from investors, this does not yet happen in all cases. The AFM bases this on the results of the September 11, 2024 [Consumer Monitor Investors](#).

- **Who?** Investment advisors and asset managers.
- **When?** Ongoing. In the first report, the AFM states that it expects firms that do not currently meet the basic requirements of the SFDR to take action to comply in the short term. The AFM expects all firms to use the findings and guidance in the report to further improve disclosures. In the second report, the AFM calls on companies to embed sustainability provisions in their POG policy and to make sustainability in the suitability test more understandable and meticulous. The AFM announces that it will conduct further research into this, which will probably take place in 2025.

Guideline PARP scenario analyses

- **What?** On December 3, 2024, the AFM published the [PARP Guideline](#) "scenario analyses from a customer perspective." Surveys showed that financial enterprises are searching for ways to carefully design and perform relevant scenario analyses during the PARP. The AFM offers guidance in the guidance document PARP.
- **Who?** Primarily investment firms that (co)develop financial instruments, but scenario analyses can also sometimes be necessary for distributors to determine the right target group.
- **When?** Effective immediately: the AFM expects that the tools in this guidance will further enable firms to perform good quality scenario analyses.

Registration DPE – OTC transactions

- **What?** On September 9, 2024, the AFM published a [news release](#) indicating that investment firms can register with the AFM as a "Designated Publishing Entity" (DPE) as of September 9, 2024. The new status of DPE stems from the [review of MiFIR](#) (see below



this section under Review MiFID II/MiFIR). When two parties trade outside of a trading venue (OTC), one of these parties must disclose the transaction through an *Approved Publication Arrangement* (APA) in the cases defined in Article 20 or 21 MiFIR. The investment firm registered as a DPE is responsible for this post-trade transparency obligation (Article 21b MiFIR). According to the AFM, with a DPE registration an investment firm can now assume responsibility for publishing transactions through an APA without having to meet the more onerous status of systematic internalizer (SI).

- **Who?** Investment firms executing OTC transactions in financial instruments on their own account or on behalf of clients.
- **When?** ESMA has [agreed](#) with national regulators that the DPE regime will apply as of February 3, 2025. From this date, in designated cases, registered DPEs involved in a transaction must disclose the transaction through an APA.

Policy Rule Provision of Information

- **What?** On September 30, 2024, the AFM published the revised [Policy Rule](#) on the Provision of Information. In this Policy Rule, the AFM provides, among other things, further rules on the responsibility of the financial service provider when using “affiliate marketing” and new examples of misleading and/or unbalanced disclosures. Although the policy rule is already applicable, this should have the ongoing attention of investment firms.
- **Who?** All investment firms.
- **When?** Effective immediately. Affiliate marketing and unbalanced disclosures in particular seems to be increasingly on the AFM’s radar. Hence, this should be a focus area for investment firms when working with affiliates in 2025. See also the following article on this subject: R.E. Labeur, “Around the News. How does the AFM assess various types of disclosures?”, TFR 6 May 2024, pp. 105-109.

Legislative letter short positions market makers

- **What?** On April 26, 2024, the AFM published its annual [legislative letter](#). This letter is addressed to the Minister of Finance and the Minister of Poverty, Participation and Pensions and contains the AFM’s main legislative wishes. Relevant for investment firms, the AFM states that it does not consider it desirable that market makers are currently exempt from the obligation to report gross short positions in shares to the AFM, while they do have to report long positions. According to the AFM, this gives the market incomplete information and an incorrect picture. The AFM therefore requests the Minister of Finance to adjust

the exemption framework of the notification obligation, and to place this on the European agenda so that a level European playing field can be achieved.

- **Who?** Investment firms operating as market makers.
- **When?** By [letter](#) dated May 23, 2024, the Minister of Finance indicated to be in favor of the adjustment requested by the AFM and that it will include the adjustment in the next amendment cycle. The amendment cycle is in principle annual, so the next one is expected to be in 2025.

DNB SUPERVISION

Supervision in focus 2024–2025

- **What?** On November 11, 2024, DNB published its [Supervision in focus](#) 2024-2025. In this publication, DNB looks back on what it has done as supervisor over the past year and looks ahead to its priorities for 2025. Looking ahead, DNB points out that in 2025 it will continue to focus on the quality of the reporting data provided by investment firms (see also the item “Increased attention to prudential reporting” below). DNB also mentions that in 2025 it will investigate the calculation of the fixed charge requirement (see also the item ‘Increased attention fixed charge requirement’ below) and that, as in 2024, it will contribute to the potential revision of the Investment Firms Regulation (IFR) and Investment Firms Directive (IFD). See also DNB’s December 11, 2024 [news release](#) on this subject.
- **Who?** All investment firms and investment holding companies.
- **When?** Supervision in focus 2024-2025 will feed directly into DNB’s supervision of investment firms in 2025.

Vision on Supervision 2025–2028

- **What?** On November 11, 2024, DNB published its [Vision on Supervision 2025 - 2028](#) (a similar document in English is [Supervisory Strategy 2025-2028](#)). In this document, DNB sets out for financial institutions and other stakeholders what they can expect from DNB’s supervision over the next four years. Among other things, DNB states that tackling financial-economic crime, getting a grip on sustainability risks and steering on governance & behavior will have a fixed place in regular supervision. In addition, DNB lists three focus areas of supervision: (i) identifying and managing geopolitical risks, (ii) responding to technological innovation, and (iii) increasing resilience to cyber threats.
- **Who?** All investment firms.
- **When?** The Supervisory Strategy 2025-2028 will feed through into the supervision of investment firms in the coming years.



Increased attention fixed overhead requirement

- **What?** On December 11, 2024, DNB pointed out in a [news release](#) that investment firms and investment holding companies regularly miscalculate and report the fixed overhead requirement to DNB. More specifically, DNB notes that many errors are made in both calculating the total expenses and determining any deductions, and the amount thereof. DNB notes that for many institutions, the fixed overhead requirement is the leading solvency requirement. An incorrect calculation could therefore result in the capital requirement being incorrectly reported and potentially insufficient capital being held. Given the seriousness of this, DNB has decided to communicate an additional explanation of the elements of the fixed cost requirement by letter to institutions.
- **Who?** Investment companies and investment holding companies.
- **When?** DNB will investigate the determination and reporting of the fixed overhead requirement in 2025. DNB expects investment firms and holding companies to have ongoing insight into compliance with prudential requirements, and to analyze and tighten the calculation and reporting of the fixed overhead requirement where necessary.

Increased attention prudential reporting

- **What?** In a [news release](#) on December 11, 2024, DNB drew attention to the fact that many errors are still being made in prudential reports from investment firms to DNB. For example, data that should be filled in are often missing, or certain sheets are not filled in at all. In addition, the data filled in often turn out to be incorrect. This applies to both the IFREP and the FINREP. Thus, according to DNB, data quality is not yet at the desired level, while this is essential for DNB's data-driven and risk-based supervisory approach.
- **Who?** All investment firms.
- **When?** DNB calls on all investment firms to take the necessary measures to ensure data quality, referring to the [Good practices](#) Guidance prudential reporting. DNB will again pay extra attention to data quality in 2025 time and points out that in case of incorrect or untimely reporting it may take enforcement measures, including the imposition of fines.

Increased attention interim dividend payment

- **What?** As part of DNB's focus on the quality of capital held by institutions, DNB pointed out in its April 10, 2024 [news release](#) that again a number of

institutions have paid interim dividends on annual earnings without verifying the earnings. Companies should have Common Equity Tier 1 regulatory capital that meets the requirements of IFR and CRR in terms of amount and composition. If an institution wishes to pay dividends before the annual profit has been added to the regulatory capital and without a large enough capital buffer, (i) the annual profit must be verified by an auditor and (ii) the institution must submit a request to DNB for the inclusion of the result in the regulatory capital (all pursuant to Article 26(2) CRR).

- **Who?** All investment firms.
- **When?** This topic - capital quality - will have DNB's increased attention in 2025. DNB emphasizes that institutions must comply with applicable capital requirements on an ongoing basis, and that it may impose fines for non-compliance with these requirements.

Pillar 2 capital add-on calculation

- **What?** [Delegated Regulation 2023/1668](#) entered into force in the summer of 2023. In brief, this regulation determines the way in which a regulator (in the Netherlands this is DNB) must calculate in its SREP the mandatory Pillar 2 capital add-on (the additional capital requirement) for class 2 investment firms pursuant to Article 40 IFD. The chosen - complex - methodology differs considerably from the way the Pillar 2 add-on was calculated until then (including the method described in the 2022 [SREP guidelines](#)). In 2024, DNB conducted the first SREPs based on this regulation. This methodology will also certainly impact how DNB expects investment firms (both Class 2 and 3) to calculate their own Pillar 2 add-on in their Internal Capital Adequacy Assessment Process and Internal Risk Assessment Process (ICARAP). See also DNB's April 10, 2024 [news release](#). This development led to quite a bit of uncertainty in 2024 about what the correct way of calculating the Pillar 2 surcharge in the ICARAP was.
- **Who?** Relevant to all investment firms required to prepare an ICARAP and calculate a Pillar 2 add-on.
- **When?** We expect DNB to issue further guidance in 2025 on how it interprets the Pillar 2 capital add-on calculation methodology.

Non-paper IFR/IFD

- **What?** On August 27, 2024, DNB, the Ministry of Finance and the AFM published a joint [non-paper](#) containing proposed adjustments to IFR/IFD. This non-paper should be seen in conjunction with the European Commission's 2023 [request](#) to EBA and ESMA and the

[discussion paper](#) that EBA and ESMA subsequently published on June 3, 2024 (see below also the item Discussion paper review IFR/IFD). According to the drafters of the non-paper, the IFR/IFD framework generally works quite well, but some targeted adjustments are needed. The proposed adjustments include (i) improving the risk-based nature of the framework, among other things by simplifying the categorization of investment firms and making it more consistent with the risk profile, adjusting certain K-factors and introducing a K-factor for operational risk, (ii) better ensuring a level playing field, among other things by providing for certain exemptions from governance and remuneration rules, taking a closer look at the scope of consolidated supervision and exploring whether introducing prudential requirements in AIFMD and UCITS contributes to a more level playing field, and (iii) increasing proportionality and clarity of governance obligations, by introducing a threshold for risk and remuneration committees that better reflects the different risk profiles of investment firms, exploring whether a risk committee needs to be established only at the consolidated level, and making explicit in the IFD that an investment firm must have an SB.

- **Who?** All investment firms.
- **When?** The non-paper calls on the European Commission to conduct a review of IFR/IFD, taking into account the proposed changes in the non-paper. IFR/IFD requires the European Commission to submit a review report, possibly together with a legislative proposal, to the European Parliament and the Council. It is likely that we will hear more from the European Commission on this in 2025.

ESMA & EBA

Annual Work Programs 2025

- **What?** On October 1, 2024, ESMA released its [Annual Work Programme 2025](#). In it, ESMA describes its supervisory priorities for 2025. Relevant for investment firms, ESMA's focus in 2025, as in 2024, will include the Retail Investment Strategy, the review of MiFID II/MiFIR and DORA. ESMA also continues to do a lot of work on sustainability legislation. A similar picture follows from the [Annual Work Programme 2025](#) of ESMA, EBA and EIOPA (the ESAs).
- **Who?** All investment firms.
- **When?** The Annual Work Programmes 2025 will feed into the supervision of investment firms in 2025.

RTS best execution

- **What?** On July 16, 2024, ESMA published draft [RTS](#) on best execution for consultation. As part of the

[MiFID II review](#) (see item Review MiFID II/MiFIR later in this section), ESMA has been mandated to draft technical standards to further specify the best execution requirements for investment firms as contained in Article 27 MiFID II and Delegated Regulation 2017/565. The technical standards specify the topics that must be reflected in an investment firm's order execution policy.

- **Who?** Investment firms that execute client orders (including as part of discretionary portfolio management).
- **When?** The consultation ran until October 16, 2024. ESMA expects to submit a final report to the European Commission by December 29, 2024.

RTS & ITS commodity derivatives

- **What?** On May 23, 2024, ESMA published draft [RTS and ITS](#) on commodity derivatives for consultation. ESMA did so as part of the [MiFID II review](#) (see item Review MiFID II/MiFIR later in this section), which also amended rules on commodity derivatives in parts. The proposed technical standards are in line with this and amend Delegated Regulation 2022/1299 and Implementing Regulation 2017/1093 on position management in commodity derivatives. ESMA also proposes to amend Delegated Regulation 2017/565.
- **Who?** Investment firms that operate trading platforms on which commodities are traded and investment firms that trade in commodity derivatives.
- **When?** The consultation period ended on August 23, 2024. ESMA expects to submit a final report to the European Commission by the end of 2024. The adjustments should become applicable on September 29, 2025.

RTS transparency non-equity

- **What?** On December 16, 2024, ESMA published final [RTS](#) on transparency obligations for bonds, structured finance products and emission allowances (non-equity instruments), among others. As part of the [MiFIR review](#) (see item Review MiFID II/MiFIR later in this section), ESMA was mandated to develop technical standards for the pre- and post-transaction transparency obligations in non-equity instruments, as contained in Articles 9, 11, 13 and 20 MiFIR. The technical standards consist of two parts: (i) amendments to Delegated Regulation 2017/583 regarding non-equity transparency and (ii) introduction of standards on making transaction data available on reasonable commercial terms.
- **Who?** Market operators, investment firms operating a trading platform and investment firms with SI.
- **When?** The final RTS have been submitted to the European Commission for approval. The next step is



for the European Commission to adopt the RTS as a Delegated Regulation. The date of entry into force is not yet known.

RTS transparency equity

- **What?** On December 16, 2024, ESMA published final [RTS](#) on transparency obligations for equity instruments. As part of the [MiFIR review](#) (see item Review MiFID II/MiFIR later in this section), ESMA was mandated to develop technical standards for pre- and post-transparency obligations in equities, ETFs and other equity instruments, as laid down in Articles 3, 4, 5, 6, 7, 14, 15, 20, 22 and 22b MiFIR. The final RTS contain amendments to the existing Delegated Regulations 2017/587 and 2017/567. It should be noted that in July 2024 ESMA also [proposed](#) amendments to Delegated Regulations 2017/577, 2017/583 and 2017/584 and proposed new Delegated and Implementing Regulations on this subject.
- **Who?** Market operators, investment firms operating a trading platform and investment firms with SI.
- **When?** The final RTS have been submitted to the European Commission for approval. The next step is for the European Commission to adopt the RTS as a Delegated Regulation. Some of the changes will become applicable in 2025, and some in 2026. Regarding the remaining ESMA proposals, we expect more clarity in 2025.

RTS Consolidated Tape Providers

- **What?** On May 28, 2024, ESMA published draft [RTS](#) on, among other things, Consolidated Tape Providers (CTPs) for consultation. As part of the [MiFIR review](#) (see item Review MiFID II/MiFIR later in this section), ESMA has been mandated to draft technical standards for the obligations regarding consolidated tape and business clock synchronization, as contained in, among others, Articles 22b, 22c, 27h, 27db and 27da MiFIR. The standards include a total of 7 proposed Delegated Regulations.
- **Who?** In particular, CCPs, investment firms operating a trading platform, investment firms with SI and DPEs.
- **When?** The consultation ran until August 28, 2024. ESMA expects to submit a final report to the European Commission by December 29, 2024.

ITS reporting requirement IFR

- **What?** On December 2, 2024, EBA published final [ITS](#) amending Implementing Regulation 2021/2284 regarding the reporting of information on certain

K-factor requirements under Article 54 IFR. The amendments are related to changes in the reporting framework that follow from CRR3.

- **Who?** Class 2 and 3 investment firms.
- **When?** The changes are scheduled to take effect January 1, 2025.

Research rules

- **What?** On October 28, 2024, ESMA published a [consultation paper](#) with proposed amendments to MiFID II rules on research. ESMA had received a request to do so from the European Commission under the Listing Act (see the Capital Markets Union item later in this section). ESMA is proposing amendments to Article 13 Delegated Directive 2017/593 in the consultation paper. Furthermore, on December 18, 2024 - also in the context of the Listing Act - ESMA a consultation paper with draft [RTS](#) for an EU code of conduct for research funded in whole or in part by an issuer. Under the proposed RTS, investment firms must verify, among other things, that the providers of such sponsored research have adopted sound policies on conflicts of interest, have taken organizational measures to ensure the objectivity and independence of the research, and have included in the research statement that it is sponsored by an issuer and has been prepared in accordance with the EU Code of Conduct.
- **Who?** Investment firms that purchase or provide research.
- **When?** First consultation runs until January 28, 2025. ESMA expects to submit a final report to the European Commission in the second quarter of 2025. The latter consultation has a deadline ending March 18, 2025. ESMA expects to submit the final RTS to the European Commission by December 2025.

Retail Investment Strategy

- **What?** On November 13, 2024, ESMA and EIOPA published a [letter](#) to the European Commission regarding the Retail Investment Strategy (see below this section under Retail Investment Strategy). In this letter, ESMA and EIOPA reflect on the goals of the Retail Investment Strategy and propose to the European Commission to amend the text of the Retail Investment Strategy accordingly. They also express concerns about the effectiveness of the proposed measures due to the additional layers of complexity and watered-down provisions introduced during the negotiations between the Council and the European Parliament, particularly in the area of (national) benchmarks.
- **Who?** All investment firms providing investment services to retail investors.

- **When?** The proposed rules are scheduled to become final in 2025. Then the rules must be transposed into national law and then take effect. That will not be before 2026.

Proposal shorter settlement period securities

- **What?** On November 18, 2024, ESMA published a [report](#) analyzing whether the settlement period for securities could be shortened from T+2 to T+ 1 or even T+ 0, and the impact on market participants. Other jurisdictions, such as the United States, have already moved to T+1 settlement in 2024. ESMA concludes that shortening the settlement period to T+1 should be considered and has significant benefits. The main legislative step to achieve the shorter settlement period is the amendment of Regulation 909/2014 on Improving Securities Settlement in the EU and Central Securities Depositories (CSDR).
- **Who?** Investment firms providing services related to securities to be settled.
- **When?** ESMA proposes to transition from T+2 to T+1 by October 11, 2027.

Guidelines group capital criterion IFR

- **What?** On April 11, 2024, EBA published final [guidance](#) on the group capital criterion under the IFR. Article 8 IFR provides a different prudential regime for groups of investment firms that meet certain requirements. Namely, that the group structure must be deemed sufficiently simple and that the group as a whole does not pose significant risks to clients or the market that would otherwise require supervision on a consolidated basis. EBA's guidance aims to establish objective criteria and thresholds for supervisors in assessing whether the conditions referred to in Articles 8(1) and (4) IFR are met.
- **Who?** Class 2 and Class 3 investment firms.
- **When?** The guidelines will apply from January 1, 2025.

Discussion paper review IFR/IFD

- **What?** On June 3, 2024, EBA and ESMA published a [discussion paper](#) for a potential review of the IFR/IFD framework, following a 2023 [request](#) by the European Commission. The discussion paper consists of 11 parts and addresses, among other things, (i) the categorization of investment firms (ii) the fixed charge requirement, (iii) the existing K-factors, (iii) the risks not currently addressed in K-factors, (iv) liquidity requirements and (v) remuneration and governance obligations.

- **Who?** All investment firms and investment holding companies.
- **When?** The consultation ran until September 3, 2024. EBA and ESMA expect to deliver a final report to the European Commission by the end of December 2024. IFR/IFD then requires the European Commission to submit an evaluation report, possibly together with a legislative proposal, to the European Parliament and the Council. We expect that we will hear more from the European Commission on this in 2025. In this context, we also mention the changes to CRR 3 and CRD VI that are relevant to the review of the IFR/IFD framework (see the [Banks](#) section on this subject).

Publication top five best execution

- **What?** On February 13, 2024, ESMA posted a [public notice](#) on its website stating that it expects national supervisors not to prioritize enforcement of Article 27(6) MiFID II. This article requires an investment firm to annually compile a summary of the top five execution venues where it executed client orders for each class of financial instruments and make that summary public, along with information on execution quality. Since this obligation appears to have no added value for investors in practice, the obligation will be removed as part of the [MiFID II review](#) (see the item Review MiFID II/MiFIR later in this section). ESMA's instruction also appears to address the requirement in Article 65(6) Delegated Regulation 2017/565 that an investment firm publish annually the top five most important brokers.
- **Who?** Investment firms that execute or receive and transmit client orders ((including as part of discretionary portfolio management).
- **When?** Member States must transpose the changes from the MiFID II review into national law by September 29, 2025. Until then, therefore, the above reporting obligations strictly speaking still apply to investment firms. However, ESMA's communication makes clear that regulators shall not enforce this.

Use of AI in investment services

- **What?** On May 30, 2024, ESMA called attention to the opportunities as well as risks of AI in the provision of investment services in a [public communication](#). ESMA identifies the following risks of AI use: (i) over-reliance on AI in decision making, (ii) lack of transparency and explainability of AI models, (iii) vulnerabilities in privacy and information security and (iv) lack of reliability due to 'hallucinatory AI' and biases. ESMA notes the various existing obligations from MiFID II that are relevant to the use and control of AI applications.
- **Who?** All investment firms using or considering using AI.



- **When?** Ongoing. ESMA announces in the public notice that it will continue to monitor the development of AI in the investment industry with national supervisors to assess whether further action is required.

Gender-neutral remuneration policy report

- **What?** On July 16, 2024, EBA published a [report](#) regarding the application of gender-neutral remuneration policies by investment firms, among others. EBA issued [guidance](#) on this in 2021 under Articles 26 and 34 IFD and takes stock in the report. The report shows that the industry does not see major obstacles in drafting and implementing gender-neutral remuneration policies, but also that some market participants have still not drafted and/or adequately implemented such policies. The report further shows that there is still a gender pay gap and that there is still work to be done to ensure equal opportunity for all regardless of gender.
- **Who?** Class 2 investment firms.
- **When?** Ongoing. EBA states it will consider the findings of the report in future review of its guidelines.

EUROPEAN COMMISSION

Macroprudential framework NBFIs

- **What?** On May 22, 2024, the European Commission launched a [consultation](#) aimed at identifying vulnerabilities and risks of the existing macro-prudential framework for *non-bank financial intermediation* (NBFi). NBFi is the collective term for financial activities by non-banks, such as fund managers, investment firms, pension funds, insurers and certain unregulated entities. These parties are called NBFIs. The European Commission invites EU institutions, national supervisors and market participants to provide input on the functioning of the current prudential framework for NBFIs, as contained in various EU sectoral directives and EU regulations including IFR/IFD. On November 22, 2024, ESMA [responded to](#) the consultation. The Ministry of Finance, together with DNB and the AFM, also submitted a [consultation response](#) with [introduction document](#) on November 22, 2024. That this topic is clearly on the agenda of policymakers is also evidenced by the [consultation](#) launched by the Financial Stability Board on December 18, 2024.
- **Who?** Given the European Commission's initiating role in financial sector legislation, this consultation has relevance for all investment firms.
- **When?** The consultation period ended on November 22, 2024. The European Commission will consider the consultation responses in setting the policy agenda for the period 2024-2029.

FIDA

- **What?** The European Commission published a [proposal](#) for the Financial Data Access Regulation (FIDA) on June 28, 2023. This proposal aims to extend the obligation to provide access to financial data beyond payment account data. Under the FIDA Regulation, data holders will be required to provide financial data to data users. The [General Developments](#) section discusses FIDA and all related developments in more detail.
- **Who?** Investment firms can data holders and/or data users under the FIDA Regulation.
- **When?** The proposal is still in the European legislative process. On December 4, 2024, the Council adopted its [position](#) so that negotiations with the European Parliament can begin. Entry into force is expected by the end of 2026.

Mission letter Commissioner

- **What?** On September 17, 2024, the "[Mission Letter](#)" from the President of the European Commission to the proposed new Commissioner for Financial Services, Ms. Maria Luís Albuquerque, was published. This letter - rather directive ("*I want you to*" "*You will ensure*") - includes, to the extent relevant to investment firms, that the new Commissioner should ensure that EU rules for consumers and retail investors provide adequate protection. To support this, the new Commissioner should work on a strategy on financial literacy.
- **Who?** Investment firms targeting the retail market.
- **When?** The new Commissioners, after the European Parliament approves their election, will form the European Commission between 2024 and 2029.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

Retail Investment Strategy - MiFID II

On May 24, 2023, the European Commission published a set of [proposals](#) aimed at improving the protection of retail investors in the EU. Collectively referred to as the Retail Investment Strategy Package, these proposals are the result of the European Commission's review of existing regulations in 2021 and 2022.

According to the European Commission, the retail investor market faces four challenges:

- 1) Available investment information for retail investors is not always relevant, comparable and easy to understand.
- 2) There is inaccurate or misleading marketing on social media.
- 3) The interests of investors are affected by inducements.
- 4) Retail products are too expensive, resulting in lower returns.

The package of changes proposed by the European Commission to address these challenges is broad in scope. The proposed changes cover MiFID II, IDD, AIFMD, UCITS, Solvency II and PRIIPs. For investment firms, the [changes proposed MiFID II](#) in are particularly relevant (for the proposed PRIIPs changes, see the signaling below), such as:

- tightening of product governance rules (including expanding the pricing process);
- tightening of the rules on investment advice, including the introduction of a diploma requirement for advisors;
- stricter regulations regarding inducements;
- stricter marketing rules.

The Dutch government shows itself [largely positive](#) about the proposals. However, it does regret that the European Commission did not propose a complete ban on commissions, as is the case in the Netherlands, after broad criticism from several EU member states and the financial sector. It will therefore have been particularly saddened to see that on June 12, 2024, the Council, following the [position](#) of the European Parliament, [proposed to](#) largely reverse the proposed tightening of the rules on inducements for execution-only services and to introduce a new 'inducement test' in its place. Incidentally, the review of MiFID II/MiFIR (see below under Review MiFID II/MiFIR) has already made changes to the commission rules, namely a ban on payment for order flow. Furthermore, the Council proposes changes to the proposals to adapt product governance rules, while the European Parliament, for example, wants to tighten the rules on cooperation with influencers.

After the Council adopted its [position](#) on June 12, 2024, and the European Parliament already did so on April 23, 2024, negotiations between the European Parliament and the Council have begun. The aim is for the new rules to become final in 2025. The European Commission's proposals and the European Parliament's position stipulate that EU member states must then implement the new rules in their national legislation within 12 months and apply them within 18 months. However, the Council has proposed making that 30 and 36 months (as much as), respectively.

Retail Investment Strategy – PRIIPs

- **What?** As part of the Retail Investment Strategy Package as announced on May 24, 2023, the European Commission has proposed [amendments to the PRIIPs Regulation](#). The changes include (i) the introduction of the 'Product at a glance' paragraph in the Key Information Document or KID, (ii) the removal of the 'comprehension alert' from the KID, (iii) the introduction of a new sustainability paragraph in the KID, and (iv) the simplification and modernization of the provisions on providing the KID.
- **Who?** Investment firms that develop, sell and/or advise on packaged retail investment products.
- **When?** The European Parliament adopted its [position](#) on April 11, 2024. The Council [did](#) so on June 7, 2024. Subsequently, negotiations between the European Parliament and the Council started. The European Commission's proposal and the European Parliament's position amending the PRIIPs Regulation stipulates that 18 months after the amended PRIIPs Regulation enters into force, the amendments become directly applicable in all EU member states. However, the Council proposes a deadline of 24 months.

Capital Markets Union

- **What?** The European Commission has presented a large number of new [legislative proposals](#) on clearing, insolvency and listing of companies in 2022 to make EU capital markets more attractive. This concerns a package of laws and regulations aimed at further developing the European Capital Markets Union. On November 11, 2024, the following legislation was published in the Official Journal of the EU in this regard: (i) the Listing Act, consisting of [Regulation 2024/2809](#) amending, inter alia, MiFIR and [Directive 2024/2811](#) amending MiFID II and (ii) [Directive 2024/2810](#) on structures with multiple voting shares in companies requesting admission to trading of their shares on a multilateral trading facility (MTF). Among other things, the Listing Act amends the MiFID II regime for research and related payment facilities, with the aim of revitalizing the research market and ensuring that research on small- and mid-cap companies receives adequate attention. Finally, in the area of derivatives clearing and concentration risk management by investment firms, [Directive 2024/2994](#) adapting IFD was published in the Official Journal of the EU on December 4, 2024.
- **Who?** Investment firms that operate an MTF, investment firms that manufacture, use or make available research and investment firms with exposure to central counterparties as referred to in EMIR.
- **When?** The regulation from the Listing Act, as far as the amendment of MiFIR is concerned, is applicable



since December 4, 2024. The directive from the Listing Act amending MiFID II must be transposed into national law by June 5, 2026. Directive 2024/2810 and Directive 2024/2994 must be implemented into national law by December 5, 2026 and June 25, 2026, respectively.

Review MiFID / MiFIR

As shown above, MiFID II and MiFIR will be amended in the coming years as a result of the Retail Investment Strategy and Capital Markets Union proposals. In addition, there is a separate European review process underway specifically at MiFID II and MiFIR. In that context, a [Regulation](#) and a [Directive](#) amending MiFIR and MiFID II, respectively, were published in the Official Journal of the EU on March 8, 2024. Important amendments to MiFIR include i) the obligation for trading venues and APAs to provide data to ESMA-authorized and selected CCPs, so that investors can access a single central source of (near) real-time trading information on financial instruments (*consolidated tape*) through these CCPs, ii) the alignment of the trading obligation for derivatives with the clearing obligation from EMIR Refit, iii) partly tightening and partly easing the pre- and post-trade transparency obligations and iv) prohibiting – albeit with an optional transitional regime until June 30, 2026 (used only by Germany) – investment firms from receiving payments or non-monetary benefits from a third party for executing client orders on or routing them to a particular execution venue (the so-called ban on *payment for order flow*).

The amendments to MiFID II include (i) dropping the MiFID II authorisation requirement for proprietary traders that have direct electronic access (DEA) to a trading venue, (ii) dropping the MiFID II authorisation requirement for proprietary traders who are members or participants in a regulated market or MTF as a non-financial entity for liquidity or risk management purposes, and (iii) dropping the MiFID II best execution requirement for investment firms to publish data on the top five execution venues used at least annually.

The amendments in MiFIR have been directly applicable in the Netherlands since March 28, 2024. The amendments in MiFID II must be implemented by the Dutch legislator in the Wft and underlying regulations by September 29, 2025 at the latest.

IFR – prudential consolidation

- **What?** On June 25, 2024, the [Delegated Regulation 2024/1771](#) supplementing IFR on the further determination of the scope of and methods for the prudential consolidation of an investment undertaking

group was published in the Official Journal of the EU. The Delegated Regulation specifies which entities fall within the scope of prudential consolidation and how to calculate the prudential requirements for an investment undertaking group on a consolidated basis.

- **Who?** Entities that are part of a group that includes one or more investment firms.
- **When?** The Delegated Regulation has been applicable since July 15, 2024. In its ongoing supervision, DNB regularly asks about the scope of prudential consolidation by investment firms and investment holding companies. We expect that DNB will continue to do so in 2025.

NEW LAWS AND REGULATIONS

DORA

- **What?** The [Regulation](#) on Digital Operational Resilience for the Financial Sector (DORA) and its accompanying [Directive](#) were published in the EU Official Journal on December 27, 2022. Since then, many further DORA regulations have been published and the AFM has made public several DORA news releases. Noteworthy is that on December 20, 2024, the AFM published the [results](#) of its examination of DORA preparation by proprietary traders. The purpose of the examination was to determine, with a limited scope (namely limited to compliance with certain level 2 requirements on ICT asset management, ICT change management and access control), the extent to which proprietary traders meet the requirements of DORA, or are well on their way to being compliant by January 17, 2025. The AFM concludes that significant steps are still needed to fully comply with DORA. According to the AFM, the [findings report](#) is relevant to all investment firms. The [DORA & AI](#) section discusses DORA and all related developments in more detail.
- **Who?** DORA is an important development for all investment firms as defined in MiFID II. Class 3 investment firms are subject to a less stringent DORA regime.
- **When?** The regulation is directly applicable in all EU member states, including the Netherlands, as of January 17, 2025. There is no transitional regime. This means that investment firms must comply with all relevant obligations under DORA as of January 17, 2025.

MiCAR / MiFID II top-up option

- **What?** On June 9, 2023, the [Regulation](#) on Markets in Crypto Assets (MiCAR) was published in the Official



Journal of the EU. MiCAR is a comprehensive legislative process aimed at achieving harmonized regulation of crypto assets at the European level. Thus, under MiCAR a whole range of services and activities surrounding crypto assets will be subject to licensing, or at least within the scope of supervision. In addition to MiCAR itself, many further Level 2 and Level 3 regulations have been published or are in the works. The [Crypto Services](#) section discusses MiCAR and all related developments in more detail.

- **Who?** MiCAR provides certain exemptions from MiCAR licensing requirements for licensed investment firms offering crypto asset services. These investment firms can offer equivalent declared crypto asset services following a notification procedure, but must adhere to the ongoing requirements in MiCAR. To that extent, MiCAR could be considered a top-up regime for these investment firms.
- **When?** MiCAR is directly applicable in all EU member states, including the Netherlands, as of December 30, 2024.

phenomenon of finfluencers. The report explores the risks and potential benefits of (the use of) finfluencers in the investment industry. It furthermore explores what regulatory frameworks currently exist, what improvements are needed and what enforcement actions have been taken by regulators worldwide against finfluencers to date. The report concludes with suggested good practices for regulators, market participants and finfluencers themselves, particularly from the perspective of legal protection.

- **Who?** All investment firms using or considering the use of finfluencers.
- **When?** The consultation period runs until January 20, 2025. Given IOSCO's influence on policymakers, it cannot be ruled out that the (final) findings will contribute to new legislative initiatives in the EU.

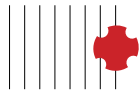
Accessibility regulations

- **What?** On April 15, 2024, the Accessibility Requirements for Products and Services [Implementation Act](#) was published. On July 4, 2024, the Banking Services Accessibility Requirements [Implementation Decree](#) was published. The Act and the Decree implement the [Accessibility Directive](#). The law sets accessibility requirements for, among others, providers of banking services to consumers. Banking services to consumers include receiving, transmitting and executing orders, individual asset management, investment advice and certain ancillary services. It requires market participants to provide information on the accessibility of their services and to make their services and products accessible(r). For banking services in particular, there is an obligation to make accessibility information available at language level B2. The General section details the accessibility requirements.
- **Who?** Investment firms that, in short, provide services online or otherwise at a distance for the purpose of concluding a contract with a consumer.
- **When?** The accessibility regulations are applicable as of June 28, 2025.

OTHER DEVELOPMENTS

IOSCO consultation finfluencers

- **What?** On November 24, 2024, the International Organization of Securities Commissions (IOSCO) published a [consultation paper](#) regarding the



PAYMENT SERVICE PROVIDERS & EMIs

This section discusses developments relevant to payment service providers (including payment institutions) and electronic money institutions (EMIs) in 2025. The cross-sector section [Integrity](#) is of great importance to payment service providers and EMIs (such as the Wwft and sanction regulations). Other relevant sections include the [Crypto Services](#) section which includes issues related to EMIs that issue “electronic money tokens” (EMTs). The [DORA & AI](#) section is important because it covers issues such as artificial intelligence (AI) and the use of distributed ledger technology (DLT) in payments, among others. Subjects related to the aforementioned topics are not covered in this section - with a few exceptions - but only in the aforementioned specials. Finally, it is useful for payment service providers and EMIs to take note of the [General Developments](#) section, because it also covers more general topics that may affect these institutions.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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DNB SUPERVISION

Supervision in focus 2024–2025

- **What?** In November 2024, DNB published its [Supervision in Focus 2024-2025](#). In this publication, DNB reflects on its supervisory activities over the past year and outlines its priorities for 2025. DNB's focus in 2025 is on integrity risks, information security, cyber resilience, climate and environmental risks and the implementation of MiCAR, DORA and PSD3. In 2025, Additionally, DNB will continue to emphasize further digitalization and automation of its supervisory approach in line with the principles of the updated supervision approach ([ATM](#)). For DNB, ensuring the quality of data in reports reaches the required standard is crucial to achieve the intended benefits of supervision.
- **Who?** All payment service providers and EMIs.
- **When?** Continuing through 2025.

Vision on Supervision 2025–2028

- **What?** On 11 November 2024, DNB published its [Vision on Supervision 2025-2028](#) (a similar publication in English is DNB [Supervisory Strategy 2025 – 2028](#)). In this document, DNB describes what financial institutions and other stakeholders can expect from DNB's supervision in the coming years. Among other things, DNB states that tackling financial-economic crime, getting a grip on sustainability risks and steering on governance & behavior will have a permanent place in regular supervision. In addition, DNB lists three focus areas of supervision: (i) identifying and managing geopolitical risks, (ii) responding to technological innovation, and (iii) increasing resilience to cyber threats.
- **Who?** All payment service providers and EMIs.
- **When?** The Vision of Supervision 2025-2028 is reflected in DNB's supervision of payment service providers and EMIs.

Thematic study on safeguarding client funds

- **What?** To gain a better understanding of how payment institutions and EMIs comply with regulations on safeguarding client funds, DNB conducted a [thematic study](#) in 2024. This study evaluated how selected institutions safeguard their clients' funds. The key findings of the DNB study are: (i) payment institutions and EMIs give insufficient attention to identifying and mitigating operational and legal risks related to handling client funds, (ii) the documentation of management processes regarding the safeguarding of client funds is inadequate, and (iii) only a limited

number of institutions perform specific control activities aimed at safeguarding client funds. Based on these findings, DNB announced that it will (i) integrate the safeguarding of client funds into its ongoing supervisory activities and (ii) ensure that payment institutions and EMIs take measures in response to the study's findings. For further insights, see our [blog](#) on safeguarding.

- **Who?** All payment institutions and EMIs.
- **When?** Continuing through 2025.

Consultation SIRA Good Practices

- **What?** DNB published the [SIRA Good Practices consultation](#) on 19 November 2024. With this document DNB aims to provide practical guidance to the institutions under its supervision regarding the implementation of the SIRA, including payment institutions and EMIs. The Good Practices include integrity management, risk identification, risk analysis, risk management and risk monitoring and review within the SIRA framework. Some Good Practices for payment institutions and EMIs specifically include working with in-depth data analysis and key-risk indicators, a risk assessment of sub-merchants and the feedback loop based on an analysis of recent exits. The consultation ends on 17 January 2025. Based on the consultation responses, DNB will decide on the adoption a final version of the consulted SIRA Good Practices. These Good Practices will then replace the 2015 [Good Practices](#).
- **Who?** All payment institutions and EMIs.
- **When?** The new SIRA Good Practices is expected to be published by the end of Q1 2025.

ICT risk management DORA – suitability testing

- **What?** With the adoption of DORA, payment service providers and EMIs are expected to ensure robust ICT risk management systems are in place (see also the section [DORA & AI](#)). This includes requirements for the knowledge and experience of the policymakers of a payment service provider or EMI. In a [news update](#) released on 28 November 2024, DNB explained how DORA will be integrated into suitability testing. Knowledge and experience in ICT risk management will be considered. A payment service provider or EMI can address this in the explanatory notes to the decision making and considerations for appointment and/or in the explanatory notes to the suitability matrix. DORA may also be discussed during an assessment interview. DNB has indicated that assessments will take into account the specific



role, the risk profile of the payment service provider or EMI, and the composition and functioning of the collective. Policymakers responsible for ICT risk management are expected to have more in-depth knowledge and experience than those without such responsibilities.

- **Who?** Payment service providers and EMIs.
- **When?** DORA is explicitly part of person testing starting 17 January 2025.

Anticipate geopolitical instability

- **What?** On 11 November 2024, DNB published a [study](#) on the impact of geopolitical risks on financial institutions. The report describes the dawn of a new era characterized by increasing international tensions, fragmentation and bloc formation. This has direct and indirect consequences for financial institutions through the growth of protectionist measures, a more complex cyber threat landscape and an increase in the number of sanctions imposed. DNB therefore [calls on](#) financial institutions, such as payment institutions and EMIs, to proactively identify risks and embed them in their risk management. In addition, DNB believes it is important that institutions have sufficient buffers in case geopolitical developments lead to financial risks. DORA should also make payment institutions and EMIs more resilient, through stricter requirements regarding the management of risks when outsourcing to ICT service providers. See also the [DORA & AI](#) section.
- **Who?** All payment institutions and EMIs.
- **When?** This topic is part of DNB's supervisory priorities in 2025.

Increased focus on interim dividend payment

- **What?** As part of DNB's focus on the quality of capital held by financial firms, DNB highlighted in its [news release](#) of 10 April 2024 that several institutions have paid interim dividends on annual profits without verification. Payment institutions and EMIs are also required to have Common Equity Tier 1 regulatory capital that meets the requirements under the Wft and CRR in terms of amount and composition. It is therefore important for these entities to consider this when distributing interim dividends.
- **Who?** All payment institutions and EMIs.
- **When?** This topic - capital quality - will have DNB's increased attention in 2025. DNB emphasizes that parties must comply with applicable capital requirements on an ongoing basis, and that it may impose fines for non-compliance with these requirements.

Data quality prudential reporting

- **What?** On 18 December 2024, DNB published a [news release](#) relating to the data quality of prudential reports submitted by payment institutions and EMIs which does not meet the applicable requirements. Therefore, DNB calls on all payment institutions and EMIs to take measures to ensure the necessary data quality. For more information on this topic, DNB refers to the prudential reporting [manual](#).
- **Who?** All payment institutions and EMIs.
- **When?** Continuing through 2025.

EBA

EBA Work Programme 2025

- **What?** In October 2024, EBA published its [Work Programme](#) for 2025. In this report EBA describes its key priorities for 2025. With respect to payment services, EBA will again focus on further contributing to efficient, safe and convenient retail payments throughout the EU by contributing to the common interpretation and monitoring of relevant European regulations. In particular, EBA will focus on implementing approximately 35 mandates under PSD3 (the Third Payment Services Directive), PSR (the Payment Services Regulation) and FIDA. For payment service providers and EMIs, EBA expects to deliver the following relevant outputs by 2025:
 - responding to Q&As on PSD2, EMD (electronic money directive) and IPR (instant payments regulation) and the SEPA regulation;
 - supporting the European Commission, European Council and European Parliament during the negotiations on PSD3/PSR and monitoring EBA's anticipated mandates;
 - carrying out mandates and duties under PSR, including with respect to payment security, payment fraud, access to payment accounts, consumer awareness, complaint procedures, monitoring the market for payment initiation and account information service providers, the limited network exception, penalties and temporary product intervention;
 - carrying out mandates and tasks under FIDA, including with respect to the use of consumer data, the licensing of financial information service providers, the operation of "schemes," a central registry and the resolution of disputes between national regulators;
 - carrying out mandates and tasks under PSD3, including with respect to licensing, securing cash, calculating equity, *passporting*, governance and control mechanisms and central registers;



- publishing the 2025 payment fraud data report, and where possible;
- publishing consultation documents on mandates under PSD3 and PSR.
- **Who?** All payment service providers and EMIs.
- **When?** Continuing through 2025.

ESA's Annual Work Programme 2025.

- **What?** On 7 October 2024, ESMA, EBA and EIOPA (the ESAs) announced the [Annual Work Programme 2025](#) of their Joint Committee. The Joint Committee is the joint consultative body of the ESAs, in which the European Commission and the European Systemic Risk Board (ESRB) also participate. Of particular relevance to payment service providers and EMIs is that the Joint Committee will focus on DORA in 2025.
- **Who?** Payment service providers and EMIs.
- **When?** The Annual Work Program 2025 will work into the supervision of payment institutions and EMIs in 2025.

ECB & EC

Non-bank access to payment systems

- **What?** On 19 July 2024, the Eurosystem published [policies](#) on non-bank payment service providers' access to central bank-operated payment systems, including TARGET. The new Eurosystem policy follows the introduction of the Instant Payment Regulation, which, among other things, amended the Settlement Finality Directive. The broader access criteria for TARGET are aimed at improving the efficiency of the European retail payments market, promoting competition and innovation in the European payments landscape and supporting the acceptance of instant payments in the European Union.
- **Who?** Payment service providers and EMIs.
- **When?** From April 2025, non-bank PSPs that meet certain requirements will have access to TARGET, including T2 (to handle payments) and TIPS (to handle direct payments).

EPC & SEPA

SEPA Schemes Publications

- **What?** In October and November 2024, the European Payments Council (EPC) published several [rulebooks](#), [guidances](#) and [implementation guidelines](#) related to the SEPA (SEPA stands for Single Euro Payments Area)

schemes. These include the following SEPA schemes:

- SEPA Credit Transfer
- SEPA Instant Credit Transfer
- SEPA Direct Debit
- SEPA Request-to-Pay
- Verification of Payee (VOP).
- **Who?** Payment service providers there EMIs.
- **When?** Continuing through 2025.

Verification of Payee Scheme

- **What?** The new Verification Of Payee (VOP) scheme has been developed by the EPC and will enter into force on 5 October 2025. The VOP scheme aims to support payment institutions in the EU and European Economic Area (EEA) in addressing the new legal requirements for verification of a payee. The new requirements require all payment institutions in the EU/EEA to implement a mechanism to verify the beneficiary of an (instant) transfer. The EPC has published the first version of the VOP scheme [rulebook](#) and its [recommendations](#) for associated processes (following its earlier [consultation](#)).
- **Who?** All payment institutions and EMIs.
- **When?** Continuing through 2025.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

Financial Markets Amendment Decree 2024

- **What?** From 13 September 2023 to 25 October 2023, the [internet consultation](#) was held regarding the Amendment Decision for Financial Markets 2024. This Decree introduces changes to the Decree on conduct of supervision for financial institutions (Bgfo), the Decree prudential rules (Bpr), and the Implementation Decree Wwft 2018. Based on this decision, the Bpr includes further rules to protect the rights and freedoms and legitimate interests of clients in the event of blocking or suspending payment transactions. It also stipulates that payment institutions and EMIs must authenticate their financial statements once a year. On 26 September 2024, the Council of State issued an [opinion](#) to further justify the amending decree.
- **Who?** All payment institutions and EMIs.
- **When?** It is not yet known when the amending decree will take effect.



NEW LAWS AND REGULATIONS

PSD3 and PSR

On 28 June 2023, the European Commission published legislative proposals for a [Third Payment Services Directive](#) (PSD3) and a [Payment Services Regulation](#) (PSR). These proposals are part of the European Commission's [Financial data access and payments package](#).

The proposals aim to modernize the revised Payment Services Directive (PSD2) and harmonize ongoing requirements for payment services across the EU. It is also proposed to merge the revised Electronic Money Institutions Directive (EMD2) with PSD3. This means that electronic money services will be covered by PSD3 and the PSR. The proposals will particularly affect payment service providers and EMIs. Some key impactful proposals are discussed here.

Further leveling the playing field between banks and non-banks

One of the main objectives of PSD2 was to increase competition in the European payments market. PSD3 and PSR should take this competition to the next level. The goal is to make payment institutions and EMIs less dependent on commercial banks. Proposed changes in this area are:

- granting payment institutions direct access to systems under the Finality Directive (SFD);
- securing the rights of payment institutions and EMIs to a bank account;
- The right for payment institutions to secure their customers' funds directly with their national central banks.

Improving the operation of open banking

PSD3 and the PSR bring some targeted changes to payment account data sharing (*open banking*) by removing remaining obstacles and improving customers' control over their payment data. The proposals include:

- new substantial requirements for *dedicated access interfaces*;
- A list of prohibited obstacles to data access;
- the requirement for account-providing payment service providers to set up a *data dashboard*;
- rules to protect the continuity of *open banking* providers.

Limiting the scope of the commercial agent exception

According to the European Commission, the concept of commercial agent is applied inconsistently across EU member states and needs to be harmonized and

clarified. The proposal in the PSR implies that commercial agents exempted from the regulation of PSD3 and the PSR only in case they have, among other things, real room for negotiation when buying and selling goods and services. If adopted in its current form, the proposal would represent a firm limitation of this exemption possibility.

Combating and reducing payment fraud

PSD3 and the PSR should help reduce payment fraud. The main changes in the area of combating and reducing payment fraud are:

- enable payment service providers to exchange fraud-related information among themselves (via dedicated IT platforms);
- improving Strong Customer Authentication (SCA) by strengthening and clarifying current rules;
- expanding the refund rights of consumers who have been victims of fraud;
- extending IBAN/name-matching verification services from direct payments to all wire transfers.

Digital euro

- **What?** On 28 June 2023, the European Commission published a proposal for a [regulation](#) establishing the legal framework for a possible digital euro. This proposal is part of the European Commission's Single Currency Package described above. The idea behind the digital euro is to offer people and businesses an alternative way to pay digitally, on top of the private options currently offered by banks, payment institutions or EMIs. Based on the proposal, the digital euro will have legal tender status for retail payments, meaning that its acceptance will be mandatory for payees unless otherwise provided for in the regulation. The proposal will affect payment institutions, as they can offer digital euro payment services without any additional authorization. Furthermore, the proposal includes the obligation for payment institutions and banks to perform specific tasks with respect to the digital euro. For example, payment institutions must make available deposit and debit functionalities, and facilitate interaction with non-digital euro payment accounts. This is a matter for the future, as the digital euro still needs to be developed alongside the legal framework. It will ultimately be up to the ECB to decide whether or not to issue a digital euro. On 2 December 2024, the ECB published its [second progress report](#) on the preparation phase of the digital euro.
- **Who?** All payment institutions and EMIs.
- **When?** The proposal is currently with the Council for first reading. We expect more clarity on the rest of the legislative process to follow in 2025.

FIDA

- **What?** The European Commission published a [proposal](#) for the Financial Data Access (FIDA) Regulation on 28 June 2023. This proposal aims to extend the obligation to provide access to financial data beyond payment account data. Under the FIDA Regulation, data holders must provide financial data to data users. The proposal is still in the European legislative process. The [General Developments](#) section discusses FIDA and all related developments in more detail.
- **Who?** Payment service providers and EMIs are data holders under the FIDA Regulation (except account information service providers) and may also be data users.
- **When?** FIDA's entry into force is expected by the end of 2026.

DORA

- **What?** On 27 December 2022, the Digital Operational Resilience [Regulation](#) for the Financial Sector (DORA) and its accompanying [directive](#) were published in the EU Official Journal. Since then, there has been a significant amount of additional DORA legislation published and regulators have published various DORA news releases. The [DORA & AI](#) section discusses DORA and related developments in more detail. The regulation is directly applicable in all EU member states, including the Netherlands, as of 17 January 2025. There is no transitional regime.
- **Who?** DORA is an important development for all payment service providers and EMIs.
- **When?** Payment service providers and EMIs must comply with all relevant obligations under DORA as of 17 January 2025.

MiCAR

- **What?** On 9 June 2023, the [Regulation](#) on Markets in Crypto Assets (MiCAR) was published in the Official Journal of the EU. MiCAR is a comprehensive legislative process aimed at achieving harmonized regulation of crypto assets at the European level. Under MiCAR, a whole range of services and activities surrounding crypto assets will be subject to licensing, or at least within the scope of supervision. In addition to MiCAR itself, many further regulations have been published or are being developed. The [Crypto Services](#) section discusses MiCAR and all related developments in more detail, relevant, among other things, to EMIs issuing so-called EMTs.

- **Who?** MiCAR provides certain requirements for EMIs that issue EMTs.
- **When?** MiCAR is directly applicable in all EU member states, including the Netherlands, as of 30 December 2024.

AML

- **What?** With the implementation of the [Regulation](#) to Prevent the Use of the Financial System for the Purpose of Money Laundering or Terrorist Financing (AMLR) on 10 July 2024, major changes are expected in relation to AML. Among other things, AMLR outlines requirements for client due diligence (CDD) including sanction screening, outsourcing of AML/CFT tasks, firm-wide risk assessments, compliance function and reporting suspicious transactions to the FIU. These requirements are largely derived from AMLD4, AMLD5 and relevant guidance from EBA. In the future, this regulation will become the primary legislative source for institutions subject to AML/CFT supervision. In addition, AMLD4/5 will be replaced by AMLD6. AMLD6 contains many relevant provisions on the UBO register, and information sharing between FIUs (and other regulators). The [Integrity](#) section discusses in more detail the developments regarding AML.
- **Who?** All payment service providers and EMIs.
- **When?** AMLR and AMLD6 entered into force on 10 July 2024 and will become largely applicable on 10 July 2027.

Currency as legal tender

- **What?** On June 28, 2023, the European Commission published a proposal for the [Regulation](#) on the legal tender of euro bank notes and coins. This proposal is part of the European Commission's Single Currency Package. The regulation aims to protect the effectiveness of the status of currency as legal tender and ensure citizens' access to currency. With the regulation, the European Commission aims to clarify access to and acceptance of euro banknotes and coins, as well as to clarify that the digital euro should only be considered as a complement to, and not a replacement for cash. On 17 October 2023, the ECB issued its [opinion](#) on the proposed regulation, proposing some amendments to tighten the regulation.
- **Who?** Payment service providers and EMIs, especially if they offer cash-based payment services.
- **When?** The proposal is currently in the European legislative process. We expect to have more clarity on the rest of the legislative process in 2025.



Instant Payments Implementation Act

On 8 April 2024, the [Instant Payments Regulation](#) entered into force. This regulation amends the Settlement Finality Directive, the revised Payment Services Directive (PSD2), the SEPA Regulation and the Cross-Border Payments Regulation. Because these amendments must (partly) be implemented in Dutch laws and regulations, an [Implementation Act and an Implementation Decree](#) were submitted for consultation at the end of 2024.

The purpose of the Regulation (and its implementation) is to ensure that instant payments are processed affordably, securely and unimpeded throughout the EU. Instant payments are those that are submitted separately and are executed immediately, 24 hours a day and on any calendar day, resulting in the funds being available in the recipient's payment account within seconds. The main obligations under the Regulation are that (i) payment service providers executing payments will be required to offer instant payments, (ii) instant payments must be offered at the same rate as traditional payments, (iii) payment service providers must verify that the name and IBAN of the payee match, and (iv) more effective sanction screening must be conducted on instant payments. In addition, the Regulation regulates that payment institutions and EMIs can participate directly in final systems.

The Implementation Act includes only the amendments to PSD2 and the Settlement Finality Directive. Additional implementation will take place through a general order in council. The amendments to the SEPA Regulation are implemented through the Implementation Decree. The Instant Payments Regulation entered into force on 8 April 2024, and implementation of the amendments to the Directives must be completed by 9 April 2025.

Accessibility regulations

- **What?** On 15 April 2024, the Accessibility Products and Services [Implementation Act](#) was published. On 4 July 2024, the Banking Services Accessibility Requirements [Implementation Decree](#) was published. The Act and the Decree implement the [Accessibility Directive](#). The Act implements accessibility requirements for, among others, providers of banking services to consumers. Banking services to consumers include offering contracts relating to payment accounts, payment accounts and electronic money. It requires market participants to provide information on the accessibility of their services and to make their services and products accessible(er). For banking services in particular, there is an obligation to make

accessibility information available at language level B2. The [General Developments](#) section highlights the accessibility requirements in more detail. The accessibility of the Dutch payment system for consumers and entrepreneurs is measured every year by the *Maatschappelijk Overleg Betalingsverkeer* (MOB). The MOB published the [Consumer and Business Accessibility Monitor 2024](#) in December. This shows that accessibility for people in a vulnerable position in 2024 still lags behind that of the average consumer. For entrepreneurs, banks' anti-money laundering policies and ATM accessibility remain a bottleneck.

- **Who?** Payment service providers and EMIs that, in short, provide services online or otherwise at a distance for the purpose of concluding a contract with a consumer.
- **When?** The accessibility regulations are applicable as of 28 June 2025.

OTHER DEVELOPMENTS

AFM Trend Monitor 2025

- **What?** The AFM published its [Trend Monitor 2025](#) on 14 November 2024. In this report, the AFM highlights a number of trends and risks in the financial sector for the year 2025. The AFM highlights (as it did last year) the risks surrounding the use of AI models and discusses the relevance of sustainability. In Trend Monitor 2025, the AFM calls attention to the risk of exclusion of basic payment services such as payment services.
- **Who?** All payment service providers and EMIs.
- **When?** The concrete implications of the trends and risks for the AFM's supervisory activities will be elaborated in the AFM Agenda 2025, which it will publish in early 2025.

FSB cross-border payments

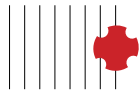
- **What?** On 16 July 2024, the Financial Stability Board (FSB) published a [consultation report](#) "Recommendations to Promote Alignment and Interoperability Across Data Frameworks Related to Cross-border Payments" and the [consultation report](#) "Recommendations for Regulating and Supervising Bank and Non-bank Payment Service Providers Offering Cross-border Payment Services. [Responses](#) to the first and [responses](#) to the second consultation were published on 24 September 2024. Both reports aim to provide recommendations on promoting cross-border payments. On 12 December 2024, the final [recommendations](#) on both topics were published.
- **Who?** Payment service providers and EMIs.
- **When?** Continuing through 2025.

Actions to prevent discrimination

- **What?** An independent [report](#) commissioned by the Ministry of Finance has shown that people with a non-Western migration background and young people experience discrimination most frequently in their contact with banks and payment institutions out of all the groups studied. The Minister of Finance therefore called in an [offer letter](#) for action urging banks, payment institutions, the Dutch Banking Association (NVB), the United Payment institutions Netherlands (VBIN) and DNB to collaborate. On 17 December 2024, the Minister of Finance provided an update on the progress of actions on this topic in a [progress letter](#). The actions being undertaken include improving the application of the Wwft and Sanctions Act, improving opportunities for citizens to file complaints, responsible handling of AI and machine learning, and customer communication.
- **Who?** All payment institutions.
- **When?** The minister of Finance will consistently address the issue of discrimination in discussions with banks, payment institutions, and the regulatory authority to explore ways to implement the conclusions of this report.

CPMI reports link FPS and APIs

- **What?** On 15 October the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements (BIS) published two [reports](#). The first [report](#) is titled “Linking fast payment systems across borders: governance and oversight”. The report aims to (i) inform owners and operators of fast payment systems (FPS) as they develop the governance and risk management aspects of their FPS linking arrangements, and (ii) support supervisors in defining their oversight approach. The second [report](#) is titled “Promoting the harmonization of application programming interfaces to enhance cross-border payments: recommendations and toolkit” and contains recommendations to promote greater harmonization of application programming interfaces (APIs) in cross-border payments. The recommendations were formulated by the API Panel of Experts (APEX), an initiative led by the CPMI that includes industry participants.
- **Who?** Payment institutions and EMIs.
- **When?** Continuing through 2025.



FINANCIAL SERVICE PROVIDERS ADVISORS, BROKERS AND AUTHORIZED AGENTS

This section discusses important developments for so-called financial service providers that will play out in 2025. This collective category includes advisers and intermediaries in financial products such as credit and insurance. Authorized agents are also financial service providers.

Consumer credit providers and insurers also qualify as “financial service providers” under the Financial Supervision Act. Developments for these financial service providers are included in a separate section of the Outlook, namely [Lenders](#) and [Insurers](#), respectively. Furthermore, the [General Developments](#) for Financial Service Providers section is worth reading, as it discusses general developments in areas such as supervision and enforcement that are also relevant to financial service providers.

For life insurance intermediaries, the [Integrity](#) section of this Outlook is relevant. Finally, the [Sustainability \(ESG\)](#) and [DORA & AI](#) sections may also be relevant to certain financial services providers.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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- Report quality mortgage advice
- Sustainability preferences pension insurance

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- Directive credit servicers and purchasers
- Affiliated intermediation authorized agents
- Supervision supporting reporting
- FIDA

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- Collection Services Quality Act



AFM SUPERVISION

Trend Monitor 2025

- **What?** On November 14, 2024, the AFM published [Trend Monitor 2025](#), in which the AFM addresses the main trends and associated risks in the financial sector. For financial service providers, the AFM highlights, among other things:
 - **AI models and digital distribution.** AI applications and algorithms are increasingly being used in claims processing, credit underwriting, fraud detection and customer contact. With the wider availability and increased use of digital distribution channels, financial services and products are increasingly offered and managed digitally only. This increases the risk of fraud, the impact of errors in automated processes and (incorrect) use of (faulty) data. Financial service providers are expected to ensure that use of such innovations are in the best interest of the customer.
 - **Consolidation and business operations.** The AFM notes further consolidation (the increase in private equity presence), evolving revenue models and more specialized organizations by target groups or products. Because of these developments, the AFM has concerns about excessive focus on financial gain and reduced focus on customer interest and compliance. Furthermore, the AFM notices small service providers struggling complying with expanding regulations, especially in the areas of IT and professional competence. The AFM sees that the controlled and sound business conduct becomes more compromised.
 - **Internationalization.** Cross-border service provision is increasing and creating a more uneven playing field, as PARP standards are viewed differently abroad and the AFM experiences more difficulty intervening foreign entities.
 - **Mortgage fraud.** Bad faith financial service providers involved in large-scale mortgage fraud are taking on increasingly large and more organized forms. They not only harm consumers, but also providers and other service providers in the value chain. It also provides criminals with access to the real estate sector.
- **Who?** All financial service providers.
- **When?** The concrete implications of the trends and risks for the AFM's supervisory activities will be elaborated in its Agenda 2025, which will be published by the AFM in early 2025. The items discussed below, "Sector in view 2024" and "Customer interest safeguarding review" do already have some predictive value as to what the supervision of the AFM in 2025 will focus on.

✚ Sector in view 2024

On October 24, 2024, the AFM published its [report](#) "Sector in view Financial service providers 2024." In this report, the AFM shares data based on the Market Monitor Advisers and Brokers (MMAB) and developments from the market that could lead to more risk for customers. Among other things, the AFM describes in the report that there is increasing consolidation within the market through mergers of service providers or portfolio sales. This is also our experience, given the many transactions we have been involved in over the past year. On that subject, see our [blog](#) with recommendations for purchasers and sellers of financial intermediaries.

In the report, the AFM pays attention to the risks (particularly those associated with growth) under the matter subject "House in order". Growth can occur in various ways; the AFM separately mentions the registration of affiliated companies and emphasizes that due diligence on those parties by collective license holders does not receive the attention it is deserved by the license holder.

The AFM ultimately focuses on two aspects that are important when growing a business in any form:

- The integration of customer interests. This requires a vision of the desired target group (read: proper application of product governance obligations). Services and product offerings must be tailored accordingly. The financial service provider must also study customer needs and act accordingly, and ensure that professional competence is in order. It must be properly assessed whether an increase in scale fits in with the company's policy with regard to customer interests and whether new customers in the event of an acquisition fit within the company's (current) target group. In the context of the integration of customer interests, the AFM investigation into the safeguarding of customer interests is also relevant for parties to take note of.
- The design of the compliance function. The AFM expresses (albeit without clear legal basis) very specific expectations with regard to the design of the compliance function of financial service providers. The AFM leans heavily on what is already applied in the asset management sector (for which there is a clear legal basis). In our opinion, a well-functioning compliance function is indeed important for the future-proofing of every financial undertaking. It is useful that the AFM draws attention to this. However, it does so in a questionable way from a legal perspective. That does not alter the fact that it is in the interest of the business operations of financial service providers to seriously consider the expectations of the AFM.



The AFM additionally formulates in a nice graphic four pillars “for a future-proof financial services industry”.

- The financial service provider puts customer interests first;
- The financial service provider takes responsibility for managing the business controlled and with integrity;
- The financial service provider has a sustainable revenue model;
- The financial service provider has an eye for future developments and trends.

Areas for improvement in Wwft compliance

- **What?** In its [report](#) “Sector in view Financial service providers 2024” of October 24, 2024, the AFM (also) pays attention to the Wwft compliance requirement for life insurance intermediaries and financial service providers that fall under the national regime. The AFM has identified the need to improve control measures. Too often it was found that no internal risk assessment or related AML policy was established - even though this is mandatory.
- **Who?** Life insurance intermediaries and financial service providers under the national regime.
- **When?** Ongoing in 2025. The AFM will further analyze and monitor Wwft compliance.

Customer interest safeguarding review

- **What?** In the fall of 2024, the AFM [announced](#) that over the next few years it will select a group of financial service providers each year for an investigation into the safeguarding of customer interests and the maturity level of the undertaking with respect to this. The reason for this investigation is the increasing consolidation within the market, increased presence of private equity, the shift to digital customer contact as well as new laws and regulations. The investigation will take place through a self-assessment, followed by an on-site visit to a number of firms. We expect that the AFM will use the investigation’s findings to eventually publish reports with potential guidance on safeguarding customer interests.
- **Who?** All financial service providers.
- **When?** Continuing through 2025.

License requirement advice healthcare providers

- **What?** On November 6, 2024, the AFM [published](#) that they (together with the Dutch Healthcare Authority (NZa)) notice cases in which healthcare providers,

such as medical (specialist) healthcare organizations or individual healthcare professionals, steer their customer(s) to healthcare insurance from specific insurers or to change their insurance policy. These parties do this, for example, by advising their customers to choose appropriate coverage or broader health care offerings or to change policies (types) or providers. Such advice can be seen as *health care steering*, which is not allowed. When a healthcare provider states to its customer to take out a specific healthcare insurance policy from a specific or number of insurer(s), this constitutes as financial advice for which a license from the AFM is required.

- **Who?** Healthcare providers who do not have an AFM license to advise on health insurance.
- **When?** Immediately. The NZa and AFM are monitoring this behavior particularly during the Dutch health insurance “switching season”.

Group insurance license requirement

- **What?** Following a [ruling](#) by the Court of Justice of the European Union on September 29, 2022, the AFM published an [information page](#) on its website in 2024 explaining the licensing requirement for group insurance. We have published a [blog](#) about this. Organizations that are policyholders with an insurer and take out insurance policies for the benefit of clients (so-called *group insurance*), must in certain cases have prior obtained a license from the AFM because they then operate as an insurance intermediary. A license is required if the organization provides clients with certain choices and/or receives compensation from the clients. The AFM has published an [interpretation document](#) including a flow chart, which can be used as a guide in assessing the need to obtain a license.
- **Who?** Organizations that are policyholders at an insurer and thus provide insurance for customers (group insurance).
- **When?** The AFM indicates that if organizations that facilitate group insurance conclude that they need to apply for a license, they have until October 1, 2025 to obtain that license. We advise organizations to allow for several weeks of preparation time as well as an assessment period of at least 13 weeks.

Policy Rule Provision of Information

- **What?** On September 30, 2024, the AFM published the revised [Policy Rule](#) on Information Provision. In this document the AFM provides, among other things, additional rules on the responsibility of the financial service provider when using “affiliate marketing” and gives new examples of misleading information. Although

the policy rule is already applicable, this matter should have the ongoing attention of financial service providers.

- **Who?** All financial service providers.
- **When?** Effective immediately. Affiliate marketing in particular seems to be increasingly on the AFM's radar. So as far as we are concerned, that is a focus for collaboration with others in 2025.

Guideline PARP scenario analyses

- **What?** On December 3, 2024, the AFM published the [guideline PARP](#) "scenario analyses from a customer perspective." Studies showed that financial enterprises are looking for ways to carefully design and perform relevant scenario analyses during the PARP. The AFM provides guidance on this in the guideline.
- **Who?** Financial service providers who develop or co-develop products (often authorized agents), but also for distributors, scenario analysis can sometimes be necessary to determine the right target group.
- **When?** Effective immediately: the AFM expects that the tools in this guidance will further enable firms to perform scenario analyses of good quality.

Report quality mortgage advice

- **What?** On October 10, 2024, the AFM published the [report](#) "Quality mortgage advice 2024". The AFM observes that although mortgage advisors generally request all legally required elements from the customer, some advisors do not always sufficiently request information about the customer's spending and saving habits when determining whether the recurring mortgage costs are justified. Among its observations in the report, the AFM indicates its expectations of mortgage advisors. These expectations can be used by mortgage advisors in reviewing their advisory processes. In addition, the AFM indicates that in 2025 it will update its guidance documents for mortgage advice and supplement them with new examples. Noteworthy to mention is that, in 2024, the AFM already formulated [guidance](#) for mortgage advisors on "abbreviated advice" and sustainability. Although this guidance has been available for some time, we mention them in this context as well.
- **Who?** Advisors who advise on mortgage credit.
- **When?** The AFM's expectation in the report and guidance are immediately relevant. Relevant AFM guidance documents will be updated in 2025.

Sustainability preferences pension insurance

- **What?** On April 26, 2024, the AFM sent its [legislative letter](#) to the Minister of Finance describing its new

legislative requests. The AFM requests the minister to amend legislation so that pension advisors collect information on sustainability preferences from customers. Providers of pension products are required under the SFDR to be transparent about sustainability. The desired legislative change would be consistent with this and encourage the sustainability transition. In a [response](#) on May 23, 2024, the minister indicated that she considers the change logical. In consultation with the Minister of Social Affairs and Employment, it will be considered whether such distinction between the different pension pillars is necessary.

- **Who?** Pension insurance advisors.
- **When?** We expect to know more about the potential change in the law in 2025.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

Consumer Credit Directive

- **What?** A negotiation process to revise the Consumer Credit Directive has taken place in recent years. On October 30, 2023, the [final text](#) of the directive was published in the Official Journal of the EU. Among other things, the revised directive contains new requirements for financial service providers on advisory services and professional competence. These include standards to ensure that when advice is provided by the credit intermediary, it is clear to the consumer that it constitutes advice (incidentally, without introducing an obligation to provide advice).
- **Who?** Advisors and intermediaries related to consumer credit.
- **When?** The directive entered into force on November 19, 2023. Implementing legislation has not yet been published. Member states must implement the directive into national law by November 20, 2025. The new rules will apply as of November 20, 2026.

Mortgage Credit Directive

- **What?** The European Commission is working on a revision of the Mortgage Credit Directive. This will concern how to: i) provide consumers with simplified, timely and relevant information, ii) adapt to the rules to the digital environment, and iii) make it easier for consumers to obtain a mortgage loan for a home in another EU member state.
- **Who?** Advisors on and intermediaries in mortgage credit.



- **When?** The European Commission was expected to publish a proposal for a new directive in the first quarter of 2024. However, this has not happened and it is now unclear when the new directive will be published.

Professional competence amendment regulation

- **What?** On December 5, 2024, the consultation version of the [Amendment regulation](#) professional competence exam terms 2025 was published. The regulation modifies the exam terms for the 2024-2025 training year that apply to financial advisors who must demonstrate professional competence through continuing education (PE) exams. The regulation updates the terms for all modules primarily technically, textually and editorially. Several modules are being updated. In addition, changes are made with respect to the Income module, including a new expectation that an advisor is not only be able to name but also explain the special situations that may apply to income insurance coverage. In addition, an [amendment](#) to increase the fees for initial exams, PE exams and special exams was published for consultation on December 5, 2024.
- **Who?** All financial service providers.
- **When?** The target effective date is April 1, 2025.

NEW LAWS AND REGULATIONS

Accessibility Requirements

- **What?** On April 15, 2024, the Accessibility Requirements for Products and Services [Implementation Act](#) was published. The law and decree implement the [Accessibility Directive](#). The law sets accessibility requirements for providers of e-commerce services, among others. E-commerce services are services provided at a distance, via websites and services based on mobile devices, electronically and at the individual request of a consumer with a view to concluding a consumer contract. This may include the online provision of financial services (e.g. insurance mediation and credit intermediation) to consumers. It requires market participants to provide information about the accessibility of their services and to make their services and products more accessible. The [General Developments](#) section details the accessibility requirements.
- **Who?** Financial service providers who, in short, provide services online or otherwise at a distance for the purpose of concluding a contract with a consumer

- **When?** The accessibility regulations are applicable as of June 28, 2025.

Directive credit servicers and purchasers

- **What?** On November 24, 2021, the Credit Servicers and Credit Purchasers [Directive](#) was published. This directive standardizes the rules for servicers and buyers of credit in the European Union and facilitates the sale of non-performing loans (or NPLs). When providers are faced with a large accumulation of NPLs and do not have the staff or expertise to properly service them, they should be able to outsource the servicing of those loans to a specialized credit servicer or transfer the credit agreement to a credit purchaser with the appropriate risk appetite and expertise to manage them. Parties servicing an NPL that are not a bank, credit provider or manager of an investment institution (AIF/ UCITS) will need to obtain a license from the AFM as a credit servicer. On November 29, 2024, the [implementation law](#) of the directive was sent to the parliament. We have written a [blog](#) on the consulted proposal, discussing the main changes. The [consulted version](#) of the implementation law contained an exception to the Collection Services Quality Act (Wki) for credit servicers, because the directive provides a harmonized framework and thus there would be no room for additional national rules. However, that exception has been removed in the final version. The legislator [explains](#) that it would lead to unequal treatment of collection service providers (licensed to intermediate) and credit servicers. Thus, depending on the activities to be performed, credit servicers may also be subject to registration under and compliance with the Wki.
- **Who?** Credit intermediaries can service loans. If they (will) also service NPLs, then they will fall under the scope of the directive and will have to apply for a license, among other things.
- **When?** The directive was supposed to be implemented by December 29, 2023. That deadline was not met. The implementation law is expected to take effect in 2025. The implementing act is still being prepared.

Affiliated intermediation authorized agents

- **What?** The [consultation](#) on the Financial Markets Amendment Act 2026 was published on December 20, 2024. This act proposes, among other things, to explicitly lay down in the DFSA that it is possible to act as an affiliated intermediary for (sub-)authorized agents, and that this shall be recorded in the public register.
- **Who?** Parties who (wish to) act as affiliated intermediaries and (sub-)authorized agents.



- **When?** The consultation closes on February 13, 2025. The earliest this law is expected to take effect is late 2025, probably mid-2026.

Supervision supporting reporting

- **What?** On May 17, 2024, the [consultation version](#) of the AFM Supervision Supporting Reporting Act was published. This law allows the AFM to impose reporting requirements on financial service providers for the purpose of risk-based supervision, among other things. The consultation caused quite a stir in the market and received criticism from experts because the proposal gives the AFM far-reaching authority to impose reporting obligations. It is currently unclear whether and, if so, how this consultation will be followed up.
- **Who?** All financial service providers.
- **When?** It is still unclear to what extent an act (amended or otherwise) will be published.

FIDA

- **What?** The European Commission published a [proposal](#) for the Financial Data Access (FIDA) Regulation on June 28, 2023. This proposal intends to extend the obligation to provide access to financial data beyond payment account data. The FIDA Regulation requires *data holders* to provide financial data to *data users*. The [General Developments](#) section discusses FIDA and all related developments in more detail.
- **Who?** (Ancillary) insurance intermediaries can be *data holders* and/or *data users* based on the FIDA Regulation.
- **When?** The proposal is still in the European legislative process. Entry into force is expected by the end of 2026 and the Regulation will be applicable 24 months after its entry into force.

OTHER DEVELOPMENTS

Collection Services Quality Act

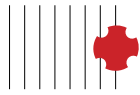
In the [Outlook 2024](#), we discussed the [Quality Collection Services Act](#) (Wki). The Wki has entered into force on April 1, 2024. The final underlying [decree](#) and [regulations](#) have also been published. The act intends to improve the quality of extrajudicial collection services. Collection agencies and debt collectors must meet various quality requirements. There is a debt collection register and a system of supervision and enforcement for with the law. The law applies to extrajudicial debt collection activities a) that are performed or offered in the exercise of a profession or business directed or co-directed towards that purpose or in a manner as if they were directed or co-directed towards

that purpose professionally or business, b) for a third party or after transfer of the claim and c) with respect to payment by a natural person domiciled in the Netherlands. Extrajudicial collection activities are activities aimed at obtaining extrajudicial satisfaction of a claim for payment of a sum of money. It follows from the explanatory memorandum to the act that the rules for debt collection services exist alongside the rules in the DFSA. A debt collection service provider may therefore need a registration under the Debt Collection Services Quality Act and a license from the AFM under the DFSA, e.g. a license to intermediate in credit or insurance collecting fees or premiums from customers/clients for a third party.

No later than April 1, 2025, an application for registration must be submitted to *Dienst Justis*. The *Inspectie J and V* has been supervising Wki compliance since April 1, 2024 for other obligations that already apply (even if a market party has not (yet) obtained a registration). We note that not all companies within the market have yet sufficiently analyzed whether they fall under the scope of the Wki - and are therefore (perhaps unknowingly) subject to a registration requirements and a new set of supervisory rules (including information and training requirements).

According to its [supervision strategy](#), in 2024 the *Inspectie J and V* focused mainly on mainly "informing and encouraging" and where necessary "intervening". Indeed, we have also noticed this in practice. In doing so, the supervisor is also critical of debt collection as an outsourcing activity, *white label activities* and debt management, which - according to [their interpretation](#) of the Explanatory Memorandum to the Wki - also fall within the scope of this act. We expect that in 2025 the *Inspectie J and V* will possibly publish on the broad scope of the Wki relevant for parties other than traditional debt collection agencies, such as debt managers, administration offices and other (financial) service providers that perform extrajudicial debt collection activities.

We believe it is not implausible that parties such as intermediaries may face questions from the *Inspectie J en V*. Therefore, we recommend that these parties perform a Wki analysis and assess whether they must apply for registration with *Dienst Justis* before April 1, 2025, and comply with the rules of the Wki as soon as possible if they do conclude they are in scope.



CRYPTO SERVICES

This section focuses on crypto service providers (CASPs) and crypto-asset issuers. This section was renamed this year from “Crypto Service Providers” to “Crypto Services”. In our opinion, this better covers it, as MiCAR covers both crypto service providers and crypto-asset issuers. There is a lot coming at CASPs in 2025, first and foremost, of course, because of MiCAR. In addition, *anti-money laundering* (AML) remains a very important issue for the crypto sector. This section mentions some AML-related developments specific to CASPs, but for a broader overview, the [Integrity](#) for CASPs section is very important. In addition, it is important for CASPs to take note of the [DORA & AI](#) section, as DORA will have a lot of impact on CASPs as well. Finally, we recommend that CASPs take note of the [General Developments](#) section as it discusses topics that may be relevant to anyone entering the financial market.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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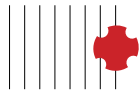
MiCAR

On 29 June 2023, the Regulation on Markets in Crypto Assets ([MiCAR](#)) entered into force within Europe. MiCAR, in a nutshell, contains rules for issuers of various types of crypto-assets (including ARTs and EMTs) on the one hand and CASPs on the other. As for issuers, the rules became applicable on 30 June 2024. The rules under MiCAR for CASPs became applicable more recently, on 30 December 2024. Since that time, a licensing requirement applies to market participants wishing to offer crypto-asset services, and Dutch market participants can apply for a license to do so from the AFM.

With the entry into force of MiCAR, the legal playing field for the crypto sector within Europe is changing significantly. In the Netherlands, both the AFM and DNB have been assigned a role in connection with the supervision and enforcement of MiCAR in the Netherlands. For more information on this, please refer to the [blog](#) on our website which details the exact division of supervisory tasks between the AFM and DNB.

Since 30 December 2024, the transitional regime also applies to existing CASPs that were already providing crypto-asset services under their DNB registration in accordance with the existing registration regime. This registration regime applies until no later than 30 June 2025 or so much earlier the AFM grants or rejects an existing CASP a MiCAR license. Contrary to MiCAR, the Dutch legislator took advantage of the member state option to thus shorten the transitional period of eighteen (18) months to six (6) months. The AFM has stated on its website in a Q&A that only existing CASPs that have a Wwft registration from DNB can take advantage of this transitional regime.

MiCAR (level 1 regulations) are elaborated in further laws and regulations in the form of draft technical standards (RTS) and implementing standards (ITS), guidelines and recommendations (level 2 and level 3 regulations). These further regulations are elaborated on later in this section of the Outlook. To provide the best possible overview of these, we have distinguished between level 2 and level 3 regulations designed for CASPs and crypto-asset issuers, in particular for ARTs and EMTs, respectively. It is noted here that as a starting point, with some exceptions, ESMA is responsible for further regulation covering CASPs and EBA for the further regulatory package covering issuers of ARTs



and EMTs. Against this background and for readability, we have also presented level-2 and level-3 regulations separately for CASPs and crypto-asset issuers insofar possible. Many of these further regulations will take effect at different times in 2025.

MiCAR Implementation Act

- **What?** The Markets in Crypto Assets Regulation [Implementation Act](#) (MiCAR Implementation Act) was published in the Official Gazette on 17 December 2024. The MiCAR Implementation Act adds a new article 1:77n to the Financial Supervision Act (Wft). This article implements supervisory and intervention powers of AFM and DNB as arising from Article 94 and 111 MiCAR.
- **Who?** CASPs and crypto-asset issuers.
- **When?** The MiCAR Implementation Act is scheduled to take effect on 30 December 2024.

MiCAR and TFR₃ Implementation Decree

- **What?** On 16 December 2024, the [Implementation Decree](#) amending the EU regulations Wft Decree and some other decrees in connection with the implementation of MiCAR and Regulation (EU) 2023/1113 on information in case of transfers of funds and transfers of certain crypto-assets (TFR) (Implementation Decree MiCAR and TFR₃). The Implementation Decree of MiCAR and TFR₃ elaborates (i) how crypto supervision will be divided between the AFM and DNB, (ii) in which penalty category each provision from MiCAR falls and (iii) that the transitional regime for registered CASPs ends on 30 June 2025.
- **Who?** CASPs and crypto-asset issuers.
- **When?** The aforementioned provisions of the Implementation Decree entered into force on 17 December 2024.

Financial supervision costs 2025

- **What?** On 12 September 2024, the [draft decree](#) amending the Decree on Financial Supervision Funding 2019 in connection with MiCAR, the revision of the percentage cost allocation of the AFM and some other adjustments was sent by the Minister of Finance to the House of Representatives (*Tweede Kamer*) for approval (Amendment Decree on Financial Supervision Funding 2025). Among other things, the draft decree contains the bases for passing on the costs for the supervision by the AFM and DNB of MiCAR compliance to CASPs and issuers of ARTs and EMTs. In addition, on 10 July 2024, the [Regulation](#) amending the Regulation on Financing

Financial Supervision One-Off Acts in connection with the performance of acts pursuant to MiCAR was published in the Government Gazette. The regulation sets the fees that the AFM and DNB may charge for certain acts they perform pursuant to MiCAR, such as person reviews, license applications and proposed acquisitions of a qualifying holding.

- **Who?** CASPs and issuers of ARTs and EMTs.
- **When?** The intention is that the (main part of the) Amendment Decree will enter into force on 1 January 2025. The Amendment Regulation 2025 entered into force partly on 30 December 2024 and partly when the MiCAR and TFR₃ Implementation Decree came into force.

MICAR LEVEL 2 AND 3: CASPS

DR notification requirements specific financial companies

- **What?** On 31 October 2024, the European Commission adopted a [Delegated Regulation](#) containing regulatory technical standards further elaborate the notification requirements that will apply to certain financial institutions wishing to offer crypto-asset services. It describes the information that a notifying financial firm must submit to the relevant regulator, including its program of activities, internal control mechanisms and procedures around the detection and prevention of money laundering and terrorist financing, business continuity plan, as well as a detailed description of procedures around asset segregation.
- **Who?** Investment firms, MiFID-II market operators, central securities depositories, EMTs, UCITS management companies and AIFMs wishing to offer certain crypto-asset services.
- **When?** If the European Parliament and the Council do not object, the Delegated Regulation will be published in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later.

ITS notification by specific financial firms

- **What?** As part of ESMA's [final report](#) of 25 March 2024 with draft technical and implementing standards (1st MiCAR package), ESMA has published ITS that further elaborate standard forms, templates and procedures for specific financial firms wishing to offer crypto services. These ITS are consistent with the Delegated Regulation we covered in the previous item. Among other things, the ITS include a format for the notification form to be sent to the relevant regulator and set out some other



requirements to be observed in such a notification.

- **Who?** Investment firms, MiFID-II market operators, central securities depositories, EMIs, UCITS management companies and AIFMs wishing to offer certain crypto-asset services.
- **When?** The European Commission must approve the ITS. If the European Parliament and the Council do not subsequently object, the ITS will be published as an Implementing Regulation in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later.

DR provision of information in license applications CASPs

- **What?** On 31 October 2024, the European Commission adopted a [Delegated Regulation](#) containing regulatory technical standards further specifies the information CASPs must submit to the competent regulator in the context of a MiCAR license application. Among other things, this Delegated Regulation further specifies the general information to be provided, but also the information on more specific topics such as prudential requirements, governance arrangements and internal control mechanisms, business continuity, ICT systems and security, and information on (intended) day-to-day policymakers and (intended) holders of a qualifying holding in a CASP.
- **Who?** CASPs.
- **When?** If the European Parliament and the Council do not object, the Delegated Regulation will be published in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later.

ITS forms and templates for license applications CASPs

- **What?** As part of ESMA's [final report](#) of 25 March 2024 with draft technical and implementing standards (1^e MiCAR package), ESMA has published ITS that further elaborate standard forms, templates and procedures for the information to be submitted to the competent regulator in the context of a license application as a CASP. These ITS are consistent with the Delegated Regulation that we described under the previous heading ("DR provision of information in license applications CASPs"). These ITS include a form for the license application, as well as rules around the notification of changes to the supplied documentation and how the competent regulator should communicate its decision on the license application.
- **Who?** CASPs.
- **When?** The European Commission must approve the

ITS. If the European Parliament and the Council do not subsequently object, the ITS will be published as an Implementing Regulation in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later.

Suitability guidelines on CASPs

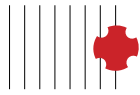
- **What?** On 4 December 2024, EBA and ESMA published final [guidance](#) on the suitability assessment of (i) members of the management body of CASPs and (ii) shareholders and directors of shareholders with qualifying holdings in CASPs. The guidelines are addressed both to competent authorities that are required to carry out the suitability assessment and to CASPs that are assigned different roles and responsibilities on this subject under the guidelines.
- **Who?** CASPs and holders of qualifying holdings in CASPs.
- **When?** The guidelines are applicable as of Feb. 4, 2025.

RTS complaint handling procedure CASPs

- **What?** As part of ESMA's [final report](#) of March 25, 2024 with draft technical and implementing standards (1^e MiCAR package), ESMA published RTS that further detail complaint handling procedures that CASPs should have in place. These RTS provide further rules on conditions, templates and procedures for handling complaints received by CASPs. These include a template form that allows complaints to be filed by third parties. These RTS also detail the obligations for a CASP at various stages of the complaint process.
- **Who?** CASPs.
- **When?** The European Commission must approve the RTS. If the European Parliament and the Council do not subsequently object, the RTS will be published in the EU Official Journal as a Delegated Regulation and will be directly applicable in the Netherlands 20 days later.

DR review of qualified holdings in CASPs

- **What?** On 18 December 2024, the European Commission adopted a [Delegated Regulation](#) setting out regulatory technical standards specify the information required by regulators for the substantive assessment of a proposed acquisition of a qualifying holding in a CASP. Among other things, the TT sets out what information is required regarding the intended shareholder (both for legal entities and private persons) and the intended acquisition as well as the requirements to be met, but also on the new group structure after acquisition of the qualifying holding and its possible



impact on the supervision of the CASP in question.

- **Who?** Intended shareholders in a CASP.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU, after which the Delegated Regulation will become directly applicable in the Netherlands 20 days later.

DR sustainability indicators

- **What?** On 17 December 2024, the European Commission adopted a [Delegated Regulation](#) containing regulatory technical standards that publish the content, methodology and presentation of sustainability indicators related to negative climate and environmental impacts. Among other things, this DR sets out general principles for presentation by CASPs and the publication of white papers on the CASPs website.
- **Who?** Issuers of crypto-assets and CASPs.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU, after which the Delegated Regulation will become directly applicable in the Netherlands 20 days later.

Draft RTS conflicts of interest CASPs

- **What?** As part of the [first consultation package](#), ESMA, in close cooperation with EBA, published draft regulatory technical standards on 12 July 2023 that further elaborate on the requirement for CASPs to implement and enforce effective policies and procedures within the organization that identify, prevent, manage and disclose different types of conflicts of interest. This draft RTS describes various situations in which conflicts of interest may arise that could potentially harm a CASP and/or its clients. It also describes the further requirements that conflict of interest policies and procedures must meet. These draft RTS have not yet been finalized by ESMA in its [final report](#) ESMA dated 25 March 2024 with draft technical and implementing standards (1st MiCAR package). Therein, it is explained that these draft RTS will be published at a later stage to allow EBA to finalize its advisory process and thus ensure that maximum alignment can take place between ESMA and EBA on this part.
- **Who?** CASPs.
- **When?** After ESMA finalizes the draft RTS, the European Commission will have to approve concerning RTS. If the European Parliament and the Council then do not object, the RTS will be published as a Delegated Regulation in the Official Journal of the EU and is expected to be directly applicable in the Netherlands 20 days later.

DR continuity and regularity crypto-asset services

- **What?** On 31 October 2024, the European Commission adopted a [Delegated Regulation](#) with regulatory technical standards that contain further measures to ensure continuity and regularity in the provision of crypto-asset services. It sets out further requirements around the business continuity plan for CASPs, its periodic testing and criteria for self-assessment by CASPs.
- **Who?** CASPs.
- **When?** If the European Parliament and the Council do not object, the Delegated Regulation will be published in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later.

DR transparency data by trading platforms

- **What?** On 28 November 2024, the European Commission adopted a [Delegated Regulation](#) containing regulatory technical standards that specify how CASPs operating a crypto-asset trading platform must present transparency information. This Delegated Regulation includes general principles for the presentation of the operating rules under which the trading platform is operated, as well as transparency requirements around information prior to transactions (such as displaying bid and offer prices) as well as after execution of transactions (disclosure of all transaction details).
- **Who?** CASPs operating a crypto-asset trading platform.
- **When?** If the European Parliament and the Council do not object, the Delegated Regulation will be published in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later.

RTS administration obligations CASPs

- **What?** As part of ESMA's [final report](#) of 3 July 2024 with draft technical and implementing standards (2nd MiCAR package), ESMA has published an RTS setting out further rules around the obligation for CASPs to maintain (and store) data relating to all crypto-asset services, activities, orders and transactions executed by them. These RTS elaborate on how data must be stored, which varies depending on the type of crypto-asset service offered by a CASP.
- **Who?** CASPs.
- **When?** The European Commission must approve the RTS. If the European Parliament and the Council do not subsequently object, the RTS will be published in the EU Official Journal as a Delegated Regulation and will be directly applicable in the Netherlands 20 days later.

DR content and format order book trading platforms

- **What?** On 29 November 2024, the European Commission adopted a [Delegated Regulation](#) with regulatory technical standards specifying the content and format of order book data for CASPs operating a crypto-asset trading platform. This should include the identification of parties operating on the trading platform, the validity period of orders and order restrictions and the use of identifiers for orders in crypto-assets.
- **Who?** CASPs operating a trading platform.
- **When?** If the European Parliament and the Council do not object, the Delegated Regulation will be published in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later.

Adoption of third legislative package of CASPs

- **What?** ESMA's third consultation package under MiCAR was initially published on 25 March 2024 and then ESMA published its final reports under this latest consultation package on its [website](#) on 17 December 2024. This latest final package consists of the following documents:
 - [RTS on market abuse](#): these contain regulatory technical standards that specify systems and procedures to prevent and detect market abuse in crypto-assets, the model for reporting suspected market abuse in crypto-assets and coordination procedures between competent authorities for detecting and punishing cross-border situations of market abuse.
 - [Guidelines on suitability](#): these specify how CASPs providing advice on crypto-assets or portfolio management of crypto-assets must make suitable recommendations to their clients or appropriate investment decisions on their behalf. These rules are aligned with MiFID II requirements.
 - [Guidelines on crypto-asset transfer services](#): this defines further rules on the policies and production that CASPs should employ when providing crypto-asset transfer services (i.e., transfer services), aiming to protect investors.
 - [Guidelines on maintenance of security access systems and protocols](#): this sets out guidelines that cover providers of crypto-assets other than EMTs and ARTs and relate to the management of ICT risks.
- **Who?** CASPs, crypto-asset issuers (other than EMTs and ARTs).
- **When?** The RTS mentioned above are submitted for

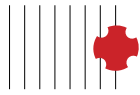
approval to the European Commission, which decides within three months whether to adopt them. The guidelines enter into force two months after translation into all official EU languages.

Guidelines reverse solicitation

- **What?** On 17 December 2024, ESMA published [final guidelines](#) regarding the reverse solicitation exception set forth in Article 61 MiCAR. Briefly this exception means that a CASP based outside the EU *does not need* a MiCAR license if it provides or performs crypto-asset services or activities "on the own exclusive initiative" of a client within the EU. According to ESMA, this exception only applies in limited cases. ESMA extends this line in MiCAR to the Guidelines, focusing on two issues, namely (i) the situations where a CASP based outside the EU is considered to 'approach' a client within the EU to obtain crypto-asset services or activities, and (ii) supervisory practices to detect and prevent circumvention of the *reverse solicitation exception*.
- **Who?** The guidelines are relevant to CASPs based outside the EU that provide a crypto-asset service to one or more EU customers.
- **When?** Following the publication of the translations in all official EU languages, a period of two months starts during which the competent national supervisor must communicate to ESMA whether it intends to comply with these guidelines. The guidelines will apply three months after publication of the translations in all official EU languages.

Guidelines crypto-assets as financial instruments

- **What?** On 17 December 2024, ESMA also published [final guidelines](#) on the conditions and criteria for qualifying crypto-assets as financial instruments, in which the MiFID II framework applies instead of MiCAR. This guidance assumes an approach that whether a crypto-asset qualifies as a financial instrument should be assessed on a case-by-case basis. This should be based on the so-called substance over form approach, meaning that the legal qualification of crypto-assets should not be determined by the underlying technology, but by its actual characteristics and rights. The guidelines provide guidance on the classification of crypto-assets as transferable securities, money market instruments, units in collective investment undertakings, derivatives and emission allowances, as well as the categorization of crypto-assets under MiCAR, including ARTs, EMTs, utility tokens and hybrid tokens
- **Who?** The guidelines are relevant to CASPs and crypto-



asset issuers, as well as trading platforms for crypto-assets and financial instruments.

- **When?** Following the publication of the translations in all official EU languages, a period of two months starts during which the competent national supervisor must communicate to ESMA whether it intends to comply with these guidelines. The guidelines will apply three months after publication of the translations in all official EU languages.

MICAR LEVEL 2 AND 3: ISSUERS

IR whitepapers crypto-assets

- **What?** On 3 December 2024, the [Implementing Regulation](#) regarding forms, formats and templates for whitepapers was published in the Official Journal of the EU. The Implementing Regulation contains further rules regarding the presentation of information in the white paper and the format in which the document should be prepared. The further requirements for the templates and formats are set out in the Annex to the Implementing Regulation.
- **Who?** Issuers of crypto-assets, with the templates applying only to issuers of crypto-assets other than ARTs and EMTs.
- **When?** The Implementing Regulation is applicable from 23 December 2025.

DR data classification whitepapers crypto-assets

- **What?** On 16 December 2024, the final text of the [Delegated Regulation](#) determining the dates necessary for the classification of whitepapers and the practical arrangements ensuring that such dates are machine-readable was adopted.
- **Who?** Issuers of crypto-assets.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU. The intention is for the Delegated Regulation to apply from 23 December 2025.

Guidelines for crypto-asset classification

- **What?** On 10 December 2024, the ESAs [final guidance](#) on templates for substantiating legal opinions related to crypto-asset classification. Among other things, the guidelines propose a standard test that crypto-asset issuers can perform to substantiate whether or not the crypto-assets they issue are ARTs or EMTs. Issuers are

required under MiCAR in designated cases to conduct such a test and inform the competent authority of the outcome (Articles 8(4), 17(1)(b) and 18(2)(e) MiCAR).

- **Who?** Issuers of crypto-assets.
- **When?** The guidelines enter into force two months after translation into all official EU languages.

RTS and ITS license application (ARTs)

- **What?** On 7 May 2024, EBA published [RTS and ITS](#) on the information for applying for authorization to offer ARTs to the public and for requesting their admission to trading, respectively. The RTS specify the content of such a license application and cover, among other things, the issuer, the intended activities (including the business plan), the internal governance arrangements and control framework, liquidity management, the suitability and reliability of the management body, and the reliability of the qualifying shareholders. The ITS supplement the RTS and contain templates for, among other things, the application form for submitting the license application.
- **Who?** Issuers of ARTs, not being banks.
- **When?** The European Commission must approve the RTS and ITS. If the European Parliament and the Council do not subsequently object, the RTS and ITS will be published in the EU Official Journal as Delegated Regulations and Implementing Regulations, respectively, and will be directly applicable in the Netherlands 20 days later.

Suitability guidelines (ARTs)

- **What?** On 4 December 2024, EBA and ESMA published final [guidelines](#) on the suitability assessment of (i) members of the management body of issuers of ARTs and (ii) shareholders and directors of shareholders with qualifying holdings in issuers of ARTs. The guidelines are addressed both to competent authorities that are required to carry out the suitability assessment and to issuers of ARTs who are assigned different roles and responsibilities with respect to this subject under the guidelines.
- **Who?** Issuers of ARTs and holders of qualifying holdings in issuers of ARTs.
- **When?** The guidelines are applicable as of 4 February 2025.

DR qualified holdings (ARTs)

- **What?** On 18 December 2024, the final text of the [Delegated Regulation](#) establishing the detailed content of information required to conduct the assessment of a



proposed acquisition of a qualifying holding in an issuer of RTs was adopted. The Delegated Regulation specifies the information to be submitted to the regulator when notifying direct or indirect acquisitions or increases of qualifying holdings in ART issuers. This information relates to (i) the reputation of the prospective acquirer, (ii) the suitability of persons who will manage the target company, (iii) the financial soundness of the prospective acquirer, (iv) the target company's compliance with prudential requirements, and (v) reasonable grounds to suspect that there is an attempt to commit money laundering or terrorist financing or an increase in the risk thereof by the proposed acquisition. The requirements are consistent with the regular ARO requirements for other financial market players such as banks, payment institutions and ELMIs.

- **Who?** Prospective holders of qualifying holdings in issuers of ARTs.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU, after which the Delegated Regulation will become directly applicable in the Netherlands 20 days later.

Guidelines governance arrangements (ARTs)

- **What?** On 6 June 2024, EBA published [guidelines](#) on the minimum content of governance arrangements for issuers of ARTs. The guidelines specify, in view of Article 34(13) MiCAR, the role and composition of the issuer's management body, the risk management framework, business continuity plans, the internal control mechanism and the audits to be conducted.
- **Who?** Issuers of ARTs.
- **When?** The guidelines have applied since 20 December 2024.

RTS white paper approval process (ARTs by banks)

- **What?** On 7 May 2024, EBA published [RTS](#) on the approval process for whitepapers related to ARTs issued by banks. The RTS elaborates on Article 17 MiCAR.
- **Who?** Banks that issue ARTs.
- **When?** The European Commission must approve the RTS. If the European Parliament and the Council do not subsequently object, the RTS will be published in the EU Official Journal as a Delegated Regulation and will be directly applicable in the Netherlands 20 days later.

DR complaint handling (ARTs)

- **What?** On 30 September 2024, the [Delegated Regulation](#) determining the requirements, templates

and procedures for complaint handling as regards ARTs was adopted. The Delegated Regulation elaborates on Article 31 MiCAR and aims to ensure prompt, fair and equal treatment of complaints filed by holders of ARTs and other stakeholders with an issuer of ARTs.

- **Who?** Issuers of ARTs.
- **When?** The next step is for the Delegated Regulation to be published in the EU Official Journal, after which the obligations it contains will be directly applicable in the Netherlands 20 days later.

DR & IR reporting requirement (ARTs & EMTs)

- **What?** [Delegated Regulation](#) determining the method for estimating the number and value of transactions relating to the use as a medium of exchange of ARTs, and of EMTs denominated in non-EU currency, was adopted on 31 October 2024. Furthermore, the [Implementing Regulation](#) regarding reporting for ARTs, and of EMTs denominated in a non-EU currency, was published in the Official Journal of the EU on 28 November 2024. The Delegated Regulation clarifies which transactions related to the use of ARTs and EMTs by issuers must be reported to the competent authority pursuant to Articles 22 and 58(3) MiCAR and how issuers should estimate the number and value of such transactions. The Implementing Regulation, in turn, provides specific templates and related instructions for such issuers to comply with their reporting obligations. The Implementing Regulation also provides templates and related instructions for CASPs to provide to issuers.
- **Who?** Issuers of ARTs and EMTs and CASPs.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU, after which its requirements will be directly applicable in the Netherlands 20 days later. The Implementing Regulation has already been published in the Official Journal and will be directly applicable in the Netherlands from 1 January 2025.

Guidelines reporting requirement (ARTs and EMTs)

- **What?** On 18 December 2024, EBA published [final guidance](#) with [annexes](#) regarding the reporting obligations of issuers of ARTs and EMTs. The guidance contains templates that issuers of ARTs and EMTs should use when reporting to the competent authority. This should enable competent authorities to adequately monitor the compliance of these issuers with MiCAR.
- **Who?** Issuers of ARTs and EMTs.
- **When?** The guidelines come into effect two months after translation into all EU languages.



DR adjustment equity requirements (ARTs & EMTs)

- **What?** On 16 December 2024, the final text of the [Delegated Regulation](#) determining the procedure and deadline for an of significant ARTs or EMTs to adjust the amount of its own funds was adopted. The RTS specify, in light of Articles 45(5 and 7) and 58(1)(b) MiCAR, the adjustment of the own funds requirements for issuers of significant ARTs or EMTs to 3% of the average amount of the asset reserve.
- **Who?** Issuers of significant ARTs, EMTs issuing significant EMTs, designated issuers of non-significant ARTs and designated EMTs issuing non-significant EMTs.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU, after which the Delegated Regulation will become directly applicable in the Netherlands 20 days later.

DR adjustment equity requirements and stress tests (ARTs and EMTs)

- **What?** On 13 December 2024, the final text of the [Delegated Regulation](#) determining the adjustment of the equity requirement and minimum features of stress testing programs of issuers of ARTs and EMTs was adopted.
- **Who?** Issuers of ARTs, EMTs issuing significant EMTs and designated EMTs issuing non-significant EMTs.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU, after which the Delegated Regulation will become directly applicable in the Netherlands 20 days later.

RTS and guidelines liquidity (ARTs & EMTs)

- **What?** On 13 and 19 June, 2024, EBA published three sets of RTS and guidance on liquidity requirements and liquidity stress tests for issuers of (significant) ARTs and EMTs. The gist of these documents is as follows:
 - [RTS](#) specifying highly liquid financial instruments for investment of the asset reserve. It specifies which financial instruments can be considered highly liquid and bear minimal market, credit and concentration risk as referred to in Article 38(1) MiCAR, in which the asset reserve can be invested. In developing this RTS, EBA took into account the different types of assets to which an ART may refer and their correlation with the highly liquid financial instruments in which the issuer may invest.
 - [RTS](#) further specifying liquidity requirements asset reserve. This RTS contains minimum liquidity requirements for the asset reserve that an issuer of ARTs or EMTs must maintain, as referred to in Article

36(4) MiCAR.

- [RTS](#) to specify minimum content liquidity management policies and procedures. This specifies the requirements that the issuer's liquidity management policies and procedures must meet, as referred to in Article 45(7) MiCAR. The objective is to ensure that issuers of ARTs and (significant) EMTs properly assess and control their liquidity needs respectively and that their reserves have a sufficiently resilient liquidity profile to meet any redemption to token holders.
- Liquidity stress testing [guidelines](#). These guidelines describe the risks to be included in the liquidity stress tests of issuers of significant ARTs and EMTs, and issuers of non-significant ARTs and EMTs designated by the competent authority, as referred to in Article 45(4) MiCAR.
- **Who?** Issuers of (significant) ARTs and EMTs.
- **When?** The European Commission must approve the various RTS. If the European Parliament and the Council do not subsequently object, the RTS will be published as a Delegated Regulation in the Official Journal of the EU and will be directly applicable in the Netherlands 20 days later. The guidelines applied as of 30 September 2024.

RTS conflicts of interest and remuneration policies (ARTs)

- **What?** On 6 June 2024, EBA published [RTS](#) on requirements for policies and procedures regarding conflicts of interest for issuers of ARTs. These RTS aim to strengthen the management of conflicts of interest by issuers, as referred to in Article 32(1 and 3) MiCAR. Under these RTS, issuers will have to pay particular attention to conflicts of interest that may arise in connection with the holding of assets. Furthermore, the RTS contain specific provisions regarding personal transactions and specify that remuneration policies should not create conflicts of interest.
- **Who?** Issuers of ARTs.
- **When?** The European Commission must approve the RTS. If the European Parliament and the Council do not subsequently object, the RTS will be published in the EU Official Journal as a Delegated Regulation and will be directly applicable in the Netherlands 20 days later.

Recovery plan guidelines (ARTs & EMTs)

- **What?** On 13 June 2024, EBA published [guidance](#) on recovery plans of issuers of ARTs and EMTs, as referred to in Articles 46 and 55 MiCAR. The purpose of these recovery plans is to provide measures to restore compliance with the requirements applicable



to the asset reserve in cases where the issuer no longer meets those requirements. The guidelines specify the information to be included in the recovery plan

- **Who?** Issuers of ARTs and EMTs.
- **When?** The guidelines have been in effect since 13 August 2024.

Guidelines reimbursement plans (ARTs & EMTs)

- **What?** On 9 October 2024, EBA published [guidance](#) on the redemption plan referred to in Articles 47 and 55 MiCAR. This refers to an operational plan to support the controlled repayment of any ART or EMT, to be implemented when the competent authority decides that the issuer is unable or unlikely to meet its obligations. The guidelines specify the content of the repayment plan.
- **Who?** Issuers of ARTs and EMTs.
- **When?** The guidelines come into effect two months after translation into all EU languages.

DR governance arrangements remuneration policies (ARTs & EMTs)

- **What?** On 16 December 2024, the final text of the [Delegated Regulation](#) determining the minimum content of governance arrangements for the remuneration policies of issuers of significant ARTs and EMTs was adopted. Articles 45(1) and 58(1)(b) MiCAR require issuers of significant ARTs and EMTs to the adoption, implementation and maintenance of remuneration policies that encourage sound and effective risk management and do not create incentives to relax risk standards. The RTS elaborate on how the remuneration policy should be established and what requirements the remuneration policy should meet.
- **Who?** Issuers of significant ARTs, EIs issuing significant EMTs, designated issuers of non-significant ARTs and designated EMTs issuing non-significant EMTs.
- **When?** The next step is for the Delegated Regulation to be published in the Official Journal of the EU, after which the Delegated Regulation will become directly applicable in the Netherlands 20 days later.

RTS colleges of supervisors (ARTs & EMTs)

- **What?** On 19 June 2024, EBA published [RTS](#) with criteria for determining the composition of colleges of supervisors for each issuer of an ART or EMT that is designated as significant, as referred to in Article 119(1) MiCAR. Among other things, this RTS specifies

conditions for the functioning of such colleges of supervisors, such as aspects around participation in college meetings and related voting procedures for the approval of non-binding advice by the college.

- **Who?** Issuers of significant ARTs and EMTs.
- **When?** The European Commission must approve the RTS. If the European Parliament and the Council do not subsequently object, the RTS will be published in the EU Official Journal as a Delegated Regulation and will be directly applicable in the Netherlands 20 days later.

SUPERVISORS

EBA priorities (ARTs & EMTs)

- **What?** On 5 July 2024, EBA published a [notice](#) on its website expressing its expectations to competent authorities regarding prioritization of supervision of issuers of ARTs and EMTs. According to EBA, competent authorities should focus supervision on (i) internal governance and risk management, (ii) financial resilience (equity and asset reserve), (iii) management of technical (ICT/DLT) risks and (iv) management of financial crime risks by issuers of ARTs and EMTs.
- **Who?** Issuers of ARTs and EMTs.
- **When?** EBA's communication looks at supervision in 2024 and 2025.

AFM Trend Monitor 2025

- **What?** The AFM published its [Trend Monitor 2025](#) report on 14 November 2024. In it, the AFM identifies the main trends and associated risks that it expects to affect the financial markets. The AFM adjusts its supervisory agenda accordingly. For this part of the Outlook 2025, it is relevant to mention, among other things, that the AFM remains committed to identifying and tackling market participants who offer crypto activities illegally. The AFM therefore calls on consumers to check whether the crypto service provider they are using has the correct license. Furthermore, although MiCAR contributes to investor protection within Europe, the AFM emphasizes that within the crypto market the necessary risks still remain, partly because part of the crypto sector is still not supervised from a global perspective (think of decentralized trading exchanges (DeFi) and non-interchangeable crypto-assets (so-called NFTs), among others). Interestingly, the AFM itself seems to take a less negative tone in its Trend Monitor 2025 with respect to crypto-assets than it did last year in its Trend Monitor 2024.
- **Who?** CASPs and crypto-asset issuers.
- **When?** 2025 and beyond.



AFM Legislative Requests 2024

- **What?** On 26 April 2024, the AFM sent its 2024 [Legislative Requests Letter](#) to the Minister of Finance. In the letter, the AFM reiterated a number of legislative requests from 2023. One of these requests concerns an adjustment of the definition “financial service or activity” in Article 1.1 of the Consumer Protection Enforcement Act (Whc). This is because crypto-asset services, the offering and issuing of crypto-assets and services or activities related to them do not currently fall under this definition provision. As a result, the AFM cannot currently take action under the Whc if for example CASPs act in violation of the Unfair Commercial Practices Act. The AFM therefore requests that the Whc be amended to allow for such enforcement. The legislative request was also in the AFM’s 2023 legislative request letter. By [letter](#) dated 23 May 2024, the Minister responded to the request and indicated to continue the conversation with the AFM about the legislative request.
- **Who?** All CASPs and crypto-asset issuers.
- **When?** 2025 and beyond.

AFM Warning pump and dump

- **What?** On 26 September 2024, the AFM published a [news release](#) expressing concerns about market manipulation in crypto-asset trading. This so-called “pump and dump” is a form of market abuse in which participants can be duped. In its news release, the AFM explains how this form of market manipulation works in practice. The AFM warns that even under MiCAR risks remain when trading crypto-assets and advises consumers to familiarize themselves with this in advance.
- **Who?** Anyone entering crypto markets.
- **When?** The MiCAR rules prohibiting market abuse took effect on 30 December 2024.

AFM News release white papers

- **What?** In its October 2024 MiCAR newsletter, the AFM devoted a [news release](#) to the supervision of whitepapers. iHereby This news release is of a highly informative nature in which the AFM explains, among other things, the manner in which whitepapers must be provided by market participants wishing to issue crypto-assets (such as ARTs and EMTs). The AFM also brings to the attention of operators of trading platforms the obligation these market parties have when it comes to the publication of whitepapers of crypto-assets admitted to the relevant trading platform. It further notes that ESMA’s whitepaper *register* is expected to be ready in 2026 and that until then *whitepapers* will be found on the websites of parties issuing crypto-assets.

- **Who?** Issuers of crypto-assets, including ARTs and EMTs, as well as CASPs operating a crypto-asset trading platform.
- **When?** 2025 and beyond.

AFM FAQs supervision crypto

- **What?** Since the first half of 2024, the AFM has published on its [website](#) several batches of frequently asked questions & answers on various MiCAR topics. These included questions and answers on more general topics, but also, for example, on asset segregation and ICT risk management/DORA. These questions and answers are relevant for the Dutch crypto sector to gain insight into the AFM’s expectations on specific sub-areas under MiCAR. The AFM is expected to continue to publish new frequently asked questions and answers from time to time, so market participants would be wise to regularly consult the AFM website for this section.
- **Who?** Given the information available, this is of particular interest to CASPs at this time.
- **When?** 2025 and beyond.

DNB Supervision in focus 2024-2025

- **What?** On 11 November 2024, DNB published its [Supervision in Focus](#) 2024-2025. In this publication, DNB looks back at what it has done as a regulator over the past year and looks ahead to its priorities for 2025. Specifically with regard to crypto service providers, DNB mentions, among other things, that by 2024 it will have completed the last enforcement processes related to unregistered crypto service providers. Looking ahead, DNB points out that it will transfer the supervision of CASPs related to MiCAR, largely, but not completely, to the AFM. Under MiCAR, DNB will be responsible for the prudential supervision of CASPs and the review of holders of a declaration of no objection (DNO) in a CASPs. Wwft supervision of CASPs will almost entirely transfer to the AFM. Furthermore, DNB notes that since 30 July 2024, it will be responsible for the supervision of issuers of EMTs and ARTs. On the exact division of crypto supervision between DNB and the AFM from 2025, see also our [blog](#) of 10 October 2024.
- **Who?** CASPs and issuers of ARTs and EMTs.
- **When?** Supervision in focus 2024-2025 will carry over into supervision of CASPs and issuers of ARTs and EMTs in 2025.

DNB Vision on Supervision 2025-2028

- **What?** On 11 November 2024, DNB published its [Vision on Supervision 2025-2028](#). (similar document in English: [Supervisory Strategy 2025-2028](#)). In this document, DNB



sets out for financial institutions and other stakeholders what they can expect from DNB's supervision over the next four years. Among other things, DNB states that tackling financial-economic crime, getting a grip on sustainability risks and steering on governance & behavior will have a fixed place in regular supervision. In addition, DNB mentions three focus areas of supervision: (i) identifying and managing geopolitical risks, (ii) responding to technological innovation and (iii) increasing resilience to cyber threats. Regarding MiCAR, DNB notes that given the inherently cross-border nature of crypto-assets, it will work closely with EBA and national regulators in other European countries in the supervision of MiCAR.

- **Who?** CASPs and issuers of ARTs and EMTs.
- **When?** The Vision on Supervision 2025-2028 will feed through into the supervision of CASPs and issuers of ARTs and EMTs in the coming years.

AML/CFT REGULATIONS

Wwft and Sw for CASPs

- **What?** The Wwft and Sanctions Act 1977 (Sw), as a result of Section 38 TFR3 and the [TFR3 Implementation Act](#), have been extended to all CASPs referred to in MiCAR, excluding advisors, as of December 30, 2024. In addition, the TFR3 and the TFR3 Implementation Act resulted the Wwft imposing additional client due diligence obligations on CASPs as of December 30, 2024, including with respect to so-called self-hosted wallets (non-custodial wallets). To this end, Section 8 of the Wwft has been amended. For existing DNB-registered providers, there is a transition period from 30 December 2024 to 30 June 2025. During this period, the Wwft provisions from the former Wwft registration regime will continue to apply to this group, unless a provider obtains a MiCAR license earlier.
- **Who?** CASPs, except advisors.
- **When?** Effective 30 December 2024.

Indicators Implementation Decree Wwft 2018

- **What?** The [Implementation Decree](#) MiCAR en TFR3, published in the Staatsblad on December 16, 2024, amends the Implementation Decree Wwft 2018 (*Uitvoeringsbesluit Wwft 2018*) regarding the indicators CASPs must use to report unusual transactions to the Financial Intelligence Unit Netherlands. For all CASPs as referred to in MiCAR except foreign exchange service providers and advisors, only the subjective indicator will apply. For providers of exchange services as referred to in MiCAR, the subjective indicator will apply as well as the objective indicator, namely any transaction of an

amount of EUR 10,000 or more involving an exchange between virtual currency and cash fiduciary currency.

- **Who?** CASPs, except consultants.
- **When?** This part of the MiCAR and TFR3 Implementation Decree is scheduled to take effect on 30 December 2024.

EBA consultation RTS central contact point

- **What?** On 4 December 2024, EBA published for consultation [draft RTS](#) on the criteria for the designation of a central contact point by CASPs on AML/CFT compliance. The draft RTS amend Delegated Regulation (EU) 2018/1108 regarding the designation of a central point of contact for ELMs and PSPs by adding CASPs to the scope of that regulation. Host Member States will soon be able to require CASPs that have branches in their territory, other than in the form of a branch, to designate a central contact point when certain criteria are met. The central contact point is responsible for ensuring that the activities of the branch in question comply with the AML/CFT rules of the host Member State.
- **Who?** CASPs, other than consultants, established other than through branches in multiple EU member states.
- **When?** The consultation period ends on 4 February 2025. EBA expects to publish final RTS in the second quarter of 2025, and submit it to the European Commission for approval.

EBA guidelines risk factors

- **What?** On 16 January 2024, EBA published amended [guidance](#) on ML/TF risk factors (the *Risk Factor Guidelines*). The proposed changes stem from TFR3, which brings a broader group of CASPs within the scope of AMLD (see also "Wwft and Sw for CASPs"). The amended guidelines provide guidance for CASPs in assessing the AML/CFT risks of their business relationships.
- **Who?** CASPs, except consultants.
- **When?** The amended *Risk Factor Guidelines* are applicable as of 30 December 2024.

TRANSFER OF FUNDS REGULATION

✚ TFR3

General

On 9 June 2023, the amended Transfer of Funds 2 Regulation was published in the Official Journal of the EU. This concerns the so-called Regulation on information



to accompany transfers of funds and transfers of certain crypto-assets ([TFR3](#)). The TFR3 is part of the AML/CFT package released by the European Commission on July 20, 2021, and creates important obligations for CASPs. Below we discuss some of those obligations.

Obligations for CASPs

The existing Transfer of Funds 2 Regulation entered into force in 2017 and, in brief, contains provisions regarding the traceability of funds transfers to prevent, detect and investigate money laundering and terrorist financing. The Transfer of Funds 2 regulation is particularly relevant to banks and payment service providers. The introduction of TFR3 extends this set of rules to crypto-assets. This means that CASPs must send information about both the sender (originator) and the recipient (beneficiary) the transaction for every transfer of crypto-assets, also known as the *travel rule*. Among other things, the legislature has deemed this desirable given the characteristics of crypto-assets, such as anonymity, remote service provision and the cross-border nature of crypto-asset transactions.

TFR3 requires that transfers of crypto-assets must maintain identifiable information about the sender (including name, address and place and date of birth) and the recipient (including name and account number). The information obtained must be kept for five years. The CASPs of the sender and recipient must verify the accuracy of the sender and recipient information. The CASPs must also use an independent reliable source to perform these checks before executing and accepting the transfer, respectively. CASPs cannot make or accept a transfer of crypto-assets until this information has been obtained and verified. This requirement should ensure that transfers of crypto-assets are effectively and fully traceable.

TFR3 also covers transactions to and from so-called self-hosted wallets, defined in TFR3 as a *distributed-ledger address* that is not associated with a CASP or a non-EU CASP. In case of a transfer of crypto-assets over EUR 1,000 to a self-hosted wallet, the CASP of the sender must assess whether the self-hosted wallet is owned by the sender. In the opposite situation, namely in the case of a transfer of crypto-assets more than EUR 1,000 from a self-hosted wallet, the CASP of the receiver must assess whether the self-hosted wallet is owned by the receiver.

In cases where the information outlined above is incomplete or missing, the CASP of the sender will not be allowed to authorize the transfer. The CASP of the receiver, if it finds that information is missing, will have to make a risk-based decision on whether to accept the transfer of crypto-assets. The CASP of the receiver will further have to report the lack of required information in a transfer, as well as actions taken, to the competent authority.

Date obligations become applicable

CASPs must comply with TFR3 as of 30 December 2024. Because this is a regulation, there is no implementation of the obligation in national legislation. However, there is an Implementation Act TFR3 and an Implementation Decree MiCAR and TFR3 (see signaling below).

Implementation TFR3 and MiCAR

- **What?** Under the TFR3 [Implementation Act](#), the AFM will be charged with the supervision of compliance with the TFR3 by CASPs pursuant to the amended Section 1d(3) Wwft. In terms of enforcement of the TFR, the existing tools of the AFM as included in the Wwft will continue to apply. Violation of an obligation under the TFR may subject a CASP to a fine with a base amount of EUR 500,000 under the MiCAR and TFR3 [Implementation Decree](#) published in the Official Gazette on 17 December 2024.
- **Who?** CASPs falling under the scope of TFR3.
- **When?** The TFR3 Implementation Act was published in the Official Gazette on 17 December 2024. The TFR3 Implementation Act and the MiCAR and TFR3 Implementation Decree were scheduled to enter into force on 30 December 2024.

EBA Travel Rule guidance

- **What?** On 4 July 2024, EBA published [guidance](#) on information requirements under TFR3 (the *Travel Rule Guidelines*). In it, EBA specifies in particular: (i) the factors CASPs should consider when establishing procedures to detect transfers of crypto-assets where the required receiver or shipper information is missing and (ii) the measures CASPs should take to manage the risk of money laundering or terrorist financing when the required receiver or shipper information is missing or incomplete. Specific attention is given by EBA to what a CASP should do in the case of transfers of crypto-assets to or from self-hosted wallets.
- **Who?** CASPs falling under the scope of TFR3.
- **When?** The *Travel Rule Guidelines* are applicable as of 30 December 2024.

OTHER DEVELOPMENTS

FIDA

- **What?** The European Commission published a [proposal](#) for the *Financial Data Access (FIDA) Regulation* on 28 June 2023. This proposal aims to extend the obligation to provide access to financial data beyond payment account data. The FIDA Regulation requires *data holders*



to provide financial data to *data users*. The [General Developments](#) section discusses FIDA and all related developments in more detail.

- **Who?** CASPs.
- **When?** The proposal is still in the European legislative process. Entry into force is expected by the end of 2026.

Accessibility regulations

- **What?** On 15 April 2024, the Accessibility Products and Services [Implementation Act](#) was published. The law implements the [Accessibility Directive](#). The law sets accessibility requirements for providers of e-commerce services, among others. E-commerce services are services provided at a distance, via websites and services based on mobile devices, electronically and at the individual request of a consumer with a view to concluding a consumer contract. This may include the online provision of financial services to consumers relating to crypto-assets. It requires market participants to provide information on the accessibility of their services and make their services and products accessible(er). The [General Developments](#) section details the accessibility requirements.
- **Who?** Market participants who, in short, provide services online or otherwise at a distance for the purpose of concluding a contract with a consumer.
- **When?** The accessibility regulations are applicable as of 28 June 2025.

Act on reporting requirement

- **What?** From 24 October through 21 November 2024, the Internet consultation ran for the [Act](#) Implementing the EU Directive on Crypto Asset Information Exchange. This law will implement the European DAC8 Directive. The goal is to create more transparency when it comes to the ownership of crypto-assets. As a result, tax avoidance and evasion can be better combated. From 1 January 2026, it will be mandatory for CASPs to annually collect, verify and share certain data about their users with the tax authorities. For owners of crypto-assets, this law does not change anything. They are already required to file returns on the balance of their crypto-assets.
- **Who?** All CASPs.
- **When?** As of 1 January 2026.

AFM parliamentary questions crypto supervision

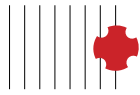
- **What?** On 2 September 2024, Minister Heijnen [answered parliamentary questions](#) on crypto supervision by the AFM. The Parliamentary questions concerned the

crypto supervision scenario 'minimal supervision' and the crypto supervision budget space for the AFM for 2025. The Minister indicated that the AFM considers crypto supervision scenario 'minimal supervision' as essential for adequate, risk-based supervision. The common thread of the Parliamentary questions is the concern that the 'minimal supervision' scenario will be insufficient given the risks of the crypto sector. However, the Minister emphasizes the AFM's position that the supervisory capacity is sufficient to provide adequate risk-based supervision, which does justice to the existing risks in the market. The 'minimal' scenario does not mean that the core elements of the MiCAR such as consumer protection and countering market abuse cannot be implemented. In 2025, the Minister together with the AFM will evaluate the deployment and see if the current capacity and supervisory scenario are still appropriate. If the evaluation concludes that the capacity is insufficient, the AFM can (with the approval of its supervisory board) expand the deployment in crypto supervision by using the contingency item on the cost framework.

- **Who?** Issuers of crypto-assets and CASPs.
- **When?** The parliamentary questions are about the AFM's crypto supervision in 2025.

IOSCO report retail investors in crypto-assets

- **What?** On 9 October 2024, IOSCO released its [final report](#) on *Investor Education surrounding Crypto Assets*. The report presents findings from surveys and discussions on the behavior, demographics and experience of retail investors regarding crypto-assets. The report may provide useful insights regarding the market behavior of retail investors. Potentially, these insights are relevant to service alignment.
- **Who?** CASPs and crypto-asset issuers.
- **When?** The report is based on surveys and discussions from 2023, but could potentially be relevant into the future to gain a better understanding and insight into the behavior of retail investors in crypto-assets.



CAPITAL MARKETS: ISSUERS & CROWDFUNDING

A large number of financial market participants are active in the capital market. In a sense, the Finnius Outlook is almost entirely about the capital markets. In this Outlook section, we focus on two specific types of players in the capital markets: Issuers and Crowdfunding service providers operating under the European Crowdfunding Regulation (ECSPs).

Please note that the [Sustainability \(ESG\)](#) section in this Outlook is also of partial interest to issuers. Subjects related to sustainability, with a few exceptions, are not covered in this section, but only in the aforementioned special. In addition, it is useful for issuers and crowdfunding service providers to take note of the [General Developments](#) section, because it also addresses topics that may affect these parties (such as developments with respect to the Benchmark Regulation and the Market Abuse Regulation). For crowdfunding service providers it is important to also look at the section [Integrity](#) (with respect to the Wwft and sanctions regulations). For issuers, reporting is obviously also very important. That, except for a brief general alert, is not fully addressed in this Finnius Outlook.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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AFM SUPERVISION

Trend Monitor 2025

- **What?** The AFM published its [Trend Monitor 2025](#) report on 14 November 2024. In it, the AFM identifies the main trends and associated risks that it expects to affect financial markets. Of particular relevance to this part of the Outlook 2025 is the AFM's [in-depth analysis](#) of the European Capital Markets Union. According to the AFM, among other things, it is of importance to speed up the realization of a strong European Capital Markets Union, as this is necessary to promote innovation sustainable growth and strategic autonomy within the EU. The AFM also notes that there are high expectations in the capital markets regarding artificial intelligence (AI), which presents itself, among other things, in high valuations of AI-related companies.
- **Who?** Especially relevant to (listed) issuers, but also trading platforms.
- **When?** The concrete implications of the identified trends and risks for the AFM's supervisory activities will be developed in its 2025 supervisory agenda, which the AFM is expected to publish in early 2025.

Reporting concerns 2024

- **What?** The AFM's 31 October 2024 [news release](#) asks listed companies to pay extra attention to ESMA's recent supervisory priorities in this area when preparing their 2024 reporting (more on this in the item below 'ESMA's supervisory priorities reporting 2024'), but also sustainability. Indeed, from 2024, listed companies will be subject to new sustainability reporting requirements, which stems from the implementation of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). On 10 December 2024, the AFM devoted another separate [news item](#) to this on its website in which it once again highlighted the new reporting under the CSRD and the inclusion of sustainability information in prospectuses.
- **Who?** Listed issuers, as well as audit committees that oversee the reporting process and audit firms that audit reporting.
- **When?** The AFM will include these concerns in its 2025 supervision.

Supervision (non-)financial reporting

- **What?** In the 2024 Outlook, we discussed the AFM Legislative Requests Letter 2023, in which the AFM

included, among other things, its legislative request regarding administrative supervision of (non-)financial reporting. With this, the AFM wishes to be enabled to effectively and efficiently supervise compliance with the reporting rules for listed issuers, which as of 2024 also includes sustainability reporting. As this legislative request has not yet been (fully) realized, the AFM once again brings its desire in this regard to the attention of the Ministry of Finance via its Legislative Requests Letter of 2024. The Minister of Finance indicates in her [letter to the House of Representatives \(Tweede Kamer\)](#) that she has taken note of the content of this and is happy to continue the discussion with her about the wishes from the AFM's previous legislative requests letters.

- **Who?** Listed issuers.
- **When?** We gather from the AFM 2024 Legislative Requests Letter that the legislator would intend to align the Financial Reporting Supervision Act (Wtfov) with the relevant ESMA guidelines. It remains to be seen whether this can be achieved by 2025.

Points of attention application ESEF

- **What?** In its [news release](#) on 17 December 2024, the AFM highlighted a number of key concerns for the implementation of the European Single Electronic Format (ESEF). ESEF requires listed companies in the EU to publish their annual financial reports in a standardized electronic format, making it easier to compare financial data. The AFM's recommendations include ensuring proper marking of facts and use of taxonomies, direct use of an HTML-based document and timely response to requirement of ESEF markings in CSRD sustainability reporting.
- **Who?** Listed issuers.
- **When?** 2025 and beyond.

Consumer monitor: investing

- **What?** The AFM conducted the [Consumer Monitor](#) in July 2024 on the subtopic "investing" and it was published on 11 September 2024. The Consumer Monitor also addresses how investments are made through crowdfunding service providers, such as investment amounts per project and number of crowdfunding projects. The AFM advises investors not to put more than 10% of their freely investable assets in crowdfunding projects and also to spread this over more projects.
- **Who?** Crowdfunding service providers.
- **When?** It is possible that the AFM will include its investment suggestion in its future supervision of crowdfunding service providers.



EUROPEAN COMMISSION/ESMA/ ESAs

Annual Work Programs 2025

- **What?** On 1 October 2024, ESMA published its annual supervisory program, [ESMA Annual Work Programme 2025](#). In this document, ESMA sets out its supervisory priorities, specific areas of focus and expected outputs for 2025. As it did last year, ESMA makes clear that it will remain committed to providing adequate opportunities and protecting the interests of retail investors seeking to participate in EU capital markets. In addition, ESMA is committed to making EU capital markets more effective and efficient. ESMA will also prepare and publish series of technical standards in 2025 (and beyond), including in the areas of the European legislative initiative on listing (EU Listing Act) and the Regulation on European Green Bonds (for both items, see also the separate items below in this Outlook section)

The Joint European Supervisory Authorities (ESAs), consisting of EBA, ESMA and EIOPA, also published their joint [work programme for 2025](#) on 7 October 2024. The ESAs' focus in 2024 will include contributing to the drafting of regulatory technical standards under the PRIIPs Regulation, as well as developing Q&As and other level 3 regulations for further interpretation and interpretation of rules under the PRIIPs Regulation, respectively. ESAs will also focus on the functioning of the current securitization framework and report to provide possible input for new legislative proposals to reform the Securitization Regulation.

- **Who?** All issuers.
- **When?** 2025 and beyond.

Technical advice prospectus regulation

As part of the implementation of the European legislative package on listing (adopted on 8 October 2024), ESMA has received a request from the European Commission to provide technical advice on several topics, including in relation to the existing European Prospectus Regulation. With respect to prospectus rules, this request from the European Commission relates, in brief, to (i) the content and format of the full prospectus and (ii) criteria for supervision and procedures for prospectus approval, including the proposed amendments to the Delegated Prospectus Regulation ((EU) 2019/980). In addition, ESMA has been consulted in connection with the proposed amendment

to another Delegated Prospectus Regulation ((EU) 2019/979 in connection with the introduction of new types of prospectuses.

This has resulted in the publication of ESMA on 28 October 2024 of [a draft technical advice](#) that addresses various elements under the Prospectus Regulation. This has been submitted to the market for consultation. This draft technical advice covers the following topics:

- The standardized format and order of the prospectus, base prospectus and final terms.
- Additional disclosure requirements for non-equity securities offered to the public or admitted to trading on a regulated market that are advertised to consider ESG factors or pursue ESG objectives.
- The content of the Universal Registration Document (URD) by implementing several amendments to the Delegated Prospectus Regulation on approval and disclosure.
- Criteria for monitoring the completeness, comprehensibility and consistency of information in prospectuses in the relevant Delegated Prospectus Regulation on approval and disclosure.
- Criteria for approval of the prospectus, including the maximum period within which the review of the prospectus must be completed and the competent regulator (in the Netherlands the AFM) must have made a decision on the (refusal of) approval of a prospectus and the conditions of possible deviations from these periods.

The consultation period ran until 31 December 2024, so it has now closed. The final version of ESMA's technical advice is expected and published in the second quarter of 2025. Based on the draft text of the Delegated Prospectus Regulation (EU) 2019/979 to be amended, we note that the intention is for these amendments to become applicable on 10 July 2026.

ESMA's draft technical advice is of particular interest to (listed) issuers that will be affected by the Prospectus Regulation at some point.

Harmonization prospectus liability

- **What?** Also as part of the implementation of the European legislative package on listing (adopted on 8 October 2024), ESMA was asked by the European Commission, in addition to the draft technical advice on the Prospectus Regulation just discussed, to provide a technical advice on liability for information contained in a prospectus (so-called prospectus liability). Through this [call for advice](#), ESMA requested feedback from market participants on this issue, which can then be used to



assess and advise on whether further harmonization within Europe on this issue should be considered.

- **Who?** (Listed) issuers.
- **When?** The comment period closed on 31 December 2024. The next step is for ESMA to provide advice to the European Commission, on the basis of which the European Commission will then present a report on prospectus liability to the European Parliament and the Council by 31 December 2025. It is to be expected that concrete legislative initiative will also follow.

Consultation amendments Market Abuse Regulation

- **What?** On 12 December 2024, ESMA launched a consultation to a [draft technical advice](#) it has prepared regarding, among other things, proposed amendments under the Market Abuse Regulation as a result of the European legislative package on Listing. In this consultation document, ESMA is seeking feedback with respect to the Market Abuse Regulation on, among other things, non-exhaustive lists related to (i) the lengthy process and relevant time of disclosure of relevant inside information and (ii) examples where there is a contrast between the inside information to be disclosed and the issuer's last public announcement.
- **Who?** Issuers whose securities are admitted to a trading platform.
- **When?** The consultation period ends 13 February 2025 and ESMA will issue its final technical advice by 30 April 2025. ESMA's final report will then be submitted to the European Commission and will feed into the further legislative process to amend the Market Abuse Regulation.

Supervisory priorities reporting 2024

- **What?** ESMA published a [statement](#) on 24 October 2024, outlining European common enforcement priorities for the 2024 annual financial reports of issuers whose securities are admitted to trading on regulated markets within the EEA. In the statement, ESMA sets out the three supervisory priorities, which in summary amount to the following:
 - Sustainability: materiality considerations, scope & structure and Article 8 Taxonomy Regulation disclosures.
 - Financial reporting: liquidity considerations (including new regulations on vendor financing arrangements and covenants) and accounting policies, judgments & significant estimates.
 - The proper application of the European Single Electronic Format (ESEF).
 - ESMA, in cooperation with national regulators, in the Netherlands the AFM, will pay particular attention

to these priorities when examining and enforcing reporting requirements.

- **Who?** Listed issuers.
- **When?** 2025.

Securitization framework consultation

- **What?** On 9 October 2024, the European Commission published a [consultation](#) to assess the effectiveness of the current European securitization framework. This follows several calls, including by the European Council and the Eurogroup. The European Commission wants to gather input from stakeholders on this current securitization framework to inform the legislative proposal expected in summer 2025. This European Commission consultation covers a wide range of topics, including the scope of the Securitization Regulation, transparency requirements, supervision, the STS standard, securitization platform and prudential requirements.
- **Who?** Among others, *originators* who initiate securitization transactions.
- **When?** 2025 and beyond.

LEGISLATIVE AND REGULATORY DEVELOPMENTS

Listing Act

The [Listing Act](#) is a legislative package published by the European Commission on 7 December 2022. On 8 October 2024, the European Council announced the adoption of the Listing Act. This new legislative initiative, in a nutshell, aims to make the listing of shares and non-equity securities on public markets in the EU more attractive for companies, especially SMEs, among other things by simplifying listing requirements.

The Listing Act makes substantial changes to (i) primarily the Prospectus Regulation, (ii) the Market Abuse Regulation (MAR) and (iii) the Markets in Financial Instruments Directive (MiFID II) and (iv) the Markets in Financial Instruments Regulation (MiFIR). The legislative package consists of one regulation and two directives:

- [Regulation \(\(EU\) 2024/2809\)](#): in particular, this regulation will amend the Prospectus Regulation in several parts and in some parts also the Market Abuse Regulation and MiFIR Regulation.
- [Directive \(\(EU\) 2024/2810\)](#): this directive sets out rules for multi-voting shares in companies requesting



admission of their shares to trading on a multilateral trading facility (MTFs), including SME growth markets.

- [Directive \(\(EU\) 2024/2811\)](#): This Directive amends the MiFID II Directive with the aim of making public capital markets in the European Union more attractive to companies and facilitating access to capital for SMEs.

Some salient changes under the Listing Act are explained below:

- Under the [Prospectus Regulation](#), the existing EU growth prospectus, introduced in the original version of the Prospectus Regulation, will be replaced by the so-called “EU growth issue prospectus. This innovation aims to make the lighter prospectus regime even more attractive. It will also broaden the exemptions to the prospectus requirement around secondary issues of securities.

In addition, the current exemption thresholds (currently located between EUR 1 million and EUR 8 million) for publishing a prospectus in the Prospectus Regulation will be raised to a maximum of EUR 12 million. In addition, member states will be given the option to apply a lower threshold of EUR 5 million instead. This exemption (also referred to as the <EUR 5 million exemption) is currently further elaborated by the Dutch legislator and anchored in the Exemption Regulation Wft. It is our estimation that this current <EUR 5 million exemption will be adjusted at some point as a result of relevant future amendments under the Prospectus Regulation, whereby we are particularly curious whether the existing exemption threshold of <EUR 5 million will be raised by the Dutch legislator.

- Several changes will also be made to the [Market Abuse Regulation](#). These amendments will include disclosure obligations and their deferral in certain specific cases, as well as in the regime for “persons with managerial responsibility.” For such persons, the threshold for notification relating to transactions carried out on their own account will be increased from EUR 5,000 to EUR 20,000 per year, with an option for national competent authorities to reduce it to EUR 10,000.
- The changes under [MiFID II](#) will include research and related payment options, with the aim of revitalizing the market for research and ensuring that research on small- and medium-sized enterprises receives adequate attention.

The Listing Act is of particular relevance to (listed) issuers, as well as investment firms operating an MTF and investment firms manufacturing, using or making available research.

The regulation will become applicable in stages in 2026. Member states have 18 months to transpose the Directive amending the Markets in Financial Instruments Directive into national legislation and two years to transpose the Directive on multi-voting shares, meaning that these directives must be implemented in national legislation by 5 June 2026 and 5 December 2026, respectively.

European green bonds

- **What?** On 23 October 2023, the European Council adopted the [regulation](#) establishing a European green bond standard ((EU) 2023/2631), the so-called EuGBS. This green bond regulation sets uniform requirements for institutions wishing to issue environmentally sustainable bonds labeled “European Green Bonds”. External assessors wishing to rate EuGBs must first notify ESMA and provide specific information. In addition, a package of level-2 regulations under the green bond regulation is also expected to be submitted to the market for consultation in the first half of 2025. On 19 December 2024, the Dutch [Implementation Act](#) for the European Green Bonds Regulation was passed. Under this Implementation Act, some provisions will be added to the Wft, such as Section 1:77o Wft, which, among other things, allow the competent regulator to suspend or prohibit an offer or admission to trading on a regulated market of European green bonds (and advertisements in that regard) for a certain period of time. See also the [Sustainability \(ESG\)](#) section for more on the EuGBS.
- **Who?** Issuers wishing to offer or admit to trading green bonds on a regulated market, external green bond evaluators
- **When?** The European Green Bond Regulation entered into force on 21 December 2024. Under this regulation, a transition period for companies providing external rating services for EU green bonds applies until 21 June 2026. The Dutch Regulation European Green Bonds Implementation Act has yet to enter into force at a time to be determined by Royal Decree. We expect this to be in early 2025.

Retail Investment Strategy – PRIIPs

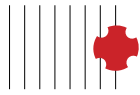
- **What?** As part of the Retail Investment Strategy Package as announced on 24 May 2023, the European Commission has proposed [amendments to the PRIIPs Regulation](#). The changes include (i) the introduction of the new ‘Summary Product Overview’ paragraph in the Key Information Document or KID, (ii) the removal of the ‘comprehensibility warning’ from the KID, (iii) the introduction of a new sustainability paragraph in the KID, and (iv) the simplification and modernization of the provisions on providing the KID.

- **Who?** Issuers that are required to prepare an Essential Information Document, for example, because they issue depositary receipts or convertible shares.
- **When?** The European Parliament adopted its [position](#) on 11 April 2024. The Council [did](#) so on 7 June 2024. Subsequently, negotiations between the European Parliament and the Council started. The European Commission's proposal and the European Parliament's position amending the PRIIPs Regulation stipulates that 18 months after the amended PRIIPs Regulation enters into force, the amendments become directly applicable in all EU member states. However, the Council proposes a deadline of 24 months.

OTHER DEVELOPMENTS

Accessibility regulations

- **What?** On 15 April 2024, the Accessibility Products and Services [Implementation Act](#) was published. The law implements the [Accessibility Directive](#). The law sets accessibility requirements for providers of e-commerce services, among others. E-commerce services are services provided at a distance, via websites and services based on mobile devices, electronically and at the individual request of a consumer with a view to concluding a consumer contract. This may include offering securities to retail or professional investors who qualify as consumers or offering crowdfunding contracts to consumers. It requires market participants to provide information about the accessibility of their services and to make their services and products accessible(er). The [General Developments](#) section details the accessibility requirements.
- **Who?** Issuers and crowdfunding service providers who, in short, provide services online or otherwise at a distance for the purpose of concluding a contract with a consumer.
- **When?** The accessibility regulations are applicable as of 28 June 2025.



LENDERS

This section covers important developments for consumer credit (mortgage and consumer credit) providers that will play out in 2025. If these lenders also provide additional services, such as advising on credit or intermediating the purchase of an insurance product, we recommend consulting the sections in this Outlook that relate to them ([Financial Service Providers](#)). Furthermore, the [General Developments](#) section is worth reading for lenders as it discusses general developments in areas such as supervision and enforcement that are also relevant to them.

In addition, for lenders licensed as [Banks](#), [Insurers](#), [Payment Service Providers](#) or [Investment Firms](#), the relevant sections of this Outlook are also relevant, naturally. Furthermore, the cross-sectoral section [Integrity](#) is also relevant for lenders and, finally, we point out the section [DORA & AI](#), which contains sections relevant to almost every market party.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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AFM SUPERVISION

Trend Monitor 2025

On November 14, 2024, the AFM published [Trend Monitor 2025](#), in which the AFM addresses the main trends and associated risks in the financial sector. For lenders, the AFM highlights such issues as:

- **Financial vulnerability.** The AFM identifies an increasing risk of financial vulnerability among Dutch households due to developments in demographics, the economy and financial markets. Attached to the Trend Monitor 2025, the AFM published an [analysis report](#) “Consumer Credit and Financial Vulnerability” with a [technical annex](#). In the analysis, it shares insights on the consumer credit market and identified household payment problems. The AFM also shares recommendations on how to deal with payment risks, (legacy) loans with payment problems and early signaling thereof.
- **Over-crediting.** Over-crediting remains a risk in the consumer market, particularly due to a stacking of credit products and a waterbed effect to alternative and less regulated and riskier products. A decline in home values due to climate risks can also lead to over-crediting.
- **AI.** The market is increasingly using AI models and applications in areas such as credit underwriting, fraud detection and customer contact. Errors in automated processes, misuse of source data and poor data quality can have adverse consequences for customers, such as exclusion, over-crediting or taking out unsuitable financial products. Moreover, digitization increases the risk of fraud, which requires vigilance from both financial service providers and consumers. For more information on use of AI and the AI Regulation, please see [DORA & AI](#).
- **Mortgage fraud.** Mortgage fraud primarily involves falsifying pay slips, annual statements or employer statements and using them to apply for a mortgage. Although mortgage fraud is not a new phenomenon, there is a worrying development in the (organized) partnerships that financial service providers enter into to facilitate criminal behavior. The AFM is particularly vigilant on mortgage fraud.

The concrete implications of the trends and risks for the AFM’s supervisory activities will be detailed in its Agenda 2025, which will be published by the AFM in early 2025.

Customer at central & compliance function

- **What?** On October 24, 2024, the AFM published its [report](#) “Sector in view Financial service providers 2024”. In this report, the AFM shares data based on the Market Monitor Advisers and Brokers (MMAB)

and developments from the market that could entail customer risk. In the report, the AFM describes its expectations regarding the design of the safeguarding of the customer interest and the compliance function. For a detailed discussion of the AFM’s expectations, please refer to the [Financial Service Providers](#) section.

- **Who?** All lenders.
- **When?** The AFM is currently investigating these issues. Lenders can benefit from the expectations stated by the AFM.

Principles change management process

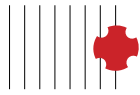
- **What?** On July 3, 2024, the AFM published [ten principles](#) and good practices for supporting change management process lending. The document also includes incident examples. The AFM expects credit providers to apply these principles to reviewing their current change management process for determining whether this process meets the AFM’s expectations. Based on research, the AFM has determined that change management processes in the market are not effective enough. Too often errors occur in automated processes and the IT environment when changes are implemented. Ineffective change management increases the risk of consumer protection violations, such as the requirement to preventing over-crediting.
- **Who?** All lenders.
- **When?** Immediately. In view of the risks identified in Trend Monitor 2025, we expect that the review and implementation of (improved) change management will remain a focus of the AFM.

Guideline PARP scenario analyses

- **What?** On December 3, 2024, the AFM published the [guideline PARP](#) “scenario analyses from a customer perspective.” Studies showed that financial enterprises are searching for ways to carefully design and perform relevant scenario analyses during the PARP. The AFM provides guidance on this.
- **Who?** All lenders.
- **When?** Effective immediately: the AFM expects that the tools in this guideline will further enable undertakings to perform good quality scenario analyses.

License requirement for renting solar panels with purchase option

- **What?** On August 13, 2024, the AFM published a [news release](#) stating that in certain cases, companies that rent solar panels to consumers with an option to purchase these panels require a license for offering



credit. This is the case, among others, if the lease with a purchase option actually turns out to be an installment plan or financial lease; such products are considered forms of consumer credit. Additional requirements apply to offering such products, in addition to the license requirement. Renters of solar panels with purchase options should assess whether their set-up does not (unintentionally) entail the offering of credit.

- **Who?** Renters of solar panels with purchase options.
- **When?** Effective immediately. We expect the AFM to review in 2025 the extent to which the market has acted accordingly.

Policy Rule on Information Provision

- **What?** On September 30, 2024, the AFM published the revised [Policy Rule](#) on Information Provision. In this document, the AFM provides, among other things, further rules on the responsibility of the lender when using “affiliate marketing” and new examples of misleading information. Although the policy rule is already applicable, it should have the ongoing attention of lenders.
- **Who?** All lenders.
- **When?** Effective immediately. Affiliate marketing in particular seems to be increasingly on the AFM’s radar. So as far as we are concerned, that is a focus point for lenders considering collaboration with others in 2025.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

Consumer Credit Directive

The [revised Consumer Credit Directive](#) entered into force on November 19, 2023. The Directive contains changes with major impact. The scope of application compared to the old Directive has been broadened and the rules on the creditworthiness assessment have been clarified and supplemented. Unlike the old Directive, the new Directive also applies, for example, to certain credit agreements where the credit must be repaid within three months and only insignificant costs are charged (*buy now, pay later*). These are BNPL services where a third party offers the credit - not the trader or supplier itself.

EU member states have the option to opt for a kind of “light regime” for the forms of credit mentioned above. This is the option to declare certain provisions of the Directive (namely: regarding pre-contractual information

and advertising requirements) not applicable to these BNPL services.

Furthermore, the revised Directive seeks to ensure that the provision of pre-contractual information to consumers is done in a more effective manner than is currently the case. The SECCI or the ESIC (Standard European Consumer Credit Information) must be provided to the consumer “in good time before the consumer is bound by any credit agreement or offer”, including in the case of a distance contract. The concept of “in good time” has caused quite a bit of lower case law in the past in the context of the ex officio review of consumer credit agreements. The Directive clarifies the concept, stating that pre-contractual information must be provided at least one day before the consumer is bound by an agreement or offer. If this is less than one day, the consumer must be reminded of the possibility to withdraw from the agreement. This reminder must be provided between one and seven days after the consumer concludes the agreement or the binding credit offer has been submitted. Also noteworthy is that tied sales are proposed to be banned. Bundled sales are allowed, however.

Member states must implement the Directive into national law by November 20, 2025. The new rules will apply as of November 20, 2026.

The former cabinet indicated by [letter](#) on April 25, 2024, that it has started the works for transposing the revised Directive into national law. The AFM [expects](#) the consultation on the Revised Consumer Credit Directive Implementing Act to open in early 2025.

Mortgage Credit Directive

- **What?** The European Commission is working on a revision of the mortgage credit directive. This will relate to how to: i) provide consumers with simplified, timely and relevant information, ii) adapt the rules to the digital environment and iii) make it easier for consumers to obtain a mortgage loan for a home in another EU member state.
- **Who?** Mortgage lenders.
- **When?** The European Commission was expected to publish a proposal for a new directive in the first quarter of 2024. However, this has not happened and it is now unclear when the new directive will be published.

Maximum credit fee reduced to 14%

- **What?** A [reduction in the statutory interest rate](#) from 7% to 6% took effect on January 1, 2025. As a result, the maximum credit fee (*kredietvergoeding*) that may

be charged on an annual basis is no longer 15%, but 14%. This follows from the Credit Fees Decree (*Besluit kredietvergoeding*), which stipulates that the maximum credit fee allowed should be calculated by increasing the statutory interest rate by 8%. The reduction of the statutory interest rate is related to a reduction of the [main refinancing rate](#) by the European Central Bank (ECB). Every six months (on January 1 and July 1), the statutory interest rate is determined by examining the ECB's main refinancing rate on the reference date (at the end of October and at the end of April, respectively) and, depending on the developments, the statutory interest rate is increased or decreased accordingly. If the main refinancing rate decreases further, then, in principle, the statutory interest rate will also decline further by July 1, 2025, namely in the event of a difference of more than 1 percentage point between the prevailing statutory interest rate and the interest rate that would apply at that time. The next reference date is the end of April 2025.

- **Who?** Consumer credit providers.
- **When?** The increase is effective as per January 1, 2025.

Lowering threshold verification requirement

- **What?** Currently, in order to prevent over-crediting, lenders are obliged to have obtained sufficient information, in writing or recorded on another durable medium, regarding the consumer's financial position, such as a pay slip and bank statements in support of data on income and expenses, for credit exceeding €1,000. This is called the verification requirement. Verbally provided information about the consumer's financial situation is not sufficient. The minister intends to lower the threshold amount to €250 to protect consumers who take out small loans. That intention was present at the beginning of 2021, but according to a [parliamentary letter](#), the (former) Cabinet wanted to wait for the revision of the Consumer Credit Directive first and only pursue further action after completion of the revision. On June 27, 2024, the Minister of Poverty, Participation and Pensions sent the [final report](#) on Interdepartmental Policy Research (IBO) "Problematic Debts" to parliament. The report explains in the [annexes](#) that a reduction of the threshold for the verification obligation to €250 is considered to be an effective measure. On October 11, 2024, in response to the report, the current cabinet [indicated](#) that they will look at lowering the threshold when implementing the revised Consumer Credit Directive.
- **Who?** Lenders offering credit between €250 and €1,000.
- **When?** The decision on the reduction is linked to the revision of the Consumer Credit Directive.

NEW LAWS AND REGULATIONS

Credit Registration System Act

- **What?** On June 21, 2023, the consultation proposal for the [Credit Registration System Act](#) was published. Providers of credit to consumers are legally obliged to participate in a system of credit registration. Currently, there is one system of credit registration available in the Netherlands, hosted by the foundation Stichting Bureau Kredietregistratie (BKR). The draft bill provides legal safeguards for the current practice of credit registration, by establishing the management of the credit register as a legal responsibility. Accordingly, the management of the credit register will be assigned to the BKR. Among other things, the draft act impacts the ability of consumers to request the BKR to remove their data from the credit register under the General Data Protection Regulation (GDPR).
- **Who?** All lenders.
- **When?** It is still unknown when the bill will be published. To determine the effective date, the legislature will consult with BKR and lenders to determine how much implementation time is needed.

Credit Servicers and Purchasers Implementing Act

- **What?** On November 24, 2021, the [Credit Servicers and Credit Purchasers Directive](#) was published. This directive standardizes the rules for servicers and purchasers of credit in the European Union and facilitates the sale of non-performing loans (or NPLs). When providers are faced with a large accumulation of NPLs and do not have the staff or expertise to properly service them, they should be able to outsource the servicing of those loans to a specialized credit servicer or transfer the credit agreement to a credit purchaser with the necessary risk appetite and expertise to manage them. Parties servicing an NPL that are not a bank, credit provider or manager of an investment institution (AIF/ UCITS) will need to obtain a license from the AFM as a credit servicer. On November 29, 2024, the [implementing act](#) of the directive was sent to parliament. We have written a [blog](#) on the consulted proposal, discussing the main changes.
- **Who?** Purchasers of credit who qualify as lender after purchase.
- **When?** The directive was supposed to be implemented by December 29, 2023. That deadline was not met. The implementing act is expected to take effect in 2025. The implementing decree is still being prepared.



Collection Services Quality Act

- **What?** On April 1, 2024, the Collection Services Quality Act (Wki) went into effect. The law should improve the quality of extrajudicial debt collection services. Collection agencies and debt collectors must meet various quality requirements. There is an obligation to register and a system of supervision and enforcement by the *Inspectie J en V*. This supervision is in addition to any supervision by the AFM. The act applies to performing or providing “extrajudicial debt collection activities”. For more information, please refer to an [article](#) with a detailed discussion by one of our colleagues. The act is also relevant to lenders who have acquired credit claims from third parties, including BNPL providers. For more information on this act and the latest developments, please refer to the [Financial Service Providers](#) section.
- **Who?** Credit providers who have acquired credit claims from third parties, including BNPL providers. This is because the act looks at collecting funds for third parties.
- **When?** The law came into force on April 1, 2024. It is expected that in 2025 the *Inspectie J en V* will also focus (more) on the non-traditional debt collection service providers covered by the Wki.

Building-based financing

- **What?** On November 18, 2022, the former cabinet stated in a [parliamentary letter](#) that an act would be developed for building-based financing and servicing concepts for housing sustainability improvements. With building-based financing, the associated lending obligations are tied to the building rather than the person. Such financing ensures that the person who reaps the benefits of improving sustainability also bears the associated financing burden. Legislation on this can lead to improvements in product offerings, market development and improved consumer protection. The former cabinet expected that the act could take effect in 2025. On May 31, 2024, in response to [parliamentary questions](#), the former Minister of Housing and Planning indicated that research on viable options was still ongoing and that additional civil service capacity had been applied to draft an act. Although the new cabinet has not commented on this initiative, the topic is included in the 2025 [budget](#) of the Ministry of Housing and Planning.
- **Who?** Providers of mortgage credit and sustainability financiers.
- **When?** It is unclear whether an entry into force in 2025 is realistic. According to the budget of the Ministry of Housing and Planning, parliament was supposed to be informed of progress in the third quarter of 2024. However, this has not happened.

Supervisory supporting reporting

- **What?** On May 17, 2024, the [consultation version](#) of the AFM Supervision Supporting Reporting Act was published. This act would allow the AFM to impose reporting requirements on lenders for the purpose of risk-based supervision, among other things. The consultation caused quite a stir in the market and received criticism from experts because the proposal gives the AFM far-reaching authority to impose reporting obligations. It is currently unclear whether and, if so, how this consultation will be followed up.
- **Who?** All lenders.
- **When?** It is still unclear to what extent an act (amended or otherwise) will be published.

Accessibility requirements

- **What?** On April 15, 2024, the Accessibility Requirements for Products and Services [Implementing Act](#) was published. On July 4, 2024, the Banking Services Accessibility Requirements [Implementing Decree](#) was published. The Act and the Decree implement the [Accessibility Directive](#). The directive sets accessibility requirements for, among other things, providers of consumer banking services. Consumer banking services include the conclusion of contracts in consumer or mortgage credit. It requires market participants to provide information on the accessibility of their services and to make their services and products more accessible. For consumer banking services in particular, there is an obligation to make accessibility information available at language level B2. The accessibility requirements are highlighted in more detail in the [General Developments](#) section.
- **Who?** Lenders who, in short, provide services online or otherwise at a distance for the purpose of concluding a contract with a consumer.
- **When?** The accessibility regulations are applicable as of June 28, 2025.

OTHER DEVELOPMENTS

BNPL providers varia

These are interesting times for BNPL providers. In addition to preparing for regulation as a result of the revised Consumer Credit Directive, the industry launched its own Code of Conduct in 2023 in consultation with the AFM. It is our understanding that this Code of Conduct, partly in preparation for regulation under the Directive, is being further tightened and is the subject of constant dialogue with the AFM. This has resulted, for example, in the introduction of stricter mandatory age verification by



providers as of June 1, 2024, which should result in minors no longer being able to access BNPL services. The AFM had also [called for](#) such an approach in April 2024. Meanwhile, parliament is paying attention to BNPL in physical stores and, for now, the political commitment seems to be to ban this. How this actually develops remains to be seen, now that the answering of the latest parliamentary questions on this subject has been [postponed](#) until interdepartmental consultations have taken place.

Furthermore, the European Court of Justice has answered the prejudicial questions raised by the Supreme Court to determine whether or not BNPL providers are currently justified in using the exception to the licensing requirement for credits without interest and with only insignificant costs.¹ As a result of this ruling, it is now clear that, in principle, non-performance costs are not considered interest and/or other costs relevant to the application of the exception. This is only different if the provider, in order to gain an economic advantage, anticipates such costs when concluding the contract, i.e., that the consumer will not fulfill the payment obligations. This is in line with the opinion of the Advocate General to the Supreme Court. It is now up to the Supreme Court and subsequently (if and insofar as necessary) to the other courts to give further substance to the “earning model aspect” of this judgment. The ECJ has provided a few starting points that may be important in this further interpretation. So there is no real clarity yet.

Consumer Credit Code of Conduct

- **What?** A new Consumer Credit [Code of Conduct](#) was published by the Dutch Banking Association (NVB) on August 12, 2024. The Code of Conduct was drafted together with the Association of Financing Undertakings in the Netherlands (VFN). Due to the new format and clarifications, the Code of Conduct has become longer and all amounts for the calculations of maximum borrowing capacity have been indexed to the state of 2024. Furthermore, an additional explanation of “affordability” has been added, provision for additional borrowing capacity for the personal loan for sustainability and the final term has been tightened.
- **Who?** Lenders of consumer credit.
- **When?** The new Code of Conduct came into force on Nov 19, 2024.

Information creditworthiness test

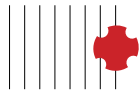
- **What?** On August 7, 2024, the EBA published its [report](#) regarding the implementation of creditworthiness testing by non-bank lenders. The EBA concluded that many of the lenders examined did not comply

with the assessment requirements of the Consumer Credit Directive. The most common non-compliance related to information extraction and verification. A significant amount of lenders sufficed with a single source of information, such as information from the loan applicant or from a third party. The EBA considers this insufficient to base a creditworthiness test on. Lenders should consider whether their creditworthiness assessment processes comply with the concerns in this EBA report. The revised Consumer Credit Directive introduces a tighter regime for creditworthiness assessments.

- **Who?** All lenders.
- **When?** Effective immediately.

Regulation of private lease?

- **What?** As a result of the implementation of the revised Consumer Credit Directive, all (private) lease agreements with an option to purchase will fall within the scope of the directive, making providers of these agreements also subject to licensing requirements. The current cabinet [indicated](#) on October 11, 2024, in its response to the IBO report, that it is investigating whether it is necessary to also regulate (private) leases without a purchase option.
- **Who?** Private lease providers.
- **When?** More information will follow simultaneously with or after the opening of the Internet consultation for the Revised Consumer Credit Directive Implementing Act.



TRUST OFFICES

This section discusses developments in 2025 that are relevant to trust offices. The cross-sector [Integrity](#) section is also of particular interest to trust offices. In addition, we recommend that trust offices take note of the [General Developments](#) section, as it discusses topics that may be relevant to anyone engaged in the financial market.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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DNB SUPERVISION

Vision on Supervision 2025-2028

- **What?** DNB published its [Vision on Supervision 2025-2028](#) on November 11, 2024 (a similar document in English is [Supervisory Strategy 2025-2028](#)). This publication sets out what financial institutions can expect from DNB's supervision over the next four years. DNB has identified three focus areas for its supervision, namely (i) a proactive stance and intensive cooperation to manage risks arising from geopolitical developments, (ii) innovation and agility for the impact of technological developments, and (iii) additional attention to cyber resilience of the financial sector. Risks related to climate change, sustainability and economic crime have now been given a permanent place in DNB's supervision.
- **Who?** All trust offices.
- **When?** DNB will include these topics in its supervision in the 2025-2028 period.

Supervision in focus 2024-2025

- **What?** DNB published the document [Supervision in Focus 2024-2025](#), looking back at 2024 and looking ahead to priorities for 2025. In 2024, DNB emphasized risk management, client due diligence and governance at trust offices. In addition, DNB launched several investigations into unlicensed trust services in 2024. DNB noted an increase in the number of signals about illegal trust services, including the provision of splitted trust services. A project is underway at DNB to gain more knowledge about the cutting up of trust services. Also in 2025, DNB will focus on client due diligence and business operations of trust offices. DNB cites ongoing



monitoring of business relationships of trust offices as a focus, as well as adequate systematic integrity risk analysis (SIRA) and a proper transaction and integrity risk profile. There will also be heightened focus on unlicensed trust services in 2025, including clipped trust services. DNB has announced it will issue *Good Practices* in 2025 on parts of the Supervision of Trust Offices Act 2018 (Wtt 2018) and related regulations.

- **Who?** All trust offices.
- **When?** DNB will include the issues discussed in its 2025 supervision.

UBO register access & reporting back obligation

- **What?** Financial companies still do not have access to the UBO register as a result of a Court of Justice [ruling](#) (see also [Outlook 2024](#)). In a [news release](#) dated September 18, 2024, DNB writes that supervised institutions will regain access to the UBO register and points to the obligation to report back. Direct access to the UBO register will be restored with the [Amendment Act](#) limiting access to UBO registers see also the further explanation in the [Integrity](#) section). Since August 1, 2024 - until access is restored by law - trust offices must request a certified extract from the UBO Register from their clients. Clients can [request themselves](#) such a certified extract from the Chamber of Commerce. The duty to report back is set forth in Section 10c of the Wwft and has been in effect since Oct. 1, 2024. The feedback obligation refers to [reporting](#) to the Chamber of Commerce discrepancies between the UBO data held by the trust office and the information in the trade register. For now, the duty to report back is limited to incorrect data in the certified extract. This includes (i) missing UBOs in the UBO register, (ii) persons wrongly listed in the UBO register, or (iii) an incorrect interest or size of interest of a UBO. The obligation to report back does not apply if the Wwft institution reports a completed or intended unusual transaction to the FIU.
- **Who?** All trust offices and other service providers covered by the Wwft.
- **When?** The retrieval of certified extracts from the UBO register and the obligation to report back in respect of this extract will apply until trust offices regain direct access to the UBO register. After that, the obligations will be extended.

Integrity Supervision in Focus

- **What?** On April 22, 2024, DNB published its report [Integrity Supervision in Focus 2024-2025](#). In this report, DNB shares insights from integrity supervision and discusses relevant developments. DNB notes a

decreasing number of licensed trust offices in the Netherlands and notes that client due diligence when acquiring clients from other trust offices often lags behind. DNB also notes the increase in the cutting up of trust services. DNB further notes that there has been an improvement in the way trust offices conduct client due diligence. DNB does still find shortcomings. These are mainly related to ongoing monitoring and establishing the source of a object company's assets. Regarding high-risk sectors served by trust offices, DNB points to (i) commercial real estate, (ii) oil, gas and energy, and (iii) commodities. If these risks coincide with an intransparent or layered structure, DNB requires trust offices to pay extra attention to them.

- **Who?** All trust offices.
- **When?** Continuing through 2025.

Q&As & Good Practices Wwft

- **What?** On May 8, 2024, DNB published its new policy expression: the [Q&As and Good Practices Wwft](#). This new expression of DNB replaces the old Guideline on Wwft and Sw from 2020 and provides more practical guidance for a risk-based approach. With this document, DNB aims to provide institutions with (i) a handy overview of the obligations under the Wwft; (ii) support for a proportionate design of risk management; (iii) guidance on the application of a risk-based approach to client due diligence and ongoing monitoring; and (iv) scope for innovative applications. The comprehensive document provides practical examples and tips.
- **Who?** All trust offices and other financial institutions covered by the Wwft.
- **When?** Ongoing.

Request to increase fine for cutting up trust services

- **What?** In its [Legislative Letter 2024](#), DNB requested an adjustment to the enforcement tools for the trust sector. The reason for the request was the increasing number of signals about institutions cutting up trust services. DNB requested the Minister of Finance to increase the penalty category for trust service from category 2 to category 3 for effectiveness and deterrence. By [letter](#) dated May 23, 2024, the Minister of Finance indicated his agreement with the proposed adjustment of the penalty category for the provision of splitted trust services. To this end, the Decree on Administrative Fines for the Financial Sector (Bbbfs) will be amended.
- **Who?** All trust offices
- **When?** Expected in 2025 (but no amendment has been published yet).



DNB questionnaires available earlier

- **What?** In its [news release](#) of Nov. 26, 2024, DNB indicated that two questionnaires for the sector will become available earlier in 2025. For trust offices, these are the integrity reporting (IRAP) and the Sector Wide Analysis of Non-Financial Risks (SBA NFR). The response time for these questionnaires will be extended to ten weeks for the IRAP questionnaire and to eight weeks for the SBA NFR questionnaire, respectively. Via this change, DNB is responding to feedback from the industry indicating that the original April - May timeframe was perceived as tight.
- **Who?** All trust offices and other financial institutions required to complete the relevant questionnaires.
- **When?** The questionnaires will be made available by DNB in early February 2025.

Good Practices Wtt 2018

- **What?** DNB is working on a policy statement on parts of the Wtt 2018 and related regulations. The policy statement will take the form of Good Practices and will provide trust offices with guidance on how to comply with applicable legal obligations. DNB collected case studies and bottlenecks in the [roundtable discussion](#) on March 21, 2024 where representatives of the industry associations (Holland Quaestor and the Dutch Association of Trust Offices) were present in addition to participants from various trust offices and from the Ministry of Finance. The [consultation](#) on the policy statement was launched by DNB on December 12, 2024 and runs until February 6, 2025.
- **Who?** All trust offices.
- **When?** The final *Good Practices* Wtt 2018 is expected to be available in Q2 2025.

Consultation SIRA Good Practices

- **What?** On January 17, the [consultation](#) for DNB's new policy statement, the SIRA Good Practices, closes. DNB aims to use this document to provide practical guidance for implementing systematic integrity risk analysis. Once the final version of the policy statement is available, DNB will publish it and the current '*Good Practices*. The Integrity Risk Analysis - more where it should be, less where it can' will lapse.
- **Who?** All trust offices and other financial institutions required to prepare an integrity risk assessment.
- **When?** The update to the DNB SIRA *Good Practices* is expected to be published in late Q1 2025.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

Financial Markets Amendment Act 2024

- **What?** On January 1, 2025, the [Financial Markets Amendment Act 2024](#) will come into force. This law amends the Wtt 2018 in a number of ways. The definitions of trust services are tightened with the aim of preventing circumvention of the law. The element 'by order of' will be dropped for the trust services 'acting as director' and 'domicile+'. In addition, the required approval for a change in the formal and actual control structure of the group to which the trust office belongs will be changed into a reporting requirement. Trust offices must report such changes to DNB *without delay* but prior approval is no longer required. Furthermore - in addition to a restatement of the prohibition on combining trust service provision and tax advice - the obligation is introduced to include obtained tax advice in the service file and also to state therein whether any available tax advice has been implemented.
- **Who?** All trust offices.
- **When?** By Jan. 1, 2025.

Prohibition of services section 23a Wtt 2018

- **What?** Article 23a Wtt 2018 prohibits the provision of trust services to clients, object companies and UBOs of such parties residing or domiciled in Russia, Belarus, a jurisdiction designated as [high risk](#) by the European Commission, or a state included in the [EU list](#) of jurisdictions that are non-cooperative in tax matters.
- **Who?** All trust offices.
- **When?** Ongoing.

Consultation Financial Markets Amendment Act 2026

- **What?** A [consultation](#) on the Financial Markets Amendment Act 2026 commenced on December 19, 2024. The draft bill contains some important changes regarding obligations for trust offices. The draft bill introduces the obligation for trust offices to annually disclose on their website the nature and origin of their clients. The aim is to promote transparency. It also introduces the obligation for trust offices to exchange information with other trust offices if a potential client has been rejected in advance from another office due to increased integrity risks.



- **Who?** All trust offices.
- **When?** The consultation runs through February 13, 2025. The final bill is expected to be submitted to the House of Representatives in the course of 2025.

NEW LAWS AND REGULATIONS

Money laundering action plan

- **What?** After substantial modification of the money laundering plan [bill](#), the House of Representatives passed the bill on Sept. 24, 2024. Of the [original bill](#), only the ban on cash payments starting at EUR 3,000 remained in place. This ban applies to (some) professional and business traders and pawn shops. The plan to expand the possibilities for information exchange for the gatekeeper function is off the table. The changes initially envisaged for trust offices are also no longer taking place. The changes to the bill are related, amongst others, to the introduction of AMLR. See also the [Integrity](#) section on this subject. The bill is pending before the [Senate](#).
- **Who?** All trust offices and other financial institutions covered by the Wwft.
- **When?** The bill leads to amendment of the Wwft in 2025.

Data processing partnerships

- **What?** The Data Processing by Collaborative Societies Act ([WGS](#)) is going to provide a legal basis for the processing of personal data by collaborative societies, including the supervisory partnership. On June 18, 2024, the WGS was passed by the Senate. The law adds a new article to the Wtt 2018. If DNB participates in an alliance within the meaning of the WGS, this new article gives DNB the ability to provide data or information obtained in the performance of its duties under the WGS to the alliance.
- **Who?** DNB and all trust offices.
- **When?** The Collaborative Data Processing Act will take effect March 1, 2025.

OTHER DEVELOPMENTS

Postpone review of Wtt 2018

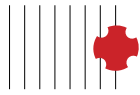
- **What?** The Wtt 2018, which entered into force on January 1, 2019, contains a provision that the law must be evaluated within five years. In a [letter](#) to the House of Representatives dated February 27, 2024,

the Minister of Finance indicated his intention to postpone the evaluation of the Wtt 2018 until January 1, 2026. To justify the deviation from this provision, the Minister points to two reports already published on the trust sector, dating from 2021 and 2022. In addition, according to the Minister, recent legislative changes can be better included in the evaluation if the evaluation date is postponed.

- **Who?** All trust offices.
- **When?** Prepare review Wtt 2018 end of 2025.

New Holland Quaestor guidelines

- **What?** In 2024, industry association Holland Quaestor has renewed three [guidelines](#). These are the [Wtt 2018 Audit Directive](#), the [Tax Integrity Directive](#) and the [Compliance Officer Directive](#). In addition, three other guidelines are being updated: the Wtt 2018 and Wwft Directive for Trust Offices, the SIRA Directive and the CSR Policy and Client Acceptance Directive. Holland Quaestor's guidelines are intended to establish frameworks for members of the industry association so that they can better implement the legal requirements and criteria applicable to them. With the guidelines, Holland Quaestor aims to actively implement industry standards.
- **Who?** Trust offices and members of industry association Holland Quaestor.
- **When?** See [Holland Quaestor's](#) website for current status.



INSURERS

This section discusses foreseeable developments in 2025 directed specifically at insurers. Insurers that also provide ancillary services are advised to consult the sections in this Outlook related to them. For example, the [Lenders](#) section is relevant to insurers insofar as it involves mortgage lending by the insurer.

In addition, we point out that for insurers, the [Financial Service Providers](#) section in this Outlook is also relevant because, as a provider of insurance, they also qualify as a financial service provider within the meaning of the Wft. Also relevant for insurers are the cross-sectoral sections [DORA & AI](#), [Integrity](#) and [Sustainability \(ESG\)](#). Topics related thereto are not covered in this section, with a few exceptions, but only in the aforementioned specials.

Finally, it is useful for insurers to take note of the [General Developments](#) section, as it includes topics that may affect insurers.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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DNB SUPERVISION

Supervision in focus 2024 – 2025

- **What?** DNB presented [Supervision in Focus 2024 - 2025](#) on 11 November 2024. This is a summary outlining what DNB is working on and has been working on in relation to its supervision. For the supervision of insurers in 2025, DNB will focus, among other things, on the further integration of sustainability risks in supervision, the implementation of the revised Solvency II directive and compliance with DORA. DNB will also launch several thematic studies, including on the effectiveness of System of Governance (SoG) assessments, the Quality Calculation Standard Formula and Expected Profits Included in Future Premiums (EPIFP). In addition, DNB continues to pay attention to AI use and the impact of the Future Pensions Act on insurers. Data quality in integrity reporting (IRAP) will also be a focus. During the [Insurance Afternoon 2024](#) on 21 November 2024, some topics were highlighted in more detail, including [sustainability](#).
- **Who?** All insurers.
- **When?** DNB include the highlighted topics in its 2025 supervision.

Vision of Supervision 2025 – 2028

- **What?** On 27 November 2024, DNB published [Vision on Supervision 2025 - 2028](#) (a similar document in English is [Supervisory Strategy 2025 – 2028](#)) which outlines DNB’s medium-term supervisory vision. In this report, DNB describes what financial institutions and other stakeholders can expect from DNB’s supervision over the next four years. DNB has identified three focus areas for its supervision: 1) managing risks around geopolitical developments, 2) the impact of technological innovation on the financial sector, which requires innovation and agility from the financial sector, and 3) cyber resilience. In addition, DNB mentions topics to which extra attention has already been given in recent years: 1) tackling financial-economic crime, 2) managing sustainability risks and 3) effective governance steering. These issues have now been embedded in regular supervision.
- **Who?** All insurers.
- **When?** DNB will include these points in its ongoing supervision in the period 2025 - 2028.

Anticipate geopolitical instability

- **What?** On 11 November 2024, DNB published a [study](#) on the impact of geopolitical risks on financial



institutions. The report describes the dawn of a new era characterized by increasing international tensions, fragmentation and bloc formation. This has direct and indirect consequences for financial institutions due to the growth of protectionist measures, a more complex cyber threat landscape and an increase in the number of sanctions imposed. DNB calls on financial institutions, such as insurers, to proactively identify risks and embed them in their risk management. In addition, DNB considers it important that institutions have adequate buffers in case geopolitical developments lead to financial risks. As shown in EIOPA's [report](#) of 17 December 2024, insurers can withstand this, but at a high price. DORA should also make insurers more resilient, through stricter requirements regarding managing risks when outsourcing to ICT service providers. See also the section [DORA & AI](#).

- **Who?** All insurers.
- **When?** This topic is part of DNB's supervisory priorities in 2025.

DNB SUPERVISION: (DRAFT) Q&AS & GOOD PRACTICES

SIRA Good Practices

- **What?** DNB submitted the document [Good Practices SIRA](#) for consultation on 19 November 2024. With this report, DNB aims to provide the institutions under its supervision, including insurers, with practical guidance regarding the implementation of the SIRA. The good practices include integrity management, risk identification, risk analysis, risk management and risk monitoring and review within the SIRA framework. DNB provides specific good practices for insurers, which include the organizational risk profile for life insurers in the context of money laundering risks. The consultation closes on 17 January 2025.
- **Who?** All insurers
- **When?** Insurers can review DNB's new guidance once the final version is published (expected by the end of Q1 2025).

Q&A consent reinsurance contracts

- **What?** With the entry into force of Section 3:267e of the Wft, insurers must obtain the consent of DNB prior to entering into or amending asset-intensive reinsurance contracts. This obligation applies to the extent that these contracts allow the reinsurer to hold assets in a country outside the EEA at any time. In the

[Q&A](#) as published on 19 December 2024, DNB explains the scope of the consent requirement by explaining which reinsurance contracts qualify as asset-intensive, in which cases assets are held in a third country, and what information must be provided with a request for consent.

- **Who?** Insurers planning to enter into or modify asset-intensive reinsurance contracts.
- **When?** This will be included in DNB's 2025 supervision.

Q&A independent functioning SB

- **What?** DNB published the [Q&A](#) on the independent functioning of the Supervisory Board on 26 February 2024. This Q&A describes that supervisory board members should be independent in mind (*independence in mind*), avoid and manage the appearance of conflicts of interest (*independence in appearance*) and the supervisory board should have a certain degree of formal independence (*independence in state*). DNB's [response](#) to the consultation responses is a useful document for insurers, as it explicitly states that for insurers it can be assessed on a case-by-case basis whether an insurer has a "sufficient number" of formally independent supervisory board members, and the "EBA/ESMA Guidelines for assessing the suitability of members of the management body and key personnel" can also be used as a point of reference for insurers (despite not being formally applicable).
- **Who?** All insurers.
- **When?** DNB expects insurers to continuously assess whether the independence of the supervisory board meets the legal requirements and includes this in its supervision in 2025.

DNB SUPERVISION: INTERNAL GOVERNANCE

Suitability assessments and DORA

- **What?** With the arrival of DORA, insurers are expected to have their ICT risk management in order (see also the section [DORA & AI](#)). Based on DORA, requirements are set for the knowledge and experience of an insurer's policymakers. DNB stated in its [news release](#) of 28 November 2024 how DORA will be part of the suitability test, by including knowledge and experience of ICT risk management. An insurer can address this in the explanatory notes to the decision making and considerations for appointment and/or in the explanatory notes to the suitability matrix. DORA can also be addressed during an interview. DNB has indicated that the assessment takes into account the

specific function, the risk profile of the insurer and the composition and functioning of the collective. A policymaker responsible for ICT risk management is thus expected to have more knowledge and experience than a policymaker who has no responsibilities in that area. DORA is applicable as of 17 January 2025.

- **Who?** All insurers.
- **When?** DORA is explicitly part of the suitability test as of 17 January 2025.

DNB SUPERVISION: OTHER

Redemption & replacement capital

- **What?** There was uncertainty for insurers as to whether DNB approval was required for the redemption and replacement of tier classified capital instruments. DNB confirms in its [news release](#) of 20 September 2024 that the Solvency II framework requires that insurers indeed need DNB's approval prior to this and what data DNB wishes to receive in doing so.
- **Who?** Insurers who intend to redeem or replace capital instruments classified in tiers.
- **When?** This is a regular obligation in 2025.

Managing operational risks

- **What?** In a [news release](#) dated 29 November 2024, DNB noted that operational risk management at insurers needs improvement. In that regard, there is a significant overlap with the rules in DORA that will take effect on 17 January 2025. DNB sees room for improvement on the following points: 1) ICT risk management is (in parts) not yet at the desired level, 2) outsourcing risks exist because many insurers do not have sufficient visibility and grip on critical outsourcing chains, and 3) there are shortcomings in data quality management (as evidenced by insurer reports).
- **Who?** All insurers.
- **When?** DNB will address the aforementioned topics in its supervision in 2025, with particular attention to IT continuity, the management of ICT risks with third-party providers, the ICT risk management cycle and awareness programs (including board and staff knowledge on this topic).

Research Future Management Actions

- **What?** In 2024 DNB conducted an industry-wide review of Future Management Actions (FMAs) as FMAs have a potential impact on solvency. In the [news release](#) of 19

December 2024, DNB expanded on this. DNB cites two important outcomes: 1) industry-wide, DNB does not see any broad deficiencies with major impact on solvency in terms of classified FMAs, but 2) for insurers it is not always clear when a future management action should be classified as a FMA. Regarding this second outcome, DNB provides some examples of actions that have been incorrectly classified as FMAs. Furthermore, DNB expects insurers to only list FMAs if the actions comply with Article 23 of Delegated Regulation (EU) 2015/35.

- **Who?** Insurers who use FMAs.
- **When?** With the revision of Solvency II, EIOPA plans to define FMAs.

Interest rate risk management concerns

- **What?** DNB has conducted a thematic study on interest rate risk management. The overall conclusion of DNB's study is that insurers manage risks regarding changing interest rates. DNB sees some concerns and has explained them in its [news release](#) of 17 September 2024 for life and non-life insurers. For life insurers, DNB sees the following concerns, among others: 1) the challenge of managing interest rate risk in multiple frameworks simultaneously, 2) the accurate monitoring of the hedge target, 3) non-linear interest rate sensitivities of the Solvency Capital Requirement (SCR) and equity after major interest rate shocks, 4) the calculation of the interest rate sensitivity of liabilities, 5) a robust performance attribution analysis and 6) effective collaboration between different departments involved in the management of interest rate risk. For non-life insurers, DNB identifies the following concerns: 1) diversified market risk exposure and 2) 2nd order effects of interest rate risk.
- **Who?** Life and non-life insurers
- **When?** DNB will include the aforementioned concerns in its supervision of insurers in 2025.

Supervision calendar insurers

- **What?** On 5 December 2024, DNB published the [2025 supervisory calendar](#) for insurers. DNB supplemented the supervisory calendar for each insurer with institution-specific DNB activities. This information is available in the DNB portal. In the [news release](#), DNB indicated that the following themes are relevant for insurers: the System of Governance (SoG), DORA and the Quality Calculation Standard Formula (see also above under 'Supervision in Focus 2024 - 2025'). In addition, DNB pays attention to longer-term topics, such as the Future Pensions Act, Sustainability, AI and assumptions and methods of Expected Profits included in Future Premiums (EPIFP).



- **Who?** All insurers.
- **When?** Insurers can access institution-specific DNB activities in the DNB portal.

Capital requirements for basic health insurance

- **What?** On 9 September 2024, DNB [published](#) that the parameters for calculating capital requirements for basic health insurance under the Dutch risk equalization system are still appropriate. Therefore, DNB advised EIOPA that the current HRES parameters can be maintained. This advice has been followed by EIOPA. In addition, on 9 December 2024, DNB indicated its intention to modify the national state health care log file. The aim is to align the definitions of national state care with the definitions of the HRES 2024 demand. In view of the proposed adjustment, DNB launched a [consultation](#).
- **Who?** Health insurers.
- **When?** The consultation can be responded to until 30 April 2025.

AFM SUPERVISION

Trend Monitor 2025

- **What?** The AFM published its [Trend Monitor 2025](#) on 14 November 2024, highlighting a number of trends and risks in the financial sector for the year 2025. The AFM explains (as it did last year) the risks surrounding the use of AI models and addresses the relevance of sustainability. The challenges identified for insurers include (i) the exclusion of consumers who fail to meet sustainability criteria and (ii) hesitation to provide coverage for emerging sustainable technologies. Additionally, the AFM notes a rise in cross-border financial services among non-life insurers, which affects its role as a regulator. The concrete implications of the trends and risks for AFM's supervisory activities are elaborated in the AFM Agenda 2025.
- **Who?** All insurers.
- **When?** The AFM Agenda 2025 will be published in early 2025.

Guidance PARP scenario analyses

- **What?** On 3 December 2024, the AFM published the [guidance](#) in relation to PARP on "scenario analyses from a customer perspective". Research has shown that financial institutions face challenges in properly designing and conducting relevant scenario analyses during the PARP process. In this guidance, the AFM

provides practical tools and emphasizes the importance of scenario analyses, such as in the context of proposed changes to (parts of) a product, to determine the impact of adjustments (e.g., changes to insurance coverage). Relevant examples for insurers include risks from climate change, more expensive household contents due to rising incomes, or a negative travel advice. The outcomes of scenario analyses can be valuable for both product development and distribution.

- **Who?** All insurers in the context of developing and/or distributing insurance products.
- **When?** Insurers can immediately incorporate the guidance into the periodic review of their PARP.

License obligation health care providers as advisor

- **What?** The [publication](#) of 6 November 2024 makes it clear that in practice the AFM and the Dutch Healthcare Authority (NZa) encounter situations in which healthcare providers, such as medical (specialist) healthcare organizations or individual healthcare professionals, steer their client(s) to a healthcare insurance policy of a specific insurer or urge them to change their policy. For example, they may advise clients to switch to another policy or provider for more suitable coverage or broader healthcare options. Such advice can be seen as care steering, which is not allowed. If a healthcare provider advises a client to take out a specific health insurance policy with a particular insurer or group of insurers, this is advice that requires an AFM license.
- **Who?** Health care providers who do not have an AFM license to advise on health insurance and health insurers.
- **When?** The NZa and AFM monitor this behavior in particular during the renewal period with regard to health insurance.

Group insurance licensing requirement

- **What?** Following a [ruling](#) by the Court of Justice of the European Union on 29 September 2022, the AFM published an [information page](#) on its website in 2024 explaining the licensing requirement for a group insurance. Organizations that are policyholders with an insurer and arrange insurance for customers (so-called group insurance) must, in certain cases, obtain a license from the AFM, as they operate as an insurance intermediary. A license is required if the organization offers customers certain choices and/or receives compensation from the customers. The AFM has published an [interpretation document with a flowchart](#) that can be used as a guideline for assessing the licensing requirement. In our [blog](#) of 21 March 2024,



this topic was discussed in detail. The AFM indicates that organizations requiring a license have until 1 October 2025 to obtain it.

- **Who?** Organizations that are policyholders with an insurer and arrange insurance for customers (group insurance) and group insurers.
- **When?** We advise involved organizations to submit an application on time, taking into account their own preparation time as well as an assessment period for the AFM of at least 13 weeks.

Policy Rule Provision of Information

- **What?** On 30 September 2024, the AFM published the revised [Policy Rule](#) on the Provision of Information. In this document, the AFM addresses the relevant characteristics of different types of insurance products that are important for consumers. The changes bring little alteration for insurers. Although the policy rule is already in effect, it requires continuous attention from insurers.
- **Who?** All insurers. For insurers with term life insurance, funeral insurance, auto insurance, disability insurance or annuities, the policy rule outlines the relevant features of these insurance products.
- **When?** The AFM will include the policy rule in its 2025 supervision.

EIOPA

Strategic Supervisory Priorities 2024 – 2025

- **What?** On 11 March 2024, EIOPA presented the [supervisory priorities](#) for the next three years. Based on this document, national supervisors must include the following priorities in their supervision during the period 2024 - 2026: 1) financial soundness of insurers, and 2) consumer protection in a disruptive environment. On 16 October 2024, EIOPA outlined its [priorities](#) for the year 2025. These priorities relate to risk transfer (including capacity and suitability therefor), the so-called “value for money” principle of available insurance products and DORA.
- **Who?** National regulators, as well as all insurers.
- **When?** Between 2024 and 2026, these priorities should be reflected in the supervision of insurers.

Single Programming Document 2025–2027

- **What?** On December 17, 2024, EIOPA published its [Single Programming Document 2025-2027](#), which includes the annual work programme for 2025. In this document, EIOPA outlines its focus areas for the period

2025-2027 and its priorities for 2025. In formulating the priorities for 2025, EIOPA focused on six areas: (i) integrating sustainable finance across all work areas, (ii) supporting consumers and the market and supervisory community through digital transformation, (iii) improving the quality and effectiveness of supervision, (iv) ensuring technically sound prudential policy and sound business operations, (v) identifying, assessing, monitoring and reporting risks to financial stability and promoting preventive policies and mitigating measures, with emphasis on emerging threats and recovery and resolution, and (vi) ensuring good governance, a flexible organization, cost-effective resource management and a strong corporate culture.

- **Who?** Insurers and national supervisory authorities, such as DNB.
- **When?** The annual work programme 2025 as included in the Single Programming Document describes EIOPA's focus areas in 2025.

Financial Stability Report 2024

- **What?** EIOPA released its [Financial Stability Report](#) on 12 December 2024. In this report, EIOPA describes macroeconomic developments and key risks facing the insurance and pension sectors. It addresses the challenging risk landscape characterized by significant uncertainties within which insurers must operate, particularly in light of the geopolitical situation. EIOPA indicates that insurers are able to meet capital requirements. The report further focuses on three key topics for insurers: real estate risks, the growth of asset-intensive reinsurance, and the European Systemic Risk Assessment Framework (SRAF). The report can be valuable to insurers in the context of ongoing risk management.
- **Who?** All insurers.
- **When?** To be consulted by insurers as part of ongoing risk management.

Solvency II technical standards consultations

The amendments related to Solvency II were adopted in November 2024. In that context, EIOPA has published several batches of consultations for regulatory technical standards (RTS), implementing technical standards (ITS) and guidelines.

The [first batch](#) consists of the following five documents:

- **RTS for liquidity risk management:** This [draft RTS](#) establishes the criteria for determining which (re)insurers must establish and maintain a risk management plan regarding medium- and long-term liquidity analysis.



- **RTS on the identification of exceptional shocks at sector level:** This [draft RTS](#) sets the criteria for the identification of exceptional shocks at sector level. Based on the new Solvency II framework, supervisors will have the possibility to take measures that allow insurers with a particularly vulnerable risk profile to maintain their financial position in the event of an exceptional shock at the sector level.
- **RTS companies with dominant or significant influence and companies managed on a consolidated basis:** This [draft RTS](#) specifies the factors on the basis of which insurers under dominant or significant influence can be identified. The same applies to insurers managed on a consolidated basis.
- **ITS methodology on the determination of scenarios prudent deterministic valuation of life liabilities with options and guarantees:** This [draft ITS](#) relates to the simplification of the valuation of life insurance liabilities that will be introduced with the revision of Solvency II. The simplification is intended for small and non-complex insurers that already use prudent deterministic valuation under the existing framework.
- **RTS relevant insurance and reinsurance undertakings with respect to the host state Member State market:** The revision of Solvency II introduces new rules to improve cooperation and information exchange between home state and host state supervisors in case of significant cross-border activities. This [draft RTS](#) establishes the conditions and criteria that host state supervisors should consider when determining the relevance of cross-border activities to their market.

In addition, EIOPA also opened a consultation regarding the [draft RTS](#) on the application criteria for macroprudential analysis in risk and solvency assessment and the *Prudent Person Principle*.

These consultations closed in early January 2025 and EIOPA is expected to come out with the final version of these documents during 2025.

On 4 December 2024, EIOPA published the [second batch of consultations](#). This batch consists of the following six documents:

- **Biodiversity Risk Management Report:** This [consultation report](#) provides guidance based on which insurers should identify, measure and manage biodiversity risks. These risks should then be included in the *Own Risk and Solvency Assessment* (ORSA).
- **RTS sustainability risk management including sustainability risk plans:** These [draft RTS](#) specify the minimum standards and reference methodologies for the identification, measurement, control and monitoring

- of sustainability risks. In addition, the draft RTS address the elements to be included in sustainability risk plans.
- **Guidelines concept of diversity within the governing body:** These [draft guidelines](#) define the concept of diversity and provide a framework for insurers to implement policies that promote diversity within governing, management and supervisory bodies. It also sets quantitative targets to achieve gender equality
 - **Revised Guidelines Enterprise-Specific Parameters:** The [revised guidelines](#) include changes to correct legal references and to clarify and streamline the text without changing its intended meaning.
 - **Revised guidance on market and counterparty risk standard formula:** The [revised guidelines](#) aim to clarify the proper treatment of transactions involving securities lending and repurchase and reverse repurchase agreements when calculating the counterparty risk module within the Solvency Capital Requirement.
 - **Revised ITS lists exposures to regional and local governments as exposures to central government:** The [draft ITS](#) adds four new types of entities from France and Latvia to the list of regional and local governments and removes entities from the United Kingdom. The entities listed in the Implementation Standards are treated as central governments when calculating the Solvency Capital Requirement under the standard formula.

Comments can be made on these consultations through Feb. 26, 2025, and EIOPA is expected to issue the final version of these documents during 2025.

Opinion scope DORA small insurers

- **What?** From the moment the amended Solvency II takes effect, certain small insurers will no longer be subject to Solvency II because the thresholds will change (see also Article 4 Solvency II). From then on, these entities are also no longer within the scope of DORA. Because these changes have not yet taken effect, these parties will have to comply with DORA as of 17 January 2025. In its [opinion](#) of 14 November 2024, EIOPA states that it considers this disproportionate and calls on the European Commission to leave these small insurers out of the scope of DORA during this transition period. Furthermore, EIOPA calls on regulators not to prioritize enforcement with respect to these parties.
- **Who?** Insurers classified as small or non-complex under the revised version of Solvency II.
- **When?** During the period between the entry into force of DORA and the amended Solvency II rules.

Prudent Person Principle

- **What?** EIOPA conducted a peer review regarding the oversight of the Prudent Person Principle (PPP) under Solvency II. The results were published in a comprehensive [report](#) (which EIOPA briefly [summarized](#)) on 2 May 2024. This review focused specifically on the supervision of investments in non-traditional and complex assets, such as derivatives, and their use in unit-linked and index-linked contracts, where market risk is usually borne by the policyholder. EIOPA analyzed 15 supervisory areas and formulated 49 recommended actions for 22 national regulators to improve supervision to better protect policyholders' interests. DNB also received three recommendations: 1) develop specific risk indicators for unit-linked insurance products, 2) implement structured dialogues and develop guidance on complex investments, and 3) develop guidance on the use of derivatives for efficient portfolio management. In 2025, EIOPA will discuss progress and recommended actions with national regulators.
- **Who?** National regulators, including DNB.
- **When?** DNB is expected to develop proposals in 2025 in response to EIOPA's report.

Proportionality framework Solvency II

- **What?** The amendments to Solvency II allow some parties to apply specific proportionality measures. This is the case if a firm or group is classified as small or non-complex in the context of the nature, size and complexity of their risks, or if the regulator allows proportionality measures to be taken given a firm's risk profile. On 2 August 2024, EIOPA published a [consultation](#) regarding the implementation thereof. The consultation focuses on refining the methodology for classifying insurance companies as small and non-complex and the conditions for granting similar proportionality measures (i.e. certain reduced requirements) to insurers that do not fall into the small and non-complex category by default). By 31 January 2025, EIOPA will advise the European Commission on its implementation.
- **Who?** Insurers with a limited risk profile.
- **When?** EIOPA will share its definition opinion with the European Commission by 31 January 2025.

Prudential treatment sustainability risks

- **What?** On 7 November 2024, EIOPA published the [report](#) on the prudential treatment of insurers' assets and activities related to climate goals or social objectives. The analysis focuses on three areas: the link between market risks and transition to a low-carbon

economy, the link between non-life insurance risks and climate prevention measures, and the relationship between social risks and prudential risks. The goal is to enhance the integration of climate and social objectives into the prudential frameworks of the European insurance industry, without compromising insurers' financial stability or solvency.

- **Who?** All insurers and national regulators, such as DNB.
- **When?** DNB is likely to include the report in its 2025 supervision.

Risk mitigation reinsurers

- **What?** On 8 November 2024, EIOPA launched a [consultation](#) on two [annexes](#) it intends to add to the [opinion](#) on the use of risk-mitigating techniques by insurers and reinsurers from 9 July 2021. The first annex provides further guidance on the treatment of mass-lapse reinsurance to promote supervisory convergence. It focuses on assessing the efficiency of risk transfer and the proportionality of capital reduction to actual risk. The second annex discusses termination clauses in reinsurance treaties that may limit risk transfer and specifically clauses exempting the reinsurer from liability for legitimately incurred losses during the term of the reinsurance treaty.
- **Who?** Reinsurers and national regulators, such as DNB.
- **When?** The consultation period ends 7 February 2025. After that, EIOPA will finalize the annexes.

Supervision of third-country reinsurance

- **What?** On 4 April 2024, EIOPA published a [statement](#) regarding the supervision by national regulators of reinsurance agreements made by EU insurers with reinsurers from third countries that are not recognized as equivalent under Solvency II. Some aspects are also relevant for reinsurers in third countries with equivalent regimes. EIOPA expects insurers to assess the significance, risks, and impact of using reinsurance from third countries and provides guidance on risk-mitigating measures. EIOPA elaborates on how national supervisors should manage oversight of these reinsurance agreements.
- **Who?** Insurers that have reinsurance contracts with reinsurers from third countries and national supervisors, including DNB.
- **When?** It is likely that DNB will include the EIOPA statement in its supervision in 2025.

Economic impact natural disasters

- **What?** On Dec. 12, 2024, EIOPA and ECB released a joint [proposal](#) to reduce the economic impact of



natural disasters in the EU. The proposal focuses on reducing the insurance gap for natural disasters, which is widening due to the increasing frequency and severity of natural disasters caused by climate change. The proposal consists of two pillars: 1) an EU public-private reinsurance system to increase insurance coverage for natural disasters and 2) an EU public disaster finance fund to strengthen public disaster risk management in member states.

- **Who?** Legislators, regulators and reinsurers.
- **When?** The report serves as a starting point for further discussions on a possible EU-wide approach to strengthening national insurance schemes and disaster management.

Greenwashing

- **What?** On June 4, 2024, EIOPA published two documents on greenwashing. The first [report](#) is an advice to the European Commission on the risks of greenwashing and the supervision of sustainable finance policies. The second [report](#) is an opinion on sustainability claims and greenwashing within the insurance and pension sector. With this report, EIOPA aims to develop a common EU approach to the supervision of sustainability claims and greenwashing. It sets out four key principles for national supervisors to consider when investigating sustainability claims made by insurers (and pension institutions), including practical guidance. The [Sustainability \(ESG\)](#) section discusses sustainability and greenwashing and all related developments in more detail.
- **Who?** All insurers and national regulators, such as DNB.
- **When?** DNB is likely to include the report in its 2025 supervision.

Opinion supervision captive (re)insurers

- **What?** On 2 July 2024, EIOPA published an [opinion](#) regarding the supervision of captive (re)insurers. The opinion addresses cash pooling, emphasizing the importance for insurers to meet capital requirements under Solvency II and the Prudent Person Principle. It further discusses the governance of these entities, highlighting the need for board members to collectively possess sufficient seniority, qualifications, skills, and professional experience to effectively manage the organization, as well as ensuring that the outsourcing of key roles complies with Solvency II requirements and the relevant EIOPA guidelines.
- **Who?** Captive (re)insurers and national regulators, such as DNB.
- **When?** Ongoing.

Insurance industry digitization

- **What?** Digitization is a key supervisory priority for EIOPA. EIOPA therefore conducted research in 2024 on the risks and opportunities of digitization in the insurance sector. The findings were included in the 30 April 2024 [report](#) on the digitization of the European insurance sector. EIOPA states that there are large differences in digitalization by different insurers and that fully digital distribution channels still have a secondary role to traditional distribution channels.
- **Who?** All insurers and national regulators, such as DNB.
- **When?** EIOPA will incorporate the findings into the [Digital Strategy](#) published in 2023.

European Insurance Overview 2024

- **What?** Also for 2024, EIOPA has published its [Annual European Insurance Overview](#). This report is published by EIOPA as part of its statistical services to provide a user-friendly and accessible overview of the European (re)insurance sector based on annually reported data based on Solvency II. The report provides a graphical overview of the life and non-life sector by country and by type of insurer. In doing so, EIOPA also shows the development of various ratios, including the solvency capital ratio (SCR) and the minimum capital ratio (MCR). The report provides a global picture of the European (re) insurance market and can be used by insurers as part of ongoing risk management. The report is based on the annual Solvency II reporting for the year 2023.
- **Who?** All insurers and national regulators, such as DNB.
- **When?** Ongoing.

EUROPEAN COMMISSION

Macroprudential framework NBFIs

- **What?** On 22 May 2024, the European Commission launched a [consultation](#) aimed at identifying vulnerabilities and risks of the existing macro-prudential framework for non-bank financial intermediation (NBFIs). NBFIs are the collective term for financial activities by non-banks, such as fund managers, investment firms, pension funds, insurers and certain unregulated entities. These institutions are referred to as NBFIs. The European Commission requested input on the operation of the current prudential framework for NBFIs, as contained in various EU sectoral directives and EU regulations including Solvency II. On 22 November 2024, EIOPA [responded](#) to the consultation. The Ministry of Finance, together with DNB and the AFM, also submitted a



[consultation response](#) with [introduction document](#) on 22 November 2024. The consultation is closed.

- **Who?** Given the European Commission's initiating role in financial sector legislation, this consultation has relevance for all insurers.
- **When?** European Commission is expected to publish its regulatory agenda 2024-2029 in 2025.

ESAs

Annual Work Program 2025

- **What?** On 7 October 2024, ESMA, EBA and EIOPA (the ESAs) announced the [Annual Work Programme 2025](#) of their Joint Committee. The Joint Committee is the joint consultative body of the ESAs, in which the European Commission and the European Systemic Risk Board (ESRB) also participate. For insurers, it is relevant that the Joint Committee will focus on DORA, sustainability legislation, consumer protection, and financial innovation in 2025.
- **Who?** All insurers.
- **When?** The Annual Work Program 2025 has an impact on DNB's supervision of insurers.

Fit-for-55 climate stress test results

- **What?** On 19 November 2024, EIOPA, together with the ESAs, published the [results](#) of the one-time *Fit-for-55* discussing scenario analyses for climate risks. The scenarios examined indicate that transition risks alone are unlikely to pose a threat to financial stability. However, when transition risks are combined with macroeconomic shocks, it can lead to more severe losses at financial institutions and cause disruptions. Based on this conclusion, a coordinated policy approach for financing the green transition is important, and the necessity for financial institutions such as insurers to integrate climate risks in a timely and comprehensive manner into their risk management is emphasized.
- **Who?** All insurers.
- **When?** The results will influence EIOPA's areas of focus and its supervision.

Information exchange regulators

- **What?** On 20 November 2024, EIOPA, together with the ESAs, published [guidelines](#) on the basis of which information exchange between supervisors within the EU can be improved. To this end, the ESAs have developed a so-called F&P information system. The guidelines elaborate on the F&P information system, but also cover the exchange of information between

supervisors in the context of suitability and reliability tests.

- **Who?** All insurers.
- **When?** The results will influence EIOPA's areas of focus and its supervision.

IAIS

Strategic Plan 2025 – 2029

- **What?** On 1 December 2024, the IAIS published its new [Strategic Plan 2025-2029](#). This plan outlines the IAIS' strategic priorities and operational goals for the next five years (2025-2029). The plan focuses on three main themes: climate change, digital innovation (including AI and cyber risks) and strengthening the societal role of insurance. In addition, the IAIS is placing greater emphasis on the consistent implementation of its international supervisory standards and strengthening its annual risk analysis.
- **Who?** Insurers and regulators, including EIOPA and DNB.
- **When?** The IAIS Roadmap for 2025-2026, detailing the specifics of the strategic priorities, will be published in early 2025.

Global Insurance Market Report 2024

- **What?** On 3 December 2024, IAIS published the [Global Insurance Market Report 2024](#), which looks at key risks and trends in the insurance industry. IAIS notes that insurers show stability when it comes to solvency and profitability. However, IAIS does see risks related to the impact of the current macroeconomic environment on the insurance sector, structural shifts in the life insurance sector and the climate
- **Who?** Insurers and regulators.
- **When?** The IAIS will focus on the risks it sees for the year 2025.

Insurance Capital Standard

- **What?** The Insurance Capital Standard (ICS) was [approved](#) by IAIS members on 5 December 2024. The ICS consists of level 1 principles, the overarching provisions, and level 2 principles, with detailed specifications. The ICS pertains to the prescribed capital requirements for internationally active insurance groups. On this basis, comparable and risk-based capital standards are used worldwide. At the same time, this committee has been working on an assessment based on which the United States can implement the ICS with the United States (US)-developed [Aggregation Method](#)



(AM). EIOPA [welcomes](#) the ICS as an important step toward consistent supervision of insurance groups. EIOPA indicates that the ICS incorporates many of the key features already established in the Solvency II framework.

- **Who?** Insurance groups and regulators, such as EIOPA and DNB.
- **When?** In 2025, EIOPA may develop follow-up steps to the ICS. The IAIS will additionally develop an ICS assessment methodology. In 2026, IAIS will coordinate a baseline self-assessment by IAIS members to evaluate their progress in implementing the ICS. This assessment will serve as a baseline for monitoring future implementation progress. Starting in 2027, IAIS will initiate detailed jurisdictional assessments to assess implementation of the ICS.

Insurance Core Principles & Common Framework

- **What?** The IAIS [updated](#) the Insurance Core Principles (ICPs) and certain related standards within the Common Framework (ComFrame) in December 2024. The ICPs are the globally accepted framework for insurance supervision and consist of core statements, standards and guidelines. ComFrame builds on this and provides supervisory standards and guidelines specifically for effective, group-wide supervision of internationally active insurance groups (IAIGs). The key topics incorporated relate to climate risk, systemic risk and capital valuation.
- **Who?** Insurance groups and regulators, including EIOPA and DNB.
- **When?** The IAIS will publish additional supporting documentation on climate risk in April 2025.

Insure natural disasters

- **What?** The IAIS contributed to a high-level [framework](#) for public-private insurance programs in the context of natural hazards as published by the G7. This is related to a [report](#) published by the IAIS in November 2023 called “*A call to action: the role of insurance supervisors in addressing natural catastrophe protection gaps.*” Like the IAIS report, the G7 report underscores that reducing the protection gap and thereby closing the insurance gap requires a concerted effort by multiple parties, including governments, insurers and the insurance industry. The report illustrates the various stages of developing these insurance programs to finance disaster risks. The IAIS also published a [report](#) with the Financial Stability Institute on 2 December 2024 that looks at a study on parametric insurance coverage for natural disaster risks.

- **Who?** Insurers and regulators, including DNB.
- **When?** In 2025, EIOPA may develop proposals in response to the report.

Digital resilience consultation

- **What?** On 8 August 2024, the IAIS published a [report](#) on a consultation for operational resilience objectives for the insurance industry, with the aim of providing a solid and consistent basis to support supervisory authorities in developing and strengthening their oversight on this topic. Following this report, a toolkit will also be released in 2025. With DORA already introducing far-reaching obligations on operational resilience for insurers, insurers are expected to meet these IAIS targets soon. See the [DORA & AI](#) section on this topic.
- **Who?** Insurers and regulators, including DNB.
- **When?** The *toolkit* will be available in the first half of 2025, followed by a consultation. Subsequently, the report and toolkit will be integrated into an Application Paper.

Report on monitoring diversity

- **What?** On 25 November 2024, the IAIS published a [report](#) on monitoring diversity, equity and inclusion, particularly in the context of the governance, risk management and culture perspectives in the insurance industry. The report provides practical tools for supervisors to assess this topic and includes recommendations for actions supervisors can take based on these evaluations.
- **Who?** Insurers and national regulators, such as DNB and EIOPA.
- **When?** In 2025, EIOPA may develop proposals in response to the report.

Equal treatment consumers

- **What?** The IAIS finalized a consultation in September 2024 on a [report](#) on the equal treatment of diverse consumers. This report provides guidelines for supervisors, insurers, and intermediaries to integrate diversity, equity, and inclusion within the existing framework of the Insurance Core Principles (ICP). The report aims to promote equal treatment of diverse consumers, including vulnerable groups, minorities, and individuals with specific needs. It explores the balance between risk-based pricing and diversity, equity, and inclusion, offering recommendations for a fair and accessible insurance sector. EIOPA is also addressing this topic; on 5 December 2024 EIOPA [announced](#)



the formation of a Consultative Expert Group that will focus on the ethical use of insurance data, with plans to ultimately produce a report.

- **Who?** Insurers and national regulators, such as DNB and EIOPA.
- **When?** We expect a final report to be published in 2025.

Global Monitoring

- **What?** On 27 November 2024, the IAIS launched a consultation on additional risk indicators within the [Global Monitoring Exercise](#) (GME). These indicators are intended to further support the assessment of potential systemic risks in the global insurance sector. The proposed indicators focus on credit risk, derivatives, reinsurance, mark-to-model assets and liquidity measurement adjustments. The consultation runs until 3 February 2025.
- **Who?** Insurers and regulators, including DNB.
- **When?** The results of the consultation will be incorporated into the planned revision of the GME methodology in 2025.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

Solvency II revision & IRRD proposal

On 5 November 2024, the Council of Europe [announced](#) the adoption of the Solvency-II framework, consisting of a [legislative proposal](#) amending the Solvency II Directive and a [legislative proposal](#) for a new Insurance Recovery and Resolution Directive (IRRD). The [IRRD](#) was published in the EU Official Journal of January 8th, 2025 and will come into force on 28 January 2025. The new rules will apply 2 years after entry into force through implementation in national legislation.

[The 2023 Outlook](#) discussed these changes in detail. The proposed changes to the Solvency II directive relate to proportionality, quality of supervision, long-term guarantee measures, macroprudential instruments, sustainability risks, group supervision and cross-border supervision. DNB indicated during the Insurance Afternoon 2024 that an impact analysis will be consulted in November 2024. The status of this is unknown. An important change under Solvency II relates to the classification of small or non-complex insurers. DNB addressed this during the [information afternoon](#) for small non-life insurers on 28 June 2024. DNB explained when an insurer qualifies

as small or non-complex, the required information to obtain this status, and which lighter requirements apply to such an institution. DNB provided an update on the [implementation path](#) of the Solvency II changes during Insurance Afternoon 2024.

The IRRD aims to harmonize national legislation on the recovery and resolution of insurance and reinsurance companies, similar to the legislation for the banking sector (Bank Recovery and Resolution Directive, BRRD). The IRRD also contains a provision requiring the European Commission to submit a report to the European Parliament and the Council on the desirability of an insurance guarantee scheme. The desire for an insurance guarantee scheme has existed from the Netherlands for some time. The preference has always been that such a system would be implemented on the basis of European minimum harmonization. In a [letter](#) dated 16 April 2024, the Minister of Finance indicated that setting up such a system nationally does not make sense.

Financial Markets Amendment Act 2024

- **What?** The [bill](#) was passed on 11 June 2024. Under this amendment, DNB will have a right of approval when assets are transferred to a third country as part of an asset-intensive reinsurance contract. The amendment also introduces a requirement for a declaration of no objection (DNO) for insurers headquartered in the Netherlands who wish to admit shares and other participatory rights carrying voting power to trading on a regulated market. Furthermore, Article 1:107 of the Financial Supervision Act (Wft) will be amended, requiring tied agents who act as intermediaries for (an) insurance intermediary(-ies) to be included in the public register.
- **Who?** All insurers.
- **When?** The relevant provisions for insurers came into effect on 1 January 2025.

Financial Markets Amendment Decree 2024

- **What?** On 9 December 2024, the [Financial Markets Amendment Decree 2024](#) was published in the Official Gazette. In order to further ensure the careful handling of personal injury claims, the Decree provides further regulations on the controlled operation of non-life insurers. Non-life insurers are required to have adequate procedures and measures in place to prevent delays in the handling of personal injury claims. Furthermore, the amendment decree regulates which information must be provided by the ceding insurer when requesting DNB's approval to conclude or amend an asset-intensive reinsurance contract.



- **Who?** Non-life insurers.
- **When?** Most of the act will take effect on 1 January 2025. However, the provisions on the handling of personal injury claims by insurers will not take effect until 1 July 2025, to allow stakeholders sufficient time to prepare.

Financial Markets Amendment Act 2026

- **What?** A proposal for the [Financial Markets Amendment Act 2026](#) was submitted for [consultation](#) on 19 December 2024. This proposal includes some relevant changes for insurers. For instance, the Financial Supervision Act (Wft) was amended in 2021 with the introduction of a ban on the provision of services by third-country insurers. However, Section 2:118 Wft was erroneously not amended at that time, which meant that service provision by third-country branches from the Netherlands to another Member State was still allowed. This error is addressed in this proposal. In addition, it is proposed to grant DNB the authority to refuse a branch license for a third-country insurer if it believes that the protection of policyholders' interests is insufficiently ensured.
- **Who?** Third-party insurers.
- **When?** The consultation is open until 13 February 2025.

Retail Investment Strategy – IDD & Solvency II

- **What?** On 24 May 2023, the European Commission published the Retail Investment Strategy including a proposal for an [omnibus directive](#) amending, among others, the Insurance Distribution Directive and Solvency II. The aim of the omnibus directive is to improve the retail investment market by making changes in the areas of product governance, permitted commissions, and adjustments to disclosure requirements. It also includes the “Value for Money concept.” The European Commission aims to reduce the cost of European investment-related products in order to increase their value. The European Economic and Social Committee has published a [report](#) with initial findings. Negotiations on the Retail Investment Strategy are now being prepared. The European Parliament published its [position](#) on 23 April 2024. The European Parliament emphasizes a horizontal and harmonized approach to investment protection and twin transition (digitalization and sustainability) and also addresses multi-option insurance products. The Council of the European Union published its [position](#) on 12 June 2024. The Council proposes to repeal the proposed ban on commissions for execution-only

sales. The Council proposes to introduce overarching principles to be respected when paying or receiving commissions and to amend the proposed “Value for Money” principle.

- **Who?** All insurers.
- **When?** It is unclear when and in what form the Retail Investment Strategy will be finalized. Under the European Commission's proposals, EU member states must implement the new rules into national law within 12 months and apply them within 18 months.

Retail Investment Strategy – PRIIPs

- **What?** As part of the Retail Investment Strategy Package as announced on 24 May 2023, the European Commission has proposed [amendments](#) to the PRIIPs Regulation. The amendments include i) the introduction of the new ‘Concise Product Overview’ paragraph in the Key Information Document or KID, ii) the removal of the ‘comprehensibility warning’ from the KID, iii) the introduction of a new sustainability paragraph in the KID, and iv) the simplification and modernization of the provisions on providing the KID. The European Parliament published its [position](#) on 11 April 2024. The Council published its [position](#) on 7 June 2024. Subsequently, negotiations between the European Parliament and the Council started.
- **Who?** Insurers that develop and/or sell packaged retail investment products.
- **When?** Unknown. The European Commission's proposal and the European Parliament's position amending the PRIIPs Regulation provides that 18 months after the amended PRIIPs Regulation comes into force, the amendments will become directly applicable in all EU member states. However, the Council proposes a deadline of 24 months.

Amounts of professional liability insurance

- **What?** On 20 March 2024, the Delegated Regulation was published regarding the adjustment of professional liability insurance amounts as included and discussed at length in the [Outlook 2024](#). Under the Insurance Distribution Directive (IDD), EIOPA is required to assess and revise the coverage of professional liability insurance and the financial capacity of intermediaries every five years based on the inflation rate. The new base amounts were amended on 5 December 2023, through [Delegated Regulation \(EU\) 2024/896](#) and are now as follows: EUR 1,564,610 as the minimum insured amount per claim and EUR 2,315,610 as the minimum insured amount per insurance year.
- **Who?** Insurance intermediaries.
- **When?** The changes apply as of Oct. 9, 2024.



NEW LAWS AND REGULATIONS

DORA

- **What?** On 27 December 2022, the [Regulation](#) on Digital Operational Resilience for the Financial Sector (DORA) and its accompanying [Directive](#) were published in the Official Journal of the EU. Since then, there has been a significant amount of additional DORA legislation published, and the AFM and DNB have published several DORA news releases. During Insurance Afternoon 2024, DNB elaborated on the [focus areas](#) of IT risk management under DORA, in which DNB included a flowchart based on which insurers can determine whether DORA applies to them. The [DORA & AI](#) section discusses DORA and all related developments in more detail. The regulation is directly applicable in all EU member states, including the Netherlands, as of 17 January 2025. There is no transitional regime. With the introduction of DORA, EIOPA [announced](#) on 19 December 2024 that the “Guidelines on Security and Governance of Information and Communication Technology” and the “Guidelines on Outsourcing to Cloud Service Providers” are to be repealed as of 17 January 2025.
- **Who?** DORA is an important development for all insurers except small insurers (within the meaning of Article 4 Solvency II).
- **When?** Insurers must comply with all relevant obligations under DORA as of 17 January 2025.

AML

- **What?** There are going to be major changes regarding AML. This is because the [Regulation](#) on the Prevention of the use of the Financial System for the purposes of Money Laundering or Terrorist Financing (AMLR) has entered into force. Among other things, AMLR sets out requirements for client due diligence (CDD) including sanction screening, outsourcing AML/CFT tasks, firm-wide risk assessments, the compliance function and suspicious transaction reporting. These requirements largely derive from AMLD4, AMLD5 and relevant guidance from EBA. In the future, this regulation will become the primary legislative source for institutions subject to AML/CFT supervision. In addition, AMLD6 will replace AMLD4 and AMLD5. AMLD6 contains many relevant provisions on the UBO register, and information sharing between FIUs (and other regulators). The [Integrity](#) section discusses the developments on AML in more detail.

- **Who?** Life insurers.
- **When?** AMLR and AMLD6 entered into force on 10 July 2024, and in principle apply from 10 July 2027.

FIDA

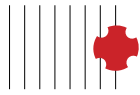
- **What?** On 28 June 2023, the European Commission published a [proposal](#) for the Financial Data Access (FIDA) Regulation. This proposal aims to extend the obligation to grant access to financial data beyond payment account data. The FIDA Regulation requires data holders to provide financial data to data users. The [General Developments](#) section discusses FIDA and all related developments in more detail.
- **Who?** All insurers.
- **When?** The proposal is still in the European legislative process. Entry into force is expected by the end of 2026.

AI Regulation

- **What?** On 1 Augustus 2024, the Regulation laying down harmonised rules on artificial intelligence ([AI Regulation](#)) entered into force. The purpose of the AI Regulation is to ensure the responsible development and rollout of AI in the EU. The use of AI by insurers falls under the regular supervisory framework, but the AI Regulation introduces several additional requirements for insurers offering and/or using high-risk AI systems in their operations. Both EIOPA and DNB have made the use of AI by insurers a top priority on their supervisory agenda. For example, EIOPA has developed a [fact sheet](#) on the legal framework applicable to the use of AI. In addition, DNB also dedicated a [break-out session](#) to this topic during the Insurance Afternoon 2024, in which DNB discussed, among other things, the opportunities and obstacles. The [DORA & AI](#) section discusses the developments regarding AI in more detail.
- **Who?** Insurers using AI.
- **When?** The AI Regulation is applicable from 2 Augustus 2026.

Accessibility Directive

- **What?** On April 15, 2024, the Accessibility Products and Services [Implementation Act](#) was published. The Act implements the [Accessibility Directive](#). The Act sets accessibility requirements for various entities, including providers of e-commerce services. E-commerce services are services provided remotely via websites and mobile device-based platforms, electronically and at the individual request of a consumer, with the aim of concluding a consumer agreement. This may also include the direct online offering of insurance contracts



to clients qualifying as consumers. The directive stipulates that market participants must provide information about the accessibility of their services and make their services and products more accessible. The accessibility requirements are further detailed in the section on [General Developments](#).

- **Who?** Insurers who, broadly speaking, provide online or other remote services aimed at entering into agreements with consumers.
- **When?** The accessibility regulations are applicable as of 28 June 2025.

OTHER DEVELOPMENTS

Mortgage Market Reporting Act

- **What?** On 1 July 2024, the [consultation](#) on the DNB Mortgage Market Reporting Act ended. This act introduces a requirement for insurers to report to DNB on the mortgage loans for residential and commercial real estate that they have issued or hold on their balance sheets. DNB requires this data to produce reliable and up-to-date statistics on the financial sector and to conduct risk assessments related to financial stability. The precise set of data to be reported will be determined by a general administrative order. During the Insurance Afternoon 2024, a [breakout session](#) on Mortgages was also held.
- **Who?** Insurers that provide mortgages or are creditors of mortgages.
- **When?** The legislative proposal is expected to be submitted to the House of Representatives in 2025.

Bankruptcy Conservatrix

- **What?** The [Outlook 2023](#) and [Outlook 2024](#) discussed the bankruptcy of life insurer Conservatrix in detail. Relevant developments regarding the settlement of the bankruptcy relate in particular to the creditors' meetings held on 8 March 2024 and 5 July 2024. All claims in the Conservatrix bankruptcy have now been verified. Creditors are informed through the Conservatrix [website](#). In addition, some proceedings are still pending against Mr. Lindberg and his affiliates (former owner of the bankrupt institution).
- **Who?** Creditors of Conservatrix and those interested in this bankruptcy.
- **When?** Another public report will be issued at the end of January 2025 as part of the verification meetings.



INTEGRITY

By Integrity laws and regulations we mean the European and Dutch regulations in the field of anti-money laundering and countering the financing of terrorist activities. This subject is also known by the English acronym AML/CFT (*anti-money laundering and countering the financing of terrorism*). The topic has been highly relevant for all licensed financial institutions for several years and continues to draw significant attention from regulators (and, consequently, the media).

However, market participants without a license from the ECB, DNB or AFM also fall under the Dutch Money Laundering and Terrorist Financing Prevention Act (Wwft). This includes, for example, exempt payment service providers, exempt managers of investment funds (so-called light managers), as well as small business lenders (providers of SME credit) and corporate finance firms.

Compliance with the Sanctions Act 1977 (Sw) has also been (again) firmly on the regulators' agenda since the Russian invasion of Ukraine (February 2022). The most relevant developments in this area will be discussed further in this chapter.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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AFM SUPERVISION

Trend Monitor 2025

- **What?** In November, the AFM published its annual [Trend Monitor](#), highlighting key trends and associated risks impacting financial markets. Regarding integrity, the AFM identified the following trends: (i) digitalization is making fraudulent financial service providers more effective, (ii) preventing and combating money laundering and terrorist financing, as well as complying with sanctions regulations, requires continued attention, and (iii) addressing financial crime increasingly demands (inter)national cooperation with chain partners. Additionally, the AFM's Trend Monitor outlines specific risks and trends for financial services, capital markets, asset management, and accountancy & reporting, which may affect these sectors.
- **Who?** All Wwft institutions supervised by the AFM.
- **When?** The concrete implications of these trends and risks for AFM's supervisory activities will be detailed in its 2024 Agenda, to be published in early 2025.

Update Wwft/Sw Guidance

- **What?** In June, the AFM updated its [Wwft/Sw Guidance](#). Increased focus on sanctions regulations and questions regarding the risk-based approach to preventing money laundering and terrorist financing prompted this update. The revised guidance addresses: (i) UBO identification and verification, with more emphasis on documentation and justification for (pseudo) UBOs, (ii) the Sanctions Act, in response to questions from market participants and AFM investigations into compliance, and (iii) the risk-based approach, with detailed explanations of risk assessments and related policies.
- **Who?** All Wwft-institutions under AFM supervision. The AFM also emphasized that crypto-asset service providers will fall under Wwft/Sw supervision from the end of 2024. A supplement to the Wwft/Sw Guidance specific to crypto-asset service providers will presumably be published in the beginning of 2025.
- **When?** Effective immediately

Reporting requirement sanctions Russia

- **What?** Investment firms and managers of investment funds are required to report sanctions related to Russia through the AFM. The Ministry of Finance has published a Q&A and reporting format to facilitate this. The reporting obligation, established under the



European Russia Regulation, requires institutions to share information that supports the enforcement of these sanctions. This follows the AFM's [announcement](#) on April 8, 2024.

- **Who?** Investment firms and investment fund managers, including light managers.
- **When?** Effective immediately.

Impact of AI

- **What?** In April, the AFM and DNB published [a report](#) outlining key principles and focus areas for supervising artificial intelligence (AI). Financial institutions are already applying AI models in various areas, including transaction monitoring to prevent money laundering and terrorist financing, making the report particularly relevant. The regulators share their vision and detail the regulatory framework, emphasizing that systems leveraging AI for assessing money laundering and terrorism financing risks must meet the standards for sound and controlled business operations.
- **Who?** All supervised institutions.
- **When?** Effective immediately.

DNB SUPERVISION

Supervision in Focus 2024 – 2025

- **What?** In November, DNB published [Supervision in Focus 2024-2025](#). The report reflects on supervisory efforts and results from the past year while outlining priorities for the year ahead. Preventing and addressing financial and economic crime remains a key focus. For example, DNB has published Q&A/Good Practices for the Wwft, providing institutions with tools for a risk-based application of the Wwft. Additionally, DNB has submitted the revised SIRA Good Practices for consultation and is collaborating with European working groups on the implementation of the new European Anti-Money Laundering Regulation (AMLR) and the establishment of the European Anti-Money Laundering Authority (AMLA). DNB also emphasized its commitment to combating illegal financial activities, such as unlicensed trust services and unauthorized payment services. In 2025, the focus will shift toward targeted thematic approaches and broader enforcement measures to promote a secure and integrity-driven financial sector.
- **Who?** All financial institutions under DNB's integrity supervision. Institutions supervised by the AFM may also find this report useful.
- **When?** Ongoing throughout 2025.

Vision on Supervision 2025 – 2028

- **What?** Alongside its *Supervision in Focus*, DNB has also published its [Vision on Supervision 2025 -2028](#) (a similar document in English is DNB [Supervisory Strategy 2025 – 2028](#)). This document outlines DNB's strategic direction and priorities as a supervisor for the next four years, providing financial institutions with insight into the supervision they can expect in the coming years. Notably, DNB is committed to playing an active role in developing a risk-based and innovative supervisory approach within Europe. The new European Anti-Money Laundering Framework, set to take effect in 2027, will further harmonize the fight against money laundering and terrorist financing, with the establishment of the European AML Authority (AMLA) at its core. DNB will be closely involved in AMLA's work, giving a significant boost to the supervision of financial-economic crime.
- **Who?** All financial institutions under DNB's integrity supervision. Institutions supervised by the AFM may also find it useful to review this vision.
- **When?** The *Supervisory Vision 2025–2028* outlines DNB's supervisory direction in the period 2025 - 2028.

Integrity Supervision in Focus

- **What?** In April, DNB published [Integrity Supervision in Focus 2024-2025](#) (IIB). With this new annual publication, DNB shares its findings and insights from integrity supervision, replacing the sector letters previously sent via email. The IIB focuses on four key topics. First, the dialogue with the sector: Since 2022, DNB has engaged in intensive consultations with banks, insurers, and other parties to adopt a more targeted approach to integrity risks. Innovation plays a key role in this. Secondly, the publication provides insights into supervisory findings. What is going well, and where do vulnerabilities remain? This feedback is based on investigations conducted over the past 18 months. Third, DNB outlines measures it has taken to help institutions better manage their integrity risks. Finally, the IIB offers an in-depth analysis of major risks by sector. Specific challenges, such as handling cash and improving access to financial services for vulnerable groups, are addressed.
- **Who?** All financial institutions under DNB's integrity supervision.
- **When?** Ongoing throughout 2025.

Q&As & Good Practices Wwft

- **What?** On May 8, 2024, DNB published its new policy statement: the [Q&As and Good Practices Wwft](#). This new publication replaces the old *Wwft and Sw Guidance*



from 2020, offering more practical tools for a risk-based approach. The aim is to enhance the effectiveness of combating financial-economic crime while minimizing unnecessary inconvenience for customers, focusing on higher risks and reducing controls where appropriate. The revision follows extensive consultations and roundtable discussions, emphasizing the need for a tailored and interpretative approach rather than the strict application of the old guidance.

- **Who?** All financial institutions under DNB's integrity supervision. Institutions supervised by the AFM may also find it useful to review the Q&As and Good Practices.
- **When?** Effective immediately.

Consultation SIRA Good Practices

- **What?** In November 2024, DNB launched a [consultation](#) on a new policy document for the financial sector: *SIRA Good Practices*. This will replace the current *Good Practices: Integrity Risk Analysis – More Where Necessary, Less Where Possible*. The revised Good Practices emphasize that no fixed approach is prescribed but provide examples and points of attention that institutions can flexibly apply, as long as they comply with laws and regulations. This approach helps institutions use the SIRA as a dynamic tool to identify, analyse, and mitigate integrity risks. With this revision, DNB aims to encourage institutions to implement the SIRA more effectively and tailor it to their needs, with a stronger focus on current risks and practical control measures.
- **Who?** All financial institutions under DNB's integrity supervision. Institutions supervised by the AFM may also find it useful to review the SIRA Good Practices.
- **When?** The consultation runs until Jan. 17, 2025.

Research sanction screening systems

- **What?** Following the extensive sanctions imposed on Russia and Belarus since the outbreak of the war in Ukraine in February 2022, DNB [conducted a study](#) on compliance with sanctions legislation and the sanctions screening systems of financial institutions. The results were published in March 2024. Institutions with deficiencies have implemented remedial measures, such as improving or replacing systems. DNB continues to monitor progress and reports improvements under ongoing supervision. Additionally, a legislative proposal is being prepared to modernize the sanctions framework, including clearer rules for screening obligations.
- **Who?** All financial institutions under DNB's integrity supervision. Institutions supervised by the AFM may also benefit from reviewing the findings.
- **When?** Ongoing throughout 2025.

EBA SUPERVISION

Work Programme 2025

- **What?** In October, EBA published its [Work Programme 2025](#), outlining its key priorities and initiatives for the coming year. In 2025, the EBA will retain responsibility for the AML/CFT mandate during the transition to the new EU Anti-Money Laundering Authority (AMLA), which will take over full supervision from 2026. The EBA will ensure a smooth transition, provide advice to the European Commission on the new framework, and establish operational collaborations with AMLA to combat financial crime.
- **Who?** All financial institutions within the scope of the Wwft.
- **When?** The Work Programme outlines the EBA's focus areas for 2025.

New AML/CFT framework

- **What?** In June the EBA [welcomed](#) the new EU framework, which will significantly transform the fight against money laundering and terrorist financing. The framework introduces a harmonized AML/CFT rulebook and the establishment of AMLA. Until the end of 2025, the EBA will retain its AML/CFT mandate while remaining responsible for ML/TF risks within its prudential scope. In the coming year, the EBA will play a key role in the transition to AMLA, focusing on strengthening EU policies against financial crime. At the request of the European Commission, the EBA will provide [technical advice](#) on critical aspects of the future EU AML/CFT framework to ensure AMLA operates efficiently and effectively from its inception. The EBA will present this advice in October 2025 and support national authorities in preparing for AMLA. In 2025, the EBA will prioritize: (i) a methodology for selecting institutions that will be directly supervised at the EU level, (ii) a uniform risk assessment methodology, (iii) requirements for customer due diligence, and (iv) criteria for determining AML/CFT rule violations.
- **Who?** All financial institutions within the scope of the Wwft.
- **When?** EBA's advice to the European Commission is expected in October 2025.

Travel Rule Guidelines

- **What?** In June, EBA published new [guidance](#) on the "travel rule," aimed at preventing money laundering and terrorist financing. The guidance specifies the information that must accompany transfers of funds



or crypto assets and outlines steps to identify missing or incomplete information. It also details the actions required when transfers fail to meet information requirements. The objective is to ensure the consistent and effective application of the “travel rule” within the EU, enabling competent authorities to fully trace transactions when necessary for the prevention, detection, or investigation of money laundering and terrorist financing.

- **Who?** Competent authorities, payment service providers, crypto asset service providers, and intermediary payment service providers and intermediary payment and crypto asset service providers, as defined under Regulation (EU) 2023/1113 (the FTR Regulation).
- **When?** The guidelines are effective from December 30, 2024.

Guidelines ML/TF risk factors

- **What?** At the beginning of 2024, the EBA extended its [guidelines](#) on money laundering and terrorist financing risks to include crypto-asset service providers (CASPs). These guidelines provide an overview of risk factors and measures to identify and mitigate ML/TF risks in the crypto sector. They include a list of risk factors, such as customer profiles, product characteristics, and geographic locations, giving CASPs better insight into vulnerable areas of their operations. The guidelines also emphasize how CASPs can adapt mitigating measures, such as using blockchain analysis tools.
- **Who?** All credit and financial institutions, particularly CASPs, as well as European supervisory authorities.
- **When?** The amended guidelines are effective from December 30, 2024.

Guidelines on redemption plans

- **What?** In October, the EBA published its [final guidelines](#) on redemption plans under the Markets in Crypto-Assets Regulation (MiCAR). These guidelines specify the content of redemption plans that issuers of asset-referenced tokens (ARTs) and e-money tokens (EMTs) must prepare. The plans include strategies for liquidating reserve assets, mapping critical activities, detailing redemption claims, outlining the key steps of the redemption process, and identifying elements that could prompt authorities to activate the plan. Regarding anti-money laundering and counter-terrorism financing, the guidelines require relevant controls, including customer due diligence (CDD) for token holders submitting redemption claims. If the issuer is not subject to AML/CFT obligations, these checks must be carried out by an intermediary subject to AMLD requirements.
- **Who?** Competent authorities, asset-related token

issuers and e-money token issuers.

- **When?** The guidelines are effective February 10, 2025.

Guidelines on internal policies

- **What?** On November 14, 2024, the EBA published two sets of [final guidelines](#) establishing, for the first time, common EU standards for the policies, procedures, and controls that financial institutions must implement to comply with EU and national restrictive measures. EU restrictive measures are binding on all individuals and entities under the jurisdiction of member states, with non-compliance potentially constituting a criminal offense. Although these measures are set at the EU level, the EBA identified significant differences in the expectations of competent authorities regarding how financial institutions comply with these measures. These inconsistencies lead to legal and reputational risks for institutions and undermine the implementation of the EU restrictive measures regime. Additionally, ineffective compliance approaches can harm consumers, such as by unjustly denying access to funds or causing unnecessary de-risking. To address these issues, the EBA issued two sets of guidelines establishing common EU standards: The first set is addressed to national authorities and all institutions under EBA supervision. These guidelines include provisions to ensure governance and risk management systems are robust enough to prevent violations or evasion of restrictive measures. The second set is specifically for payment service providers (PSPs) and crypto-asset service providers (CASPs), offering guidance on compliance when executing transfers of funds or crypto assets.
- **Who?** Competent authorities, institutions under EBA supervision, and, for the second set of guidelines, payment service providers and crypto-asset service providers.
- **When?** These guidelines are effective from December 30, 2025.

RTS on central contact points for CASPs

- **What?** On December 4, 2024, the EBA launched a consultation on [draft RTS](#) establishing criteria for crypto-asset service providers (CASPs) to designate a central contact point in host member states. CASPs authorized in one EU member state can establish branches in other host states. Once these branches are operational, CASPs must comply with local anti-money laundering and counter-terrorism financing obligations. To facilitate AML/CFT supervision in such cases, host member states may require CASPs to designate a central contact point in their country. This contact



point represents the institution and ensures compliance with local AML/CFT obligations. The draft RTS specify when a central contact point is necessary and outline its functions. The EBA aligns these standards with existing rules for electronic money institutions (EMIs) and payment service providers (PSPs) under Regulation (EU) 2018/1108, extending this regulation to include provisions specific to CASPs.

- **Who?** Crypto asset service providers (CASPs).
- **When?** The consultation runs until February 4, 2025. The EBA will finalize the RTS after reviewing the feedback, with the final report expected in the second quarter of 2025.

EuReCA expansion

- **What?** On May 2, 2024 the EBA [announced](#) that supervisors can now report the names of natural persons to EuReCA, the EBA's central database for anti-money laundering and counter-terrorism financing (AML/CFT). EuReCA contains information on serious AML/CFT deficiencies at financial institutions and the measures supervisors have taken to address them. If a deficiency or measure is linked to a natural person—such as a customer, ultimate beneficial owner, board member, or key function holder—this information can now be reported.
- **Who?** All financial institutions within the scope of the Wwft, as well as natural persons.
- **When?** Ongoing throughout 2025.

CASPs transition regime & AML/CFT

- **What?** In [14th AML/CFT newsletter](#), the EBA emphasized that the Funds Transfer Regulation (FTR) and the AMLD amendments introduced by MiCAR also apply to crypto-asset service providers (CASPs) operating under the transitional regime, just as they apply to other credit and financial institutions. MiCAR allows CASPs providing services before December 30, 2024, in compliance with applicable legislation, to continue their operations until July 1, 2026, or until they are licensed or denied a license. This transitional provision enables CASPs already operating under an applicable framework (e.g., AMLD or a national AML/CFT regime) before MiCAR's entry into force on December 30, 2024, to continue their services while applying for a CASP license under MiCAR. However, they remain subject to all AML/CFT obligations. See also the [Crypto Services](#) section.
- **Who?** Crypto asset service providers operating under the transitional regime.
- **When?** These guidelines are effective February 10, 2025.

Report on AML/CFT supervision in the banking sector

- **What?** On December 13, 2024, the EBA published in [a report](#) the results of its fourth and final round of evaluation of competent authorities' approaches to combating money laundering and terrorist financing in the banking sector. This marks the completion of EBA's assessment of all authorities responsible for AML/CFT supervision across 30 EU/EEA member states. The findings reveal that supervisors have made significant progress in implementing a risk-based approach to AML/CFT. Since the first evaluation round in 2018, the EBA has observed substantial improvements in supervisory methods. The report highlights good practices, such as enhanced collaboration and risk analyses, reflecting advancements in supervision. However, weaknesses remain in risk assessment methodologies and enforcement processes, which are not always effective or sufficiently deterrent. The EBA also identified inconsistencies in how prudential supervisors address ML/TF risks. As a result, the EBA has issued specific recommendations to strengthen each authority's approach.
- **Who?** Competent authorities.
- **When?** Ongoing throughout 2025.

Report on tokenized deposits

- **What?** In December, the EBA [published a report](#) to raise awareness about tokenized deposits. As part of the report, the EBA examined the benefits and challenges of tokenized deposits in relation to AML/CFT. Potential benefits include programmability and automation of transactions, while challenges involve issues such as consumer protection, operational risk, and the application of the AML/CFT framework.
- **Who?** Competent authorities and credit institutions issuing electronic money tokens (EMTs).
- **When?** Ongoing throughout 2025.

Reports crypto assets

- **What?** In [its 14th AML/CFT newsletter](#), the EBA announced that it will publish two significant reports on crypto-assets and associated risks in Q1 2025. The first report focuses on addressing money laundering and terrorist financing risks through supervision of crypto-asset service providers (CASPs). It provides an overview of key lessons learned ahead of MiCAR's full implementation, summarizing insights EU supervisors have gained from overseeing CASPs and highlighting effective strategies for managing these risks. The second report, developed in collaboration with ESMA,

examines recent developments in crypto-assets. This report, mandated under MiCAR, will serve as input for the European Commission's reporting to the European Parliament and Council. It includes comprehensive analyses, such as research into decentralized finance and risks associated with crypto-asset lending and borrowing. The focus is on identifying and assessing risks, including ML/TF risks, based on research and stakeholder interactions conducted in 2024. These reports aim to enhance understanding of the crypto-asset market and address related challenges.

- **Who?** Competent authorities and crypto asset service providers.
- **When?** The reports are expected in the first quarter of 2025.

DEVELOPMENTS EXISTING LAWS AND REGULATIONS

Modernization of Dutch sanctions system

- **What?** In the summer of 2023, the legislature began a major overhaul of the Dutch sanctions system (see also [Outlook 2024](#)). After an initial round of pre-consultations, the International Sanctions [Bill](#) was submitted to the market for consultation in the summer of 2024. The (draft) bill provides, among other things, for the introduction of a central hotline for sanction notifications, a legal basis for AFM and DNB to disclose violations of the current Sanctions Act (*Sw*), and the ability to annotate public registers (e.g., the Land Registry) with connections to sanctioned persons or organizations. Business conduct aspects will increasingly be regulated through the AML package, which is discussed further below. Additionally, the government announced plans for a second tranche of legislation to address national business conduct regulations, complementing the International Sanctions Bill.
- **Who?** All financial companies subject to integrity supervision by the AFM and DNB.
- **When?** The consultation period ended on August 9, 2024. The legislature aims to present the bill to parliament by mid-2025, after processing consultation responses and advice from the Council of State. The minister also expects to submit the second tranche of legislation for consultation in the first half of 2025.

Financial sanctions regulation guideline

- **What?** In December 2024, the Minister of Finance [announced](#) that a new Guideline on Financial Sanctions

Regulation is under development. While the current guidance emphasizes strict compliance with sanctions regulations, the new guideline will also address undesirable effects, such as discrimination.

- **Who?** All financial companies subject to integrity supervision by the AFM and DNB.
- **When?** The minister aims to publish the new guidance in the second quarter of 2025.

Policy agenda to address money laundering

- **What?** In September 2022, the Minister of Finance, in consultation with the Minister of Justice and Security, published a [policy agenda](#) on combating money laundering, which was subsequently reported to parliament in 2023 (see also [Outlook 2024](#)). In spring 2024, for now, a final [progress letter](#) was sent to both chambers referencing various new NVB standards and the exploration of a basic payment account for business customers (see also the Minister's [letter](#) of July 3, 2024 on this subject).
- **Who?** Regulators, including the AFM and DNB, and all financial companies under their integrity supervision.
- **When?** The status of this policy agenda remains unclear. The previous cabinet, in its caretaker capacity, promised not to initiate new policy initiatives on this theme. The newly formed cabinet has not yet taken any further steps, but actions may follow in response to calls from the House of Representatives. Additionally, the minister has committed to presenting a more detailed plan on preventing money laundering and terrorist financing in early 2025 (see also below).

Access to the UBO register

- **What?** Financial companies currently lack access to the UBO register following a [ruling](#) by the Court of Justice of the European Union (see also [Outlook 2024](#)). However, competent authorities (e.g., AFM, DNB, FIU, the police) have regained access, and individuals listed in the UBO register can now request extracts. In July 2024, the Restriction of Access to UBO Registers [Amendment Act](#) was submitted to the House of Representatives. In brief, the act regulates access to the UBO register for: (i) parties mandated under AMLD4 (competent authorities, Wwft institutions; and parties with a legitimate interest); (ii) parties requiring access for compliance with sanctions or enforcement; (iii) administrative bodies and legal entities with governmental tasks needing UBO information for statutory or European legal obligations; and (iv) parties accessing their own data. The legislator explicitly chose to give authorized agents access to the UBO registers, given their assisting role for another Wwft institution



(the insurer). Regarding the Trust Register, access is limited to instances where data demonstrably relates to a trust with a controlling interest in a non-EU legal entity, reflecting privacy concerns raised by the Dutch Data Protection Authority (AP). However, the definition of “legitimate interest” remains unclear and will be detailed in a future order in council (amvb).

- **Who?** Wwft institutions and regulatory authorities.
- **When?** The bill is being debated in the House of Representatives at the time of writing. We expect the bill to be passed by both the Lower and Upper Houses during 2025. Another factor is that AMLD6 requires member states to restrict access to the UBO register to certain categories by July 10, 2025 at the latest. The minister plans to submit the decree clarifying “legitimate interest” for consultation in the first half of 2025, with the amvb regulating access for administrative bodies expected in Q1 2025.

Access to the land registry

- **What?** A proposed [amendment](#) to the Kadasterbesluit (Land Registry Decree) was consulted on during the summer of 2024. This amendment aims to limit the ability to search by name in cadastral registers to specific professional groups and to create more options for shielding personal data in these registers. These measures were announced in a letter to the House of Representatives, and some measures were already implemented by the Land Registry as of November 22, 2023, ahead of formal regulations. Contrary to earlier commitments, the minister intends to restrict name-based search functionality to banks and financial service providers. Other Wwft-institutions, such as investment firms and fund managers, will not be granted access to this functionality.
- **Who?** Wwft institutions operating in the financial sector and using the Land Registry.
- **When?** The consultation ended in July 2024. Publicly available [information](#) suggests that the amendment decree is still under preparation. We expect more clarity on the status (and thus impact) of this amendment decree by mid-2025.

Fifteenth sanctions package Russia

- **What?** In December 2024, the Council [adopted](#) the 15th package of sanctions against Russia. These measures include economic and individual sanctions aimed at further restricting Russia’s ability to sustain its war against Ukraine. The package also addresses sanctions evasion, targeting entities like Russia’s shadow fleet. It introduces sanctions against 84 new individuals and organizations and imposes export restrictions on

32 additional companies. Furthermore, the EU has implemented measures to protect companies from legal disputes with Russian parties.

- **Who?** Institutions covered by the Sw.
- **When?** The most recent package of sanctions measure is effective from December 16, 2024.

NEW LAWS AND REGULATIONS

✚ European package of AML/CFT legislation

In recent years, this space has been looking ahead to the upcoming entry into force of the European AML package. The Commission’s [proposal](#) dates back to July 2021, after which the negotiating parties took nearly three years to reach a comprehensive agreement on the four legislative proposals. The first agreement was on the revision of the *Regulation on Information Accompanying Transfers of Funds (TFR3)*. TFR3 entered into force on June 29, 2023, and will be applicable as of December 30, 2024 (see also “Transfer of Funds Regulation III” below).

An agreement on the remaining parts of the AML package was reached (only) in February 2024, with the parties reaching a compromise on the location of the new European AML/CFT (*Anti-Money Laundering and Countering the Financing of Terrorism Authority*, the AMLA) regulator as the final piece of the negotiations.

The Regulation Establishing a New European AML/CFT Authority (AMLAR), the Regulation on the Prevention of the Use of the Financial System for the Purpose of Money Laundering or Terrorist Financing (AMLR), and the Sixth Anti-Money Laundering Directive (AMLD6) were finally published in the Official Journal of the European Union on June 19, 2024. AMLR and AMLD6 entered into force as of July 10, 2024, and largely applicable as of July 10, 2027. AMLAR entered into force as of June 25, 2024, and largely applicable as of July 1, 2025. The AMLA begins its supervision of selected institutions as of 2028.

This comprehensive AML package leads to a significant change in the European (and therefore Dutch) AML/CFT landscape. The relevant parts are discussed (briefly) below.

AMLAR (European AML/CFT authority)

Established in June 2024 and based in Frankfurt, the AMLA will focus on (among other things):

- coordination of supervision by national supervisors and investigations by national *financial intelligence units* (FIUs);



- exercising direct AML/CFT supervision of selected financial firms (certain institutions with a high risk profile and operating in multiple member states);
- exercising indirect AML/CFT supervision of unselected institutions; and
- issuing guidelines to ensure the uniform application of AML/CFT rules across the EU.

AMLR provides AMLA with far-reaching investigative and enforcement powers. AMLA's activities are to be funded from the EU budget (30%) on the one hand and from the fees that selected institutions are to pay to AMLA annually (70%) on the other.

AMLR (including customer due diligence rules)

Among other things, the AMLR sets out requirements for *client due diligence* (CDD) including penalty screening, outsourcing of AML/CFT tasks, firm-wide risk assessment, the compliance function and reporting suspicious transactions to the FIU. Currently, these requirements largely follow from AMLD4, AMLD5 and relevant EBA guidance. Once implemented, AMLR will become the primary legislative source for institutions subject to AML/CFT supervision.

With AMLR's direct effect across EU member states, many provisions of the Dutch Wwft will no longer apply. In this context, it will be interesting to see how certain concepts will then be interpreted at the European level and how that interpretation relates to the interpretation as we currently know it under the Wwft, such as with respect to the scope of the obligation to report unusual transactions. The Dutch legislator has indicated that it is assessing the impact of AMLR (and AMLD6) on national legislation and sees opportunities to retain unique national elements, such as the "unusual transaction" concept.

For further insights, Tim de Wit and Pim Smith discuss the new scope of AMLR in the *2024 Journal of Financial Law*.

AMLD6 (including enforcement by national regulators)

AMLD6, unlike the AMLR, requires implementation into national law before taking effect in the Netherlands and will replace AMLD4/5. It introduces several key provisions, including updates to the UBO register and enhanced information sharing between FIUs (and other regulators). Additionally, AMLD6 allows Member States to propose to the European Commission that sectors not explicitly listed in the AMLR should also be subject to AML/CFT supervision within their jurisdiction.

TFR3

This revision ([TFR3](#)) is fully applicable within Europe as of December 30, 2024. See also the item "Transfer of Funds Regulation III" later in this chapter. The Implementing Act Regulation to accompany transfers of funds and transfers

of crypto assets to include information implement the TFR3 in the Netherlands has been published in [the Dutch Official Gazette](#).

TFR3 expands the existing Regulation on information to accompany money transfers by including "crypto assets" and "crypto service providers" within its scope. This expansion mandates institutions covered by the regulation to share information about the sender and beneficiary of crypto transactions, similar to requirements already in place for regular money transfers. The regulation aims to effectively monitor crypto asset transactions, prevent money laundering and terrorist financing, and screen senders and beneficiaries against relevant sanction lists. The information to be exchanged concerns the names of the sender and beneficiary, the (crypto) account number and information to verify that it is actually the sender such as an address, personal document number, customer identification number or date and place of birth.

Planning

In the run-up to the implementation of the AMLR and AMLD6 market parties will have to deal a lot with additional guidance from the AMLA (and the Commission). The largest set of guidance should be published in 2026 and 2027, and therefore we expect that during 2025 the first consultations will start appearing and market parties will get a better idea about the interpretation that the AMLA (and the Commission) gives to certain concepts.

Anti-Money Laundering Action Plan Act

- **What?** The minister significantly revised the draft [Bill](#) on the Action Plan Against Money Laundering following strong criticism from entities such as the Dutch Data Protection Authority and the House of Representatives. The upcoming introduction of the AMLR also played a key role in these changes. The current proposal now solely includes the prohibition of cash payments above EUR 3,000 for traders. Other proposals, such as enabling the outsourcing of transaction monitoring to third parties, will be [addressed](#) during the national implementation of the EU AML/CFT package as described above.
- **Who?** Traders of goods.
- **When?** The House of Representatives has approved the bill by a majority, and it is currently under review by the Senate, which raised critical [questions](#) in late October 2024, particularly regarding the proportionality of the measure. The minister has since [responded](#) to these questions, and the further handling of the bill by the Senate is awaited. We expect clarity on whether the bill will actually be passed in mid-2025.



Penalty category for cash payment ban

- **What?** The minister has submitted the [Amendment Decree](#) on the penalty category ban on cash payments for goods above EUR 3000 for public consultation. In line with the revised Action Plan Against Money Laundering draft bill, this amendment to the Decree on Administrative Fines for the Financial Sector (Bbbfs) will enable fines to be imposed on traders in goods who violate this upcoming provision in the Wwft. The legislature proposes that violations of the cash payment ban be subject to a category 1 penalty, with a base amount of EUR 10,000. This lowest penalty category is deemed appropriate as the violation is considered a relatively minor offense.
- **Who?** Traders of goods.
- **When?** The consultation runs until January 12, 2025. Following the consultation, a final amendment decree with the corresponding penalty category will likely be established alongside the implementation of the draft bill.

Cash acceptance requirement

- **What?** During the plenary discussion of the Money Laundering Plan bill in the House of Representatives, an [amendment](#) was adopted requiring businesses to accept small cash payments. At the legislative level, this obligation is limited to transactions between a private party and a business. In such cases, the business must accept cash payments up to EUR 3,000. The minister has informed Parliament about the follow-up to this amendment, emphasizing situations where such an obligation would be disproportionate or impractical. The minister announced plans for an *exemption decree* to exclude certain parties or situations from this obligation. For example, the minister clarified that businesses operating exclusively online or periodic payments for insurance should not be required to accept cash.
- **Who?** Wwft institutions that accept (or choose not to accept) cash.
- **When?** The acceptance obligation for cash will only be created if the Senate approves the Money Laundering Bill (as described above). In the meantime, the minister has requested (and [received](#)) advice from the ECB, and the relevant review bodies are involved in the preparation of the exemption decree such as the Council of State. The exemption decision will eventually also be submitted to the House of Representatives and the Senate. The minister intends to implement the cash acceptance obligation only once the exemption decree is finalized. Market participants can expect clarity on the scope and impact of this obligation by mid-2025.

Transfer of Funds Regulation III

- **What?** The revision of the Transfer of Funds Regulation III ([TFR3](#)) has been adopted and published in the Official Journal of the European Union. See also the item 'European package of AML/CFT legislation' earlier in this chapter. The scope of the regulation is expanded to include crypto service providers (see the box 'New European package of AML/CFT legislation'). The impending implementation of TFR3 requires adjustments to several Dutch laws. The [Implementation Act](#), which enacts the necessary changes to Dutch legislation, was published in [the Dutch Official Gazette](#) in December 2024.
- **Who?** Crypto service providers.
- **When?** The revised regulation came into force on June 29, 2023. The Implementing Act will take effect at a date to be determined by royal decree in early 2025.

Criminalization of violation of EU sanctions

- **What?** The [Directive](#) on the definition of criminal offenses and penalties for the violation of Union restrictive measures has been published in the Official Journal. This directive defines certain criminal offenses and introduces penalties related to violations of EU sanctions. Its objective is to limit the circumvention of sanctions and strengthen enforcement. The directive sets – for example – a maximum prison sentence of at least one year or five years for specific offenses outlined in the directive. For legal entities, it introduces fines amounting to 1% or 5% of the total global turnover of the legal entity in the fiscal year preceding the decision to impose the fine. Alternatively, member states can opt for fines of EUR 8,000,000 or EUR 40,000,000, depending on the offense.
- **Who?** Violators of EU sanctions.
- **When?** The directive must be transposed into national law by May 20, 2025 at the latest. At the time of writing, the government has not yet made any [proposals to](#) this end, which justifies the conclusion that the Netherlands is not on [track](#) to meet the implementation deadline, although the minister has previously [indicated](#) that he does not consider a legislative amendment necessary because violations of sanctions are already criminalized.

Directive asset recovery and confiscation

- **What?** The [Directive](#) on Asset Recovery and Confiscation, was published in the Official Journal, alongside the directive on the definition of criminal offenses and penalties for violating EU



restrictive measures. This directive aims to facilitate the confiscation and forfeiture of assets obtained through criminal activities such as terrorism and money laundering. It was introduced after the European Commission concluded that the existing legal framework insufficiently equips EU member states to effectively disrupt the business model of organized crime. The directive harmonizes rules on the freezing, confiscation, management, and enforcement of assets.

- **Who?** Businesses and individuals possessing assets acquired through criminal activities.
- **When?** The directive must be implemented by November 23, 2026. At the time of writing, the Dutch government has not [proposed](#) relevant legislation and has already indicated it is not on [track](#) to meet the implementation deadline.

Tackling undermining crime II

- **What?** In November 2023, the Minister of Justice and Security submitted to the House of Representatives the [bill](#) to strengthen the criminal law approach to undermining crime II. The bill grants the Financial Intelligence Unit (FIU) the legal authority to suspend the execution of a financial transaction by a bank for up to five days (or ten days if the request originates from an FIU in another member state). Banks must immediately comply with such a request, under penalty of enforcement measures.
- **Who?** Banks.
- **When?** The bill has been submitted to the House of Representatives and is currently undergoing the parliamentary process. A [plenary debate](#) is scheduled for January 2025, and it is estimated that the bill will come into effect by mid-2025.

Referral Portal for Bank Account Data

- **What?** The Minister of Finance published the [Amendment Act](#) on the referral portal for bank account data for consultation in the fall of 2021. The Amendment Act addresses, among other things, a national policy objective from the Anti-Money Laundering Action Plan, namely enabling the retrieval of balance and transaction data through the referral portal from banks with more than 2.5 million account holders. In November 2022, the Minister published the Banking Data Referral Portal [Amendment Decree](#) for consultation. The amendment decree regulates, among other things, which bodies and officials will have access to the referral portal. It also outlines what data will be accessible through the portal.
- **Who?** Banks.
- **When?** The Council of State issued an advisory

[opinion](#) on the Amendment Act in September 2022. Subsequently, the minister [announced](#) that the bill would be submitted to the House of Representatives in March 2023. However, this did not happen. Currently, it is unknown when the bill will be submitted.

FATF

Changes to FATF standards

- **What?** The FATF is working on significant revisions to its recommendations, aiming to strike a balance between measures to combat money laundering and terrorist financing and the promotion of financial inclusion. The proposed adjustments have been submitted [for consultation](#) and include, among other things, changes to the terminology in Recommendation 1 to clarify how a proportional risk-based approach works (replacing the term “commensurate” with “proportionate”). Additionally, the FATF seeks to ensure that regulators better assess the risk mitigation measures implemented by institutions and that countries actively encourage simplified measures in low-risk situations. The FATF also recognizes that modern technologies, such as digital identity systems, can reduce risks in non-physical customer interactions. With these changes, the FATF aims to combine financial integrity with inclusion. During the plenary meeting on October 25, 2024, members approved the proposed changes.
- **Who?** Primarily regulatory authorities and supervisors, but also relevant to other stakeholders.
- **When?** The consultation period ended on December 6, 2024. The FATF aims to finalize the revised standards in 2025.

Guidance on UBOs legal constructions

- **What?** In March 2024, the FAFT published its [updated guidance](#) on transparency and ultimate beneficial owners (UBOs) for legal structures, such as trusts. This risk-based guidance aligns with existing FATF recommendations and underscores the need to obtain adequate, accurate, and up-to-date information on the UBOs of trusts and similar legal structures. Additionally, the guidance outlines mechanisms for verifying this information and stresses the importance of international cooperation due to the cross-border risks of potential abuse.
- **Who?** This guidance is intended for all public and private sector stakeholders involved in regulating, supervising, enforcing, establishing, managing, or administering trusts or similar legal arrangements.
- **When?** Effective immediately.



National Risk Assessment Guide

- **What?** In November 2024, the FATF published an updated version of the [guidance](#) for National Risk Assessments (NRA). The FATF revised the guidance based on experiences and lessons learned since the first edition in 2013. The NRA is a process through which countries identify, analyse, and understand risks related to money laundering and/or terrorist financing. According to the FATF, the guidance serves as a practical resource for countries seeking to strengthen their anti-money laundering and counter-terrorist financing systems and align with proven practices within the FATF network. It aids in identifying risks, developing strategies to mitigate them, and provides a foundation for effective policymaking and resource allocation.
- **Who?** Primarily regulatory authorities and supervisors, but also other stakeholders.
- **When?** Effective immediately.

Recommendation 16 payment transparency

- **What?** Until May 2024, the FATF conducted a [consultation](#) on proposed updates to Recommendation 16, among other topics, to better align it with changes in payment models and messaging standards. According to the FATF, an update is necessary to ensure that FATF standards remain technology-neutral and adhere to the principle of “same activity, same risk, same rules.” The proposed updates also aim to make cross-border payments faster, cheaper, more transparent, and more inclusive, while maintaining security.
- **Who?** Stakeholders in the payment industry.
- **When?** The consultation was the first step in a broader process and concluded on May 3, 2024.

Compliance with FATF standards virtual assets

- **What?** In July, the FATF published its [fifth update](#) on compliance with Recommendation 15 which has imposed anti-money laundering and counter-terrorist financing rules on the virtual assets (VA) and virtual asset service providers (VASPs) sector since 2019. While some countries are making progress, global implementation remains slow. Three-quarters of countries are only partially or not compliant, with minimal improvement since 2023. The implementation of the Travel Rule, a key measure, is particularly lagging: one-third of countries have not yet incorporated it into their legislation, and enforcement remains inadequate. Despite this concerning situation, the FATF highlights positive developments, such as increased use of compliance tools and heightened risk awareness

by VASPs. The FATF calls on countries to swiftly and fully implement the standards and continues to provide support to lower-capacity countries and key stakeholders in the sector.

- **Who?** Regulatory authorities and supervisors.
- **When?** Effective immediately.

OTHER DEVELOPMENTS

NVB Standards

- **What?** Over the past year, the Dutch Banking Association (NVB), in collaboration with the DNB and the Ministry of Finance, has continued to publish standards that Dutch banks can use to implement [client due diligence](#) (CDD) under the Wwft in a more proportionate manner. Among other things, the NVB has introduced new standards for investigating the origin of funds. Additionally, the NVB has developed several sector-specific standards, such as those for [the automotive industry](#) and for [sex workers](#).
- **Who?** Primarily banks, but other types of financial institutions can also draw inspiration from the new NVB standards.
- **When?** Effective immediately.

Technical limitation UBO register

- **What?** Due to a technical [limitation](#) on the part of the Dutch Chamber of Commerce (KvK), it is not possible for a client without a natural person as a director (e.g., in a holding structure) to request a certified extract from the UBO register. Other incidental cases may also arise where obtaining a certified extract from the UBO register is not possible. In such situations, Wwft-institutions can rely on the “old” transitional arrangement, meaning they can use the confirmation letter from the KvK to verify whether a legal entity is registered in the UBO register.
- **Who?** Wwft-institutions.
- **When?** The KvK has indicated that there is currently no solution for this technical limitation, and it is unclear when the issue will be resolved.

Call House of Representatives efficiency Wwft

- **What?** The House of Representatives has passed a [motion](#) requesting the government to consult with the sector and regulators to achieve greater clarity, certainty, and efficiency for entrepreneurs and customers in the implementation of the Wwft. It will be interesting to see if this consultation results in new policy initiatives from the government, especially given the upcoming

implementation of the AML Regulation (AMLR) and the recently published AML/CFT guidance from DNB and the AFM, which already provide more flexibility for a risk-based approach. Additionally, the minister recently committed (again) during a parliamentary debate to presenting an outline of a newer (and potentially lighter?) approach in January 2025 (see also below).

- **Who?** Wwft- institutions.
- **When?** The motion requests that the government inform the House of Representatives of the results of the consultations in early 2025.

register and implementing their *national risk assessment* (NRA) correctly. While the reports do not directly lead to new policies, they provide valuable insights, particularly by illustrating how other member states have approached the implementation of the directive.

- **Who?** Policymakers.
- **When?** Effective immediately.

Elaboration of the coalition agreement

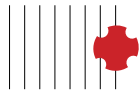
- **What?** The minister has [committed](#) to providing further elaboration on the coalition agreement concerning the prevention of money laundering and terrorist financing. This will explicitly include a proportional, risk-based implementation of the Wwft.
- **Who?** Policymakers, regulators and, most likely, Wwft institutions.
- **When?** The minister has pledged to inform Parliament about this elaboration in early 2025.

Anonymous purchases supervisor

- **What?** Dutch regulators have expressed a desire to make anonymous purchases as part of their supervisory practices. However, they face obstacles, particularly due to the Transfer of Funds Regulation III, which requires that the identity of the payer be linked to every payment. In June 2024, the Dutch government sent a [letter](#) to the European Commission lobbying for an amendment to the regulation to facilitate such supervisory practices. Recently, the minister [informed](#) the House of Representatives that the Commission currently sees no reason to amend the regulation.
- **Who?** Regulators and Wwft institutions.
- **When?** The minister has committed to consulting with the sector to explore practical solutions to address the challenges faced by regulators. Any developments on this matter are expected to be made public.

Reports implementation AMLD4

- **What?** Over the past year, three reports have been published on the implementation of AMLD4 in [the Netherlands](#), other [member states](#), and a general [trend report](#) from the Commission. From the accompanying [letter](#) from the minister, we conclude that the report on the Netherlands is of little use because it is based on dated data. The European evaluation shows that many countries are having difficulty introducing their UBO



SUSTAINABILITY (ESG)

One could publish an Outlook solely covering *Environmental, Social and Governance* (ESG) developments given all the developments in this area. We therefore have made a selection of developments that we believe are the most concrete or relevant for financial market parties at the start of 2025.

This special has an introduction and is structured by five focus points: (1) transparency, including the developments regarding the SFDR, (2) risk management requirements and data usage, (3) the supervisory priorities that the European and Dutch supervisors have formulated for 2025, (4) the vision and overarching plans with relevance to 2025 and (5) some other topics to be watched in 2025.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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INTRODUCTION

General

This Outlook 2025 builds on the knowledge shared in the Outlook 2023 and the Outlook 2024. The legislation as mentioned above has already been partly outlined in the previous versions. We recommend readers interested in the general framework to start with the sustainability chapter in the Outlook 2023 and Outlook 2024.

Most developments that are relevant in 2025 are to be seen in a global context. Sustainability goals in the broadest sense of the word have been relevant since 2015 following the adoption of the United Nations Sustainability Development Goals (SDGs) and the Paris Climate Agreement. EU funding instruments are boosting the green and digital transition, skills and employment to strengthen the EU's competitiveness at national and regional level. Over time, multiple (global) sustainability initiatives have emerged, including the "Fit for 55"-package with the aim of ensuring that EU policies are in line with the agreed climate goals. From the European perspective, the following initiatives (aside from the Green Deal) remain important "drivers" of sustainability in the EU:

- the EU [Action Plan](#) for Financing Sustainable Growth and the Sustainable Finance [Package](#);
- the Sustainable Europe Investment [Plan](#);
- the Just Transition [Mechanism](#) and the Strategic Technologies for Europe [Platform](#);
- the ongoing implementation of the Recovery and Resilience [Facility](#) as the centerpiece of NextGenerationEU (including the introduction of dedicated REPowerEU chapters in Member States' national recovery and resilience plans (RRPs)).

What is not included in this Outlook?

For completion purposes it is noted that various 'sustainable' developments have been observed in respect of pension funds, as well as in respect of financial corporate sustainability reporting requirements pursuant to the CSRD. Even though we strongly encourage financial market parties to take notice of such developments, we have decided to not include such updates in this Outlook for 2025, since these topics are not our expertise.

Implementation timeline

Before diving into the developments, we note that periodically, ESMA publishes an [implementation timeline](#), giving an overview of when various requirements pursuant to the legislation captured by the Sustainable Finance framework will apply or when actions in this respect are taking place. Due to the fact that such timeline is updated

(and published) regularly, we recommend financial market parties to check the latest version of such timeline through the following [link](#).

TRANSPARENCY: SFDR AND TAXONOMY

✚ SFDR II

The SFDR ((EU) 2019/2088) as Level 1 legislation is applicable since March 2021 already. Various underlying delegated acts providing additional standards on the SFDR-requirements have been developed since. As of the end of December 2022, in accordance with the evaluation requirement included in Article 19 of the SFDR, the European Commission has indicated that a comprehensive assessment of the SFDR framework was required to assess potential shortcomings – focusing on legal certainty, the useability of the regulation and its ability to play its part in tackling greenwashing. Such assessment captured the revision of both the SFDR as well as the SFDR Delegated Regulation ((EU) 2022/1288). Consequently, a [public consultation](#) and a [targeted consultation](#) on the 'SFDR 2.0' were held from 14 September 2023 to 22 December 2023.

European perspective

On 4 December 2023, the ESAs published their [final report](#) containing the ESAs' view on the review of PAI and financial product disclosures in the SFDR Delegated Regulation. The proposed amendments include: (i) an extension of the list of social indicators for principal adverse impacts and a refinement of the content of a number of the other indicators for adverse impacts and their respective definitions, applicable methodologies, metrics and presentation; (ii) amendments regarding decarbonisation (the ESAs' preferred term is "GHG emissions reduction") targets; (iii) changes to the way in which firms disclose their approach to the 'do no significant harm' test (DNSH disclosure design); and (iv) simplifications to the pre-contractual and periodic disclosure templates.

In June 2024, the ESAs expressed in their [joint opinion](#) ways to introduce simple and clear categories for financial products. The advice consists of two voluntary product categories, "sustainable" and "transition", that financial market participants should use to ensure consumers understand the purpose of the products. The rules for the categories should – as is stated by the ESAs - have a clear objective and criteria to reduce greenwashing risks. The opinion includes, amongst other interesting items, the recommendation for the European Commission to consider the introduction of a sustainability indicator that



would grade financial products such as investment funds, life insurance and pension products.

Dutch perspective

In the Netherlands, the AFM has published a [position paper](#) on improving the SFDR in November 2023, in which the AFM has indicated that she proposes to:

- ensure a level playing field: require minimum adverse impact disclosures for all financial products, regardless of their sustainable characteristics;
- introduce sustainable product labels that investors can understand, such as “transition”, “sustainable” and “sustainable impact”, to ensure alignment with investor expectations and objectives as well as the actual sustainability profiles of investment products;
- attach specific minimum quality and disclosure requirements tailored to each of these labels, to address greenwashing risks and make classification under one of these labels meaningful in market practice;
- remove the current “Article 8” and “Article 9” classifications, to tackle their current misuse as proxy labels;
- allow other products that do not meet the quality requirements for any of the sustainability labels to disclose their ESG credentials with reduced disclosure requirements, without being allowed to claim adherence to a sustainability “label”; and
- amend requirements in respect of client advice (MiFID and IDD) in line with legislative changes to the SFDR so that intermediaries and investors can make effective use of SFDR disclosures to select a financial product that meets their clients’ sustainability preferences.

Furthermore, in December 2023, the AFM has indicated to welcome the aforementioned targeted consultation by the European Commission and reflected its position on this matter in this [consultation response](#).

The input of the ESAs and the AFM shows that there are various items that are included in the current version of the SFDR and the SFDR Delegated Regulation that parties believe could be (or should be) improved. Also other regulators, such as the German regulator (BaFin) and the French regulator (AMF) expressed their views.

Next steps

We understand that the new European Commission strives a proposal in 2025, which is likely to comprise a product categorisation system with clear criteria.

ESAs Report on PAI statements

- **What?** On 30 October 2024, the ESAs have published their [third annual report](#) to the European Commission on disclosures of principal adverse impacts in the financial services sector under the SFDR. The report

assesses both entity- and product-level Principal Adverse Impact (PAI) disclosures under the SFDR. These disclosures aim at showing the negative impact of financial institutions’ investments on the environment and people and the actions taken by asset managers, insurers, investment firms, banks and pension funds to mitigate them. The findings show that financial institutions have improved the accessibility of their PAI disclosures. In Annex I of the report, the ESAs have developed an overview of good and bad practices related to the location, clarity, complexity of the disclosures based on a survey of NCAs.

- **Who?** All institutions that are in scope of the SFDR, because a positive or negative PAI statement is obligatory.
- **When?** Ongoing.

ESMA Guidelines fund names

- **What?** On 14 May 2024, following the [public statement](#) of 14 December 2023, ESMA published its [final report](#) containing guidelines establishing harmonised criteria for use of ESG and sustainability terms in fund names. The purpose of these guidelines is to (i) specify the circumstances where the fund names using ESG or sustainability related terms are unfair, unclear or misleading, (ii) protect investors against unsubstantiated or exaggerated sustainability claims in fund names, and (iii) provide asset managers with clear and measurable criteria to assess their ability to use such terms. [Translations](#) of the guidelines were published on 21 August 2024. On 13 December, ESMA published three [Q&As](#) to further specify the practical application of the guidelines on (i) green bonds, (ii) the meaning of “meaningfully investing in sustainable investments” and (iii) controversial weapons.
- **Who?** Managers of UCITS and AIFs.
- **When?** The Guidelines apply as of 21 November 2024 and will continue to be relevant in 2025. The transitional period for funds existing before the application date of the Guidelines is six months after that date, i.e. 21 May 2025.

Compliance sustainable regulation in the Netherlands

By means of two reports dated 14 May 2024, the AFM published its expectations and guidance on compliance by financial undertakings with their disclosure obligations and suitability-testing of the financial products offered in the financial market. The AFM indicates that financial undertakings facilitate the transition by offering appropriate, sustainable products and openly disclosing sustainability-related information. Consequently, it is



important that firms comply with the SFDR as well as the sustainability requirements for product oversight & governance (POG) and the suitability assessment.

The AFM used self-assessments, which were distributed amongst the sector in 2023, to gauge financial undertakings' compliance with the SFDR and the extent to which they have integrated sustainability requirements into their POG and suitability assessments. In its reports, in short the AFM notes the following:

- [SFDR report](#): The AFM concluded that most firms self-indicated that they meet the basic Level 1-disclosure requirements, but that further work is still needed to enhance the use and completion of templates. In the report the AFM offers guidance to further enhance template completion, because the more comprehensive the information included in the used templates, the better equipped investors, pension members and advisers are to understand products, make comparisons or offer suitable advice.
- [POG and suitability report](#): given the fact that the POG and suitability assessment performed by investment firms and insurers is to improve investors' access to sustainable product range, those market parties are required to take sustainability into account in the development and distribution of financial products. The AFM indicated in its report that, even though firms are updated their procedures with these POG and suitability requirements, clearer explanations of sustainability preferences and more in-depth information from investors are required and firms must also incorporate sustainability criteria into their POG policies, evaluate their product range accordingly and prevent mismatches.

The two reports contain further guidance and examples that financial market parties can put to use to meet the AFM's expectations.

(yet) provided or made available by the European Commission.

- **Who?** All market parties being subject to the CSRD, CSDDD and Taxonomy Regulation.
- **When?** The new omnibus regulation is set to be published in the course of 2025.

Social Taxonomy

- **What?** In February 2022, the Platform on Sustainable Finance has presented its [Final Report](#) on Social Taxonomy indicating the two differences between social taxonomy and environmental taxonomy (which environmental objectives are currently reflected in the Taxonomy Regulation) and proposing a structure for a social taxonomy within the present EU legislative environment on sustainable finance and sustainable governance. In this final report reference is made to the fundamental EU documents that provide the foundation for a social taxonomy, such as the [European Pillar of social rights](#) (in 20 principles) and the associated [action plan](#). This relates to the priorities as established by the European Commission for 2019-2024, such as for example the reduction of the gender pay gap (please refer to [Banks](#) and [Investment Firms](#) of this Outlook 2025 for a specific topic on the gender remuneration gap).
- **Who?** Financial institutions that are aiming to launch financial products such as (alternative) investment funds with a social objective.
- **When?** In 2025.

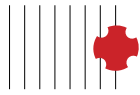
ESG RISK: MANAGEMENT AND DATA-USAGE

CRD - ESG risks

- **What?** On 31 May 2024, the Directive (EU) 2024/1619 ([CRD VI](#)) amended the Capital Requirements Directive (CRD) (2013/36/EU) as regards to supervisory powers, sanctions, third-country branches, and environmental, social and governance risks. CRD VI is part of the Banking Package, see also the section for [Banks](#). The purpose of such amendments is to further the harmonisation of the banking supervisory framework and, ultimately, deepen the internal market for banking. As is reflected in the preamble to CRD VI, in order to maintain adequate resilience to the negative impacts of ESG factors, institutions established in the European Union need to be able to systematically identify, measure and manage ESG risks, and their supervisors should be required to assess the risks at the level of the individual institution as well as at the

Omnibus regulation ESG reporting

- **What?** Following an informal meeting of Council leadership on 8 November 2024, during [a press conference](#), the president of the European Commission expressed her intention to have certain existing and future EU ESG reporting obligations consolidated into one "omnibus" regulation, in a bid to streamline the increasing number of reporting requirements that companies will face. This consolidation would relate to requirements currently being applicable pursuant to the CSRD, CSDDD and the Taxonomy Regulation. The consolidation within one omnibus regulation would aim to reduce the bureaucracy and decrease the level of administrative burden on market parties. Information on the contents of the omnibus is not



systemic level, giving priority to environmental factors and progressing to other sustainability factors as the methodologies and tools for the assessment evolve. Therefore, several amendments are made, amongst which the introduction of an obligation for the management body of the entity to take into account the short-, medium- and long term impacts of ESG risks on the strategies and (mitigation)policies of the entity, as well as the obligation to prepare a specific plan including quantifiable targets and processes to monitor and address the financial risks arising in the short-, medium- and long term from ESG factors (including transition trends).

- **Who?** All banks.
- **When?** Ongoing as of 9th of July 2024. It is expressed that by 10 January 2026, EBA shall issue guidelines to specify the minimum standards and methodologies to identify, measure, manage and monitor ESG risks, the content of the plans to monitor and address the financial risks following from ESG factors, and the qualitative and quantitative criteria for assessing the impact of ESG risks.

Solvency II – ESG risks

- **What?** On 22 September 2021, a [proposal](#) was presented to amend the Solvency II Directive (2009/138/EG) in respect of, amongst others, sustainability risks. Consequently, insurers and reinsurance undertakings shall explicitly take into account the short-, medium- and long term horizon when assessing sustainability risks and shall ensure to implement strategies, policies, procedures and systems for the identification, measurement, management and monitoring of sustainability risks over such terms. This further entails that insurers and reinsurance undertakings shall develop and monitor the implementation of specific plans, quantifiable targets, and processes to monitor and address the financial risks arising from sustainability factors in the short, medium, and long term, including those arising from the process of adjustment and transition trends in relation to sustainability factors. The proposed [text](#) was adopted in the first reading by the European Parliament on 23 April 2024, which act was adopted by the European Council after the Parliaments first reading on 5 November 2024. The final text is currently being prepared.
- **Who?** Insurers and reinsurance undertakings.
- **When?** It is expected that the final text of the directive will become available in 2025, which would then have to be implemented in the domestic laws in the Netherlands.

ESG Rating Regulation

The [final text](#) of the ESG Rating Regulation was published in the EU Official Journal on December 12, 2024, after the Council adopted the regulation on November 29, 2024. The regulation enters into force twenty days after publication in December and will subsequently apply from July 2, 2026. The regulation complements other existing legislation, such as SFDR, the Taxonomy Regulation, CSRD, and the Green Bond Regulation.

Purpose

The new rules for ESG rating providers aim to make rating activities in the EU more consistent, transparent, and comparable to increase investor confidence in sustainable financial products. ESG ratings provide insight into the sustainability profile of a company or financial instrument by assessing their impact on society and the environment and exposure to sustainability-related risks. ESG ratings have an increasing impact on the functioning of capital markets and investor confidence in sustainable investment products. The regulation is based on a proposal from the European Commission dated June 13, 2023.

Requirements

The regulation provides for (i) requirements that must be met in light of the application for obtaining the required ESMA authorization, (ii) organizational requirements regarding information maintenance and outsourcing, and (iii) disclosure requirements that must be applied by ESG rating providers. The regulation further introduces the principle of separation of business activities to prevent conflicts of interest. Further RTS will be developed regarding the specification of the requirements included in the regulation, including, among others, the information that must be provided in light of the authorization application as mentioned in Annex I of the regulation.

Scope

ESG rating providers established outside the Union wishing to operate in the Union will need to obtain endorsement of their ESG ratings from an ESG rating provider with an EU authorization, recognition based on a quantitative criterion, or be included in the EU register of ESG rating providers based on an equivalence decision. A temporary regime is introduced for small ESG rating providers. The regulation does not apply to the provision of private ESG ratings (not intended for publication or distribution) or when ESG ratings are exclusively used for internal purposes or internal or intragroup financial services or products.

Users of Ratings

The proposal naturally also provides interesting information for *users* of such ESG ratings, such as investment fund managers, banks, or insurers. In light of the use of ESG



rating provider data, the AFM conducted an exploratory study on the use of ESG ratings in October 2024. In its [report](#), the AFM concluded that many asset managers use ESG rating provider data because the availability, reliability, and comparability of ESG data is very difficult to obtain in practice. In the report, the AFM shares its observations to support asset managers in setting up processes, systems, and internal controls for ESG data risk management.

SUPERVISORY PRIORITIES

EBA Work Programme 2025

- **What?** On 2 October 2024, EBA has presented its [Work Programme](#) outlining the key priorities and initiatives for 2025. A number of regulatory ESG-related mandates for the EBA follow from the European Commission's renewed Sustainable Finance Strategy and include ESG risks management and supervision, prudential treatment of exposures, disclosures, supervisory reporting, stress testing, standards and labels, including sustainable bonds, loans and securitisations, as well as development of a framework for systemic monitoring of ESG risks. When developing these mandates, EBA will also continue incorporating proportionality as per the recommendations of the EBA Advisory Committee on Proportionality, which also suggest inclusion of ESG elements in the listed deliverables. For 2025 the work on prudential treatment of exposures in relation to ESG will remain a focal point.
- **Who?** Banks and insurers.
- **When?** Throughout 2025.

ESMA Work Programme 2025

- **What?** On the 1st of October, ESMA published its [2025 Annual Work Programme](#), which reaffirms ESMA's strategic orientation and commitment to safeguarding resilient, transparent, and sustainable European financial markets. A significant portion of ESMA's work in 2025 will comprise policy work to facilitate the implementation of the large number of mandates received in the previous legislative cycle, and the preparation of new mandates, such as the European Green Bonds and the ESG Rating Regulation. In 2025, generally, ESMA will build on the substantial work conducted on greenwashing risks in 2022-2024 to further clarify supervisory expectations, develop tools that enable supervisors to best address such risks and enhance effectiveness and quality of ESG disclosures. More specifically, ESMA will aim to provide the

following specific sustainability output in 2025:

- The provision of Joint ESAs guidance on the climate stress test exercise with ESRB.
 - The development of greenwashing indicators to support national supervision.
 - The assessment of vulnerabilities of financial market participants and their products within ESMA's remit to adverse climate-related financial shocks.
 - The provision of guidance on sustainability claims to financial market parties.
 - The development of common supervisory actions on benchmark ESG disclosures.
 - The preparation of a report on a technical support instrument: the usage of natural language processing to detect potential greenwashing activities.
 - The development of machine readable templates for SFDR disclosures.
 - The development of RTS on methodologies, internal policies and procedures, compliance, material changes, general principles and recognition in respect of the Green Bond Regulation, and the launch of the registration process of the EU Green Bonds verifiers.
 - The development of RTS regarding the registration process for recognition entities, safeguards regarding separation of business, methodological disclosures to the public and the methodological disclosures to users of ESG ratings and to rated entities.
- **Who?** All financial market parties.
 - **When?** Ongoing in 2025.

EIOPA Work Programming 2025-2027

- **What?** On 30 September 2024, EIOPA published its Revised Single Programming [Document](#) 2025-2027 in which activities EIOPA will undertake throughout such period in time. This includes the annual work programme 2025. In 2025, EIOPA will continue its work to deliver on the requirements arising from the review of the Solvency II Directive. Availability of data and models is of critical importance in ESG risk management and EIOPA is positioning itself as a centre of excellence for catastrophe modelling and data. The successive reviews and implementation of sustainability-related product disclosures and rules on product design and sales processes will inform initiatives on conduct risks, such as greenwashing. Corporate sustainability reporting will also be emphasised. EIOPA will continue updating its EU-wide dashboard on natural catastrophe insurance protection gaps, engaging with Member States, industry and consumers on policy solutions to address demand-side barriers, promote risk awareness, and financial inclusion.
- **Who?** All insurers.
- **When?** Throughout 2025.



DNB Supervision in Focus 2024-2025

- **What?** On 11 November 2024, DNB published its [Supervision in Focus](#) on 2025. In this publication, DNB reflects on, among other things, the efforts and results in supervision in 2024. From 2025 onwards, the Vision on Supervision 2025-2028, discussed in the item below, forms the basis for DNB's priorities. Supervision in Focus reflects a number of specific focus areas of DNB in its supervision of banks, insurers, and pension funds in 2025. More specifically regarding sustainability, the following is mentioned:
 - It is expected that DNB will publish an updated Guide on management of climate- and environmental risks (including new Good Practices in respect of natural risks). Such updated Guide will reflect when DNB will assess the compliance by financial market parties and when DNB would consider using enforcement measures. It is expected that in 2025 the management of climate and environmental risks will be fully integrated in the supervision and the regular prudential risk-categories will be applied by DNB in respect of insurers;
 - In respect of banks, DNB continues to focus on the implementation of sustainability risks in the policies and procedures of the aforementioned financial market parties, which risks shall also be taken into account by the stress testing tests that are to be performed by the significant banks in 2025. The results of this stress testing are used as input for determining the expected capital level that banks maintain in addition to the binding capital requirements. In addition, the insights from the stress test contribute to a better assessment of the stress tests carried out by institutions themselves;
 - In respect of insurers, DNB will embed the processes and procedures involving (the identification, mitigation, management and monitoring of) sustainability risks in its ongoing supervision following the outcomes of the fourth thematic assessment on the implementation of sustainability risks in supervision performed in 2024;
 - Finally, starting in 2025, DNB will formulate indicators about natural risks to form an initial picture of the exposure of financial institutions to these risks. DNB will pay attention to this in our supervision prudential transition plans, which will at least apply to banks from 2025 onwards.
- **Who?** Banks and insurers.
- **When?** It is unclear when the updated Guide will become available. As to the focus points of DNB, this will be relevant as of January of 2025.

DNB Vision on Supervision 2025-2028

- **What?** On 11 November 2024, the [Vision on Supervision 2025-2028](#) was published by DNB (a similar document in English is DNB [Supervisory Strategy 2025-2028](#)). This will form the basis for its priorities in such period. As it did in the previous years, in 2025, the supervision by DNB will continue to pay attention to risks associated with climate change, sustainability and financial economic crime. The following items are mentioned in respect of the sustainability focus of DNB:
 - Given the further development of the legislative requirements on ESG (risk) management, banks and insurers will have to prepare transition plans setting out quantifiable goals (the assessment of DNB in respect of the effectiveness of such plans was expressed in its [news flash](#) in March 2024). Even though the majority of the financial market parties have prepared such plans, DNB expects market parties to implement these plans to manage these risks because non-compliance with such plans could lead to enhanced legal, reputation and other prudential risks;
 - Due to the financial assessment framework for pension funds, the management of the investment portfolio risks with regards to the environment and climate, human rights and social ratios (the so-called ESG factors) shall be made an explicitly part of the requirements for controlled business operations;
 - Given the requirements included in the SFDR and the CSRD requiring certain financial market parties to prepare sustainability reports, DNB expects those parties to improve their processes and other activities in order to meet these reporting requirements and to be able to submit adequate and robust sustainability data to DNB; and
 - DNB anchors ESG factors in the assessment framework it applies to financial institutions. Even though, in recent years DNB's commitment as supervisor has been mainly focused on boosting and stimulating the sector, by providing guidance and good practices, DNB will now increasingly examine whether institutions meet the expectations raised and comply with obligations and, where necessary, will impose enforcement measures in case of non-compliance.
- **Who?** Banks and insurers.
- **When?** Throughout 2025.

AFM Trend Monitor 2025

- **What?** On 14 November 2024, the AFM has published its [Trend Monitor](#) reflecting the trends identified for 2025. In respect of sustainability, the AFM indicates the following:



- The existing European regulations increasingly provide investors with tools to include sustainability in their investment strategies;
- Social polarization can put pressure on the popularity of ESG investing;
- The number and complexity of sustainability regulations can have unintended side effects. Even though requirements pursuant to the CSRD push listed companies towards extended reporting on sustainability, the link between the sustainability and the impact of sustainability risks on their operations is lacking, leading towards deterioration of the pricing mechanisms and overall trust in the capital markets in the Netherlands. On the other hand, the extensive reporting requirements applicable to large companies leads towards an increased interest in financing companies within the SME markets (given the lower standards on reporting applicable to such entities). This could potentially also lead to less information being available to investors from a sustainability perspective, resulting in the weakening of the information position of investors and therefore limitations to the efficiency of investment decision-making;
- There is a need for financial market parties to (start) increasingly invest(ing) in the integration of sustainability (provisions) into the creation and development process and distribution of their financial products. This includes informing the (end) users of the risks involved in the products in a clear and understandable manner to create realistic expectations and improving the suitability tests of such products. The latter would mitigate the risk of distributing products that are not suitable for the sustainability goals of the (end)users;
- There is a need for (enhanced) comparability of products by means of clear and comparable information based on the SFDR and the risk of making (incorrect) green claims on the financial products presented by financial market parties leading to greenwashing risks.
- **Who?** Managers of investment funds, investment firms, pension funds, insurers and financial advisers.
- **When?** Throughout 2025.

ESA's focus on sustainability disclosures

- **What?** On 7 October 2024, the ESAs published its joint [Work Programme for 2025](#), placing particular emphasis on ongoing collaboration to tackle cross-sectoral risks, promoting amongst others sustainability in the EU financial system. More specifically, in addition to fostering regulatory consistency, adequate risk assessment, financial stability as well as the protection of consumers and investors, in 2025, the ESAs will be

required to contribute more guidance (through Q&As and other level 3 tools) on sustainability disclosures under the SFDR Delegated Regulation and a report on the reporting of principal adverse impacts under Article 18 of SFDR. The ESAs may further start to work on new technical standards relating to ESG rating disclosures, where financial market participants or financial advisers disclose to third parties an ESG rating as part of its marketing communications, subject to formal approval and entry into force of that new regulation. In light of such announced RTS on ESG ratings, please also refer to the item on the ESG Rating Activities Regulation above.

- **Who?** All market parties subject to the SFDR and ESG rating providers.
- **When?** Throughout 2025.

Supervision greenwashing

- **What?** On 4 June 2024, the ESAs issued their final reports on greenwashing in the financial sector ([EBA report](#), [EIOPA report](#), [ESMA report](#)) wherein they reiterate their common high-level understanding of greenwashing as a practice whereby sustainability-related statements, declarations, actions, or communications do not clearly and fairly reflect the underlying sustainability profile of an entity, a financial product, or financial service. Generally, the ESAs reconfirm that financial market parties have a responsibility to provide sustainability information that is fair, clear, and not misleading. More specifically, the reports reflect the following:

The EBA report:

- focuses on greenwashing risk in the banking sector and its impact on banks, investment firms and payment service providers and indicates that reputational and operational risks are most affected by greenwashing, with rising litigation risk observed in recent years;
- provides recommendations to institutions, supervisors, and policymakers, including the recommendation for institutions to ensure accurate, substantiated and understandable sustainability claims at both entity and product levels;
- mentions that national supervisors should actively monitor greenwashing risks within their supervision mandates.

The EIOPA report:

- focuses on misleading or unsubstantiated sustainability claims in the insurance or pension sector;
- indicates that an insurer or pension fund that makes misleading or unsubstantiated sustainability claims can be exposed to reputational risks and suffer from financial damage when involved in greenwashing, in which respect EIOPA recommends that (1)



sustainability claims should be accurate, precise, and consistent with the institution's overall profile and business model, (2) sustainability claims should be kept up to date, (3) sustainability claims should be substantiated with clear reasoning and facts and (4) sustainability claims and their substantiation should be accessible by the targeted stakeholders.

The ESMA report:

- observes that supervision of sustainability claims on capital markets has become a priority for national supervisory authorities, and that they, together with ESMA, are taking actions to counter greenwashing risks and scrutinise sustainability claims;
- indicates that in Q1 2025, ESMA will publish a report summarising the results of the common supervisory actions in the sustainable investment value chain. With this report, ESMA aims to enhance supervisory convergence of ESG disclosures and transparency requirements in the benchmark's statements and the methodology (including on the description of the ESG related information at family of benchmarks or benchmarks level). It is expected that the report will also elaborate on supervisory expectations on various areas including the administrators' approach to the ESG disclosure depending on the characteristics of the benchmark (for example benchmarks applying exclusions or exposed to specific sectors) and the availability of ESG data to benchmark administrators.
- **Who?** Financial market parties such as banks, insurance companies, asset managers, investment firms and pension funds.
- **When?** Throughout 2025 DNB and AFM scrutiny on green washing is expected.

ESG Prospectus requirements

- **What?** On 28 October 2024, ESMA has published published a [Consultation Paper](#) (CP) on draft technical advice under the Prospectus Regulation and a [Call for Evidence](#) (CfE) on Prospectus Liability. This follows a request for technical advice from the Commission on a range of topics, among which a building block of additional information to be included in prospectuses for non-equity securities offered to the public or admitted to trading on a regulated market that are advertised as taking into account ESG factors or pursuing ESG objectives. The Commission asked ESMA to ensure the right balance between the need to prevent greenwashing and avoid creating a burdensome schedule (i.e., disclosures should be light touch and proportionate to the sustainability-related claim made). Two other important requests were to avoid overlaps or inconsistencies with other ESG regulations and to cater for all types of non-equity securities (not only bonds). Interestingly, ESMA currently does not consider

it appropriate to align the disclosure requirements under the Prospectus Regulation with the SFDR due to the current plans to revise the SFDR.

- **Who?** Issuers that market non-equity securities as taking into account ESG factors or pursuing ESG objectives.
- **When?** Stakeholders are invited to send their contribution to the CP and CfE by 31 December 2024. ESMA will publish its final technical advice to the European Commission in Q2 2025 in two separate final reports based on feedback received.

VISION AND OVERARCHING PLANS

ESMA vision sustainable finance

- **What?** On 24 July 2024, ESMA published its [opinion](#) on the Sustainable Finance Regulatory Framework, setting out possible long-term improvements. The opinion builds on the findings of the ESMA [progress report](#) on greenwashing and the [Joint ESAs Opinion](#) on the review of the SFDR. The opinion also represents the last component of ESMA's reply to the [EC request](#) for input related to greenwashing, next to the ESMA [final report](#) on greenwashing. The following main recommendations are included in the opinion to be taken into consideration by the European Commission:
 - The EU Taxonomy should become the sole, common reference point for the assessment of sustainability and should be embedded in all Sustainable Finance legislation;
 - The EU Taxonomy should be completed for all activities that can substantially contribute to environmental sustainability and a social taxonomy developed;
 - A definition of transition investments should be incorporated into the framework to provide legal clarity and support the creation of transition-related products;
 - All financial products should disclose some minimum basic sustainability information, covering environmental and social characteristics;
 - A product categorisation system should be introduced catering to sustainability and transition, based on a set of clear eligibility criteria and binding transparency obligations;
 - ESG data products should be brought into the regulatory perimeter, the consistency of ESG metrics continue to be improved, reliability of estimates ensured; and
 - Consumer and industry testing should be carried out before implementing policy solutions to ensure their feasibility and appropriateness for retail investors.



- **Who?** All market parties subject to the Sustainable Finance Regulatory Framework, such as managers of investment funds, investment firms, insurers and banks.
- **When?** Ongoing. It is expected that in 2025 further concrete steps will be taken to further improve and concretize the Sustainable Finance Regulatory Framework.

ECB Climate & nature plan 2024-2025

- **What?** On 30 January 2024 the ECB has published its [climate and nature plan](#) 2024-2025 which sets out the ECB's renewed commitment to take action, within its mandate, to support the green transition. The ECB will continue to focus on the following three areas in 2025: (i) navigating the transition to a green economy by means of (better) understanding the drivers of the transition, the investment flows needed to finance such transition and the implications on a financial- and risk level, (ii) addressing the increasing physical impact of climate change (including the exploration by the ECB of the economic implications of climate adaptation procedures and associated investment needs), and (iii) advancing actions on (the risk of) nature loss and degradation and their effect on the monetary policy and financial system in Europe. Furthermore, it is expected that the ECB will publish and implement the Environmental Management Programme for 2025-2027 to continuously improve its own environmental performance.
- **Who?** Banks and insurers.
- **When?** Throughout 2025.

MinFin Consultation climate-measures

- **What?** In order to achieve that the Dutch economy would be more sustainable as soon as possible, on 21 December 2023, the Ministry of Finance and the Ministry of Economic Affairs initiated a [consultation](#) on climate related measures to be imposed onto the financial sector in the Netherlands (which consultation elapsed on 15th of February 2024). In a [response](#) to the consultation, the AFM has urged both Ministries to introduce any additional climate-related measures onto the financial sector as much as possible through (new) measures on a European level (and more specifically, in alignment with the existing European requirements initiated throughout the European sustainability legislations over the past years). This approach would ensure that the effectiveness of and the understandability of such additional requirements (in combination with the existing legislative framework) would work in practice.

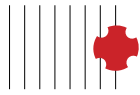
- **Who?** All market parties active in the financial sector in the Netherlands.
- **When?** It is unclear what would be the next steps in respect of the introduction of additional measures by the two Ministries, however, given the pending revision of the SFDR and the ongoing developments regarding the application of the CSRD and CSDDD, we would expect any additional measures to be initiated by the end of 2025 at the earliest.

COP29 Conclusions

- **What?** On the 8th of October the European Council approved the [conclusions](#) on climate finance ahead of the UN framework convention on climate change (UNFCCC) in Baku (COP 29). In its conclusions, the Council underlined that the EU and its member states are committed to the current goal of developed countries to collectively mobilise \$100 billion per year in climate finance until 2025, and highlighted its strong commitment to continue delivering on climate finance in the future and its intention to support reaching an ambitious new collective quantified goal for after 2025. Following such conclusions, the Minister of Climate and Green Growth [informed](#) the Dutch Parliament on 30th of October in respect of the expectations and intentions of The Netherlands in respect of the COP29. On 24th of November, the COP29 closed with a new finance goal to help countries to protect their people and economies against climate disasters, and share in the vast benefits of the clean energy boom. With a central focus on climate finance, COP29 brought together nearly 200 countries in Baku, Azerbaijan, and reached a breakthrough agreement that will:
 - triple finance to developing countries, from the previous goal of USD 100 billion annually, to USD 300 billion annually by 2035; and
 - secure efforts of all actors to work together to scale up finance to developing countries, from public and private sources, to the amount of USD 1.3 trillion per year by 2035.The advance unedited versions of the decisions taken at the Baku UN Climate Change Conference can be found [here](#).
- **Who?** All financial market parties and national supervisory authorities.
- **When?** From 2025 onwards.

Dutch Climate Plan 2025-2035

- **What?** Every five years, the Dutch Government draws up a [climate plan](#) aimed at achieving national climate goals, which is embedded in the Climate Act (*Klimaatwet*). This climate plan shows how the



Netherlands can get on track to becoming climate neutral by 2050. The focus of the plan is on what will be done collectively over the next ten years to achieve this. The draft climate plan 2025-2035 addresses the latest scientific insights into climate change, but also the relevant technological developments and international policy developments. The draft climate plan contains the national policy, the context in which the policy is developed and the consequences of the policy. The climate plan is currently under consultation (initiated on 24 October and has elapsed on 5th of December).

- **Who?** Any person or (financial) party that is interested in the next steps as to how the climate goals shall be achieved by the Netherlands.
- **When?** Once the responses to the consultation have been assessed and discussed, it is expected that the final climate plan for 2025-2035 will be made available. This is expected in the course of 2025.

Coalition Agreement

- **What?** In the Coalition Agreement ([Regerakkoord](#)) of the Dutch government, the following items draw attention to sustainability:
 - The Dutch Government is committed to create an innovative financial sector that seizes opportunities in the field of further greening, with a focus on scaling up and mobilizing private financing for the transition, including investments from the European Investment Bank (EIB) (in respect of these EIB investments, please also refer to the new finance hub under 'Other items to watch' below);
 - The increase in the rate of the CO2 tax applicable to the industry-sector will be reversed to create a more level playing field. Existing national headlines may be reconsidered if there is no negative effect on achieving the climate and energy goals or if there are better alternatives;
 - In the regulations applied in respect of the (re) creation of (new) homes no new sustainability requirements will be introduced, unless it concerns the implementation of requirements following (new or updated) European directives. Local authorities may not impose stricter requirements than nationally applicable regulations for buildings;
 - Decision-making processes for homeowners' associations will be simplified in order to ease the application of sustainability measures; and
 - the EU-wide coordination of green investments and a stronger joint electricity market can reduce energy costs on a domestic level and help ensure good consumer protection.
- **Who?** All market parties active in the Dutch economy and national supervisors.
- **When?** As of 2025 onwards.

OTHER RELEVANT ITEMS

European Green Bond Standard

- **What?** On 23 October 2023, the European Council adopted the [regulation](#) establishing a European standard for green bonds ((EU) 2023/2631), the European Green Bond Standard. This regulation for green bonds contains uniform requirements for institutions that want to issue environmentally sustainable bonds with the 'European green bonds' label. External reviewers must first submit a notification to ESMA and provide specific information if they want to assess EuGBs. Additionally, a package of level-2 regulations under the green bonds regulation is expected to be submitted to the market for consultation in the first half of 2025. Following the [advice](#) of the Council of State (*Raad van State*) on 21st of August 2024 (and the additional report issued on the 19th of September 2024), on the 19th of September, the proposal on the [Dutch Implementing Act](#) on the European Green Bonds Regulation (*Uitvoeringswet verordening Europese groene obligaties*) has been introduced, alongside the [explanatory memorandum](#) (*memorie van toelichting*) to such act (both in Dutch only). The act amends the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) in order to, amongst others, introduce the provisions of the European Green Bonds Regulation in the definitions section and, while taking into account the requirements provided by the European Green Bonds Regulation, create the authority of the supervisory authorities to (a) suspend an offer or admission to trading of European green bonds on a regulated market for a maximum of ten consecutive business days; (b) ban an offer or admission to trading of European green bonds on a regulated market; (c) suspend advertising for a maximum of ten consecutive working days or oblige to suspend advertising communications continuously for a maximum of ten consecutive periods working days; (d) prohibit advertising or oblige the discontinuation of advertising; and (e) ban the issuance of European green bonds over a period of maximum one year. On 17 December 2024, the EC has also launched a public [consultation](#) of standard templates for issuers of green or sustainability-linked bonds for voluntary post-issuance disclosures.
- **Who?** Issuers who want to offer green bonds or admit them to trading on a regulated market, external reviewers of green bonds.
- **When?** The European Green Bonds Regulation applies as of 21st of December 2024. Under this regulation, there is a transitional period until 21 June 2026 for companies providing external review services for EU green bonds. The proposed Dutch Implementing Act is not yet published in the Governmental Gazette (*Staatscourant*). This is expected in 2025.



Application of CSDDD

- **What?** On 24th of May 2024, the European Council has formally approved the corporate sustainability due diligence directive, due to which the legislative act has been adopted. The [CSDDD](#) introduces obligations for large companies regarding adverse impacts of their activities on human rights and environmental protection. It also lays down the liabilities linked to these obligations. The rules concern not only the companies' operations, but also the activities of their subsidiaries, and those of their business partners along the companies' chain of activities. The CSDDD was published in the Official Journal on 5th of July and entered into force on the 25th of July 2024. On 18 November 2024, the [consultation](#) of the Dutch implementing law was launched, which is closed as of 29 December 2024.
- **Who?** All market parties meeting the size-requirements as reflected in the CSDDD, including financial undertakings such as credit institutions, managers of AIFs and UCITS, insurers, payment institutions and certain crypto service providers and CCPs. Please note that even though SMEs are out of scope of the CSDDD, these parties may be affected due to the value chain obligations of the larger entities being subject to the requirements of the CSDDD.
- **When?** Member states will have two years to implement the regulations and administrative procedures to comply with this legal text (so by 26th of July 2026). The application of the CSDDD depends on the size of the relevant company following this timeline:
 - 26th of July 2027 for companies with more than 5 000 employees and €1 500 million turnover;
 - 26th of July 2028 for companies with more than 3 000 employees and €900 million turnover; and
 - 26th of July 2029 for companies with more than 1 000 employees and €450 million turnover.

Empowerment of consumers

- **What?** On the 27th of March 2024, the [Directive \(EU\) 2024/825](#) to empower consumers for the green transition enter into force. The new Directive amends two existing consumer law Directives, the [Consumer Rights Directive](#) and the [Unfair Commercial Practices Directive](#). It will make EU horizontal consumer law better fit for the green transition and will support the changes needed in consumer behaviour to achieve climate and environmental objectives under the European Green Deal. The Directive aims to achieve that, consumers will be better informed about the durability and reparability of goods and the consumers' legal guarantee rights. In addition, vague environmental claims are forbidden, meaning that companies will no longer be able to

declare that they are 'green' or 'environmentally friendly' if they cannot demonstrate that this is factually the case. It will also be forbidden to display unreliable voluntary sustainability logos. In addition, unfair commercial practices linked to early obsolescence will be prohibited, such as false claims about the sustainability of an asset. It is expected that the transposition of the Directive into Dutch law will lead to alternations to the provisions included in the Dutch Unfair Trade Practices Act (*Wet Oneerlijke Handelspraktijken*). Also see the [blog](#) on this topic from our colleague Marieke Spee.

- **Who?** All market parties being subject to the Dutch Unfair Trade Practices Act, such as managers of AIFs and issuers when offering products to consumers.
- **When?** EU countries are required to transpose the Directive into their national law by 27 March 2026. The rules will apply from 27 September 2026.

ESAP

- **What?** On 16 November 2023, the European Council adopted the Regulation establishing a European Single Access Point ([ESAP](#)). Investors in capital markets need access to information that allows them to compare companies and financial products. The (requirements applicable to the) ESAP is designed to enable future users (including small investors) to be able to access and use financial and sustainability information effectively and effortlessly in a centralised ESAP platform. On 29th of October 2024, the ESAs published the [Final Report](#) on the [ITS](#) regarding certain tasks of the collection bodies and functionalities of the European Single Access Point (ESAP). The ESAP is foreseen in Level 1 legislation to be a two-tier system, where information is first submitted by entities to the "collection bodies" – Officially Appointed Mechanisms (OAMs), offices and agencies of the EU, national authorities, among others – and then made available by the collection bodies to the ESAP. These ITS are the first milestone for the successful establishment of a fully operational ESAP. On 13 December 2024, ESMA published a public [consultation](#) on digitalised sustainability information. Among other things, ESMA proposes to amend the previous RTS (under the Transparency Directive) on the European Electronic Access Point to align its requirements with the current ITS. ESMA proposes to do so by cross-referring the relevant sections of that RTS to the ITS on tasks of collection bodies or to the ESAP Regulation.
- **Who?** Among others, issuers of securities.
- **When?** The Final Report has been sent to the European Commission for adoption of the ITS. The ESAP is expected to start collecting information in July 2026, while the publication of the information will start no later than July 2027.



EC new finance hub

- **What?** The Commission is setting up a new [Climate City Capital Hub](#), an international finance resource to further support cities participating in the EU Mission on [Climate-Neutral and Smart Cities](#). For cities that signed both the Charter of the Mission on Climate Adaptation and have received the EU Cities Mission Label, the services provided by the Climate City Capital Hub will furthermore cover both mitigation and adaptation projects, taking a holistic approach to tackle climate change. Thanks to the new hub, cities that have already received the [EU Cities Mission Label](#) will be able to:
 - access financial advice in cooperation with advisory services of the European Investment Bank (EIB);
 - structure their financial needs so they understand various ways of funding projects, including pooling of projects; and
 - introduce projects to a range of capital providers, including lenders and investors from the public and private sectors (such as philanthropic and corporate capital, as well as innovative financing like crowdfunding and sustainability-linked bonds), and support the process to deal closure.The EU Cities Mission Label is an important milestone as it acknowledges successful development of Climate City Contracts, which outline the cities' overall vision for climate neutrality and contain an action plan as well as an investment plan.
- **Who?** Market parties, such as managers of investment funds, that aim to invest in (development of) European cities in order to contribute to their climate neutrality.
- **When?** Ongoing throughout 2025.

Extension deforestation law

- **What?** On 29 June 2023 the [EU Deforestation Regulation](#) entered into force and, initially, its provisions were to be applied from 30 December 2024. On 16 October 2024, the European Council agreed on its [position](#) on the targeted amendment of the EU Deforestation Regulation, postponing its date of application by 12 months. This postponement will allow third countries, member states, operators and traders to be fully prepared in their due diligence obligations, which is to ensure that certain commodities and products sold in the EU or exported from the EU are deforestation-free. This includes products made from cattle, wood, cocoa, soy, palm oil, coffee, rubber, and some of their derived products.
- **Who?** Any party that is involved in the offering of commodities captured by the EU Deforestation Regulation, such as traders in wood, coffee or cocoa (or derived products), such as managers of AIFs of UCITS

or certain investment firms providing advice on such commodities.

- **When?** The EU Deforestation Regulation will now be applicable on 30 December 2025 for large and medium companies and 30 June 2026 for micro- and small enterprises.

Energy Performance of Buildings

- **What?** The revised [Energy Performance of Buildings Directive](#) sets minimum energy performance standards for residential and commercial buildings. The revised Directive facilitates more targeted financing to investments in the building sector, complementing other EU instruments and fighting energy poverty by supporting vulnerable consumers, by including measures such as (i) the introduction of building renovation passports to guide building owners in their staged and deep energy renovations, (ii) data collection and sharing, to improve knowledge on the building stock and awareness on energy consumption in buildings, (iii) a gradual phase-out of boilers powered by fossil fuels, starting with the end of subsidies to stand-alone boilers powered by fossil fuels from 1 January 2025, (iv) one-stop-shops for the energy renovations of buildings for home-owners, small and medium-sized enterprises and other stakeholders, and (v) increased reliability, quality and digitalisation of energy performance certificates with energy performance classes to be based on common criteria. Financing parties of such real estate transition need to be able to adequately measure and manage the credit risk associated with collateral, and thus, require access to reliable energy performance data on real estate. The measures included in the Directive aim to contribute to the availability of such data and consequently, the transition of real estate.
- **Who?** Market parties active in the real estate sector, including amongst others, managers of AIFs investing in the real estate sector.
- **When?** The Directive entered into force on 28 May 2024 and will have to be transposed into national legislation by May 2026.



DORA & AI

Whereas 2024 was dominated by all DORA preparations, 2025 will be the year when most of the financial sector must be DORA-compliant. DORA had a long run-up, with the publication of several further (Level 2) DORA rules and the phased publication of DORA updates from regulators AFM and DNB to prepare the industry for the new rules. It will be interesting to see how the AFM and DNB, which themselves have also made the necessary investments to properly carry out DORA supervision, will interpret their supervisory task in practice. Not least because there are still the necessary uncertainties about, among other things, the exact scope of DORA and the practical meaning of its proportionality principle. Another development that is in the spotlight and can count on increased attention from policymakers and supervisors is Artificial Intelligence (AI). The AI Regulation is likely to be just the starting point for further regulation and guidance on the use of AI applications in the financial sector.

Like last year, this special includes the most important DORA- and AI-related developments. In addition, developments related to, for example, the digital euro and the NIS2 and CER guidelines are covered. As such, this section is relevant to virtually all players operating in the financial markets.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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DORA DEVELOPMENTS

DORA: focus and status

It is not to be missed for financial institutions: the implementation of [DORA](#) as of 17 January 2025. DORA focuses on streamlining and improving the ICT risk management of financial firms and creating a unified framework for digital operational resilience within the financial sector in Europe. In brief, DORA includes a detailed framework for four different ICT-related processes, namely (i) ICT risk management, consisting of a variety of sub-processes, (ii) the handling of ICT-related incidents, (iii) the ongoing testing of own ICT resilience, and (iv) risk management with respect to engaged third-party providers of ICT services.

The Level 1 text, as the industry now knows, is by no means all there is to it. European regulators ESMA, EBA and EIOPA (ESAs) have been mandated to develop additional obligations through so-called “regulatory technical standards” (RTS) and “implementing technical standards” (ITS). This is the so-called Level 2 regulation. These Level 2 regulations must be adopted by the European Commission, after which the regulations are published as delegated regulations or implementing regulations. The total package of Level 2 regulations published to date has been listed by the European Commission. The most important Level 2 regulations for financial institutions, we discuss in this section of the Outlook. These include:

- Delegated Regulation (EU) 2024/1774 on regulatory technical standards establishing ICT risk management tools, methods, processes and policies and the simplified ICT risk management framework g;
- Delegated Regulation (EU) 2024/1772 on regulatory technical standards further defining the criteria for the classification of ICT-related incidents and cyber threats, establishing materiality thresholds and determining the details of serious incident reports;
- RTS and ITS regarding the reporting requirement for serious ICT incidents (in draft form only);
- Delegated Regulation (EU) 2024/1773 on regulatory technical standards the detailed content of policies regarding contractual agreements on the use of ICT services provided by third-party providers that support critical or important functions;
- Implementing Regulation (EU) 2024/2956 on implementing technical standards regarding standard models for the information register with agreements with third-party ICT service providers;
- Delegated Regulation (EU) 2024/1502 supplementing DORA by further defining the criteria for designating third-party ICT service providers as critical to financial entities;

- RTS sub-outsourcing ICT services that support important or critical functions (in draft form only).

Finally, the ESAs have published guidelines and other forms of additional guidance on sub-topics, such as, for example, the [Joint Guidelines](#) on Cooperation in Oversight and Information Exchange between the ESAs and the competent DORA authorities. These are so-called Level 3 texts.

Although most Level 2 and Level 3 texts are now final, not all regulations are ready. For example, only (final) draft versions of the [RTS](#) on sub-outsourcing and the [RTS](#) on threat-led penetration tests (TLPT) are still available. It is important for financial entities to focus on all legislation that is already available and where the regulator’s priorities seem to lie. The five [DORA updates](#) published by the AFM can provide guidance in this regard, as well as DNB’s [DORA communications](#). That said, there are still important questions hanging over the market. Consider proportionality, the interpretation of DORA core definitions (such as “ICT services” and “critical or important functions”) and the application of size criteria for micro, small and medium-sized enterprises. Questions on these and other topics have been raised with the European Commission. Financial entities would therefore do well to closely monitor the guidance expected to be issued by the European Commission during 2025

In turn, the aforementioned ambiguities do not alter the fact that on December 4, 2024, the ESAs emphasized in a [shared statement](#) on the application of DORA that DORA has no transitional regime. Financial entities must therefore comply with all applicable DORA obligations by January 17, 2025. In preparing for DORA with respect to the preparation and maintenance of information records required by DORA, financial entities - particularly to the extent that they have not participated - may also consult the [results](#) of the ESAs’ DORA Dry Run Exercise

For final leads, the [practical DORA article](#) by Finnius colleagues Laurens Hillen and Marise Kok and Marise Kok’s [Finnius Finds blog](#) on third-party relationships under DORA may come in handy.

RTS framework ICT risk management and simplified framework

- **What?** On 25 June 2024, [Delegated Regulation \(EU\) 2024/1774](#) on regulatory technical standards establishing ICT risk management tools, methods, processes and policies and the simplified ICT risk management framework was published in the



Official Journal of the EU. The RTS elaborates a significant number of further obligations with respect to a number of “building blocks” from the ICT risk management framework. These are in particular the building blocks of protection and prevention (Article 9 DORA), detection (Article 10 DORA) and response and recovery (Article 11 DORA). The ESAs have previously emphasized that the obligations elaborated in the RTS should be seen as complementary to the requirements in DORA, and therefore not a replacement. With respect to the simplified ICT risk management framework for certain types of financial entities referred to in Article 16 DORA (including Class 3 investment firms), Title III of the RTS is important. That section details the obligations for the simplified framework in fourteen articles.

- **Who?** All financial entities within scope of DORA.
- **When?** As of 17 January 2025.

RTS classification of ICT incidents and cyber threats

- **What?** On 25 June 2024, [Delegated Regulation \(EU\) 2024/1772](#) on regulatory technical standards specifying the criteria for the classification of ICT-related incidents and cyber threats, setting out materiality thresholds and specifying the details of reports of major incidents was published in the Official Journal of the EU. Article 18(1) DORA requires financial entities to classify ICT-related incidents based on a number of criteria. ICT incidents that qualify as “major” must be reported to the regulator under Article 19(1) DORA. Financial entities should further classify cyber threats as significant based on a number of criteria (Article 18(2) DORA) and they can voluntarily report them to the regulator (Article 19(2) DORA). The RTS details the criteria and materiality thresholds.
- **Who?** All financial entities within scope of DORA.
- **When?** As of 17 January 2025.

RTS and ITS duty to report serious ICT incidents

- **What?** On 17 July 2024, the final [draft ITS](#) were by the ESAs on the content of notifications for major ICT incidents and how and when these notifications should be made to the regulator, with the latest version of the accompanying [draft RTS](#) being published by the EC on 23 October 2024. This concerns the further elaboration of Articles 19 and 20 DORA. Among other things, it is proposed that financial entities should, in brief, (i) make an initial notification to the supervisor within four hours of classification or no later than 24 hours after detection

of the ICT incident, (ii) submit an interim report within 72 hours of the initial notification, and (iii) submit a final report within one month. The ITS contain templates for making the various notifications.

- **Who?** All financial entities within scope of DORA.
- **When?** In principle as of 17 January 2025, but the final RTS and ITS have not yet been officially published. It is advisable for financial entities to use the current draft RTS and ITS as a guide when implementing DORA, as the final RTS and ITS are not expected to differ significantly from the draft version.

RTS policy engaging third-party providers ICT services

- **What?** On 25 June 2024, [Delegated Regulation \(EU\) 2024/1773](#) on regulatory technical standards specifying the detailed content of the policy regarding contractual arrangements on the use of ICT services supporting critical or important functions provided by ICT third-party service providers was published in the Official Journal of the EU. Financial entities are required by Article 28(2) DORA to have such a policy as part of their strategy on ICT risk associated with the use of ICT third-party service providers. The policy specified in the RTS covers not only outsourcing situations, but all situations where the financial entity purchases ICT services to support critical or important functions.
- **Who?** All financial entities within scope of DORA, except Class 3 investment firms and micro-enterprises.
- **When?** As of 17 January 2025.

ITS registry agreements with third-party ICT service providers

- **What?** On 2 December 2024, the [Implementing Regulation \(EU\) 2024/2956](#) on implementing technical standards regarding standard templates for the information register with agreements with ICT third-party service providers was published in the Official Journal of the EU. This ITS contains detailed templates for the information register on ICT third-party service providers, including instructions. As part of the ICT risk management framework, Article 28(3) DORA requires financial entities to maintain an information register regarding all contractual agreements on ICT services provided by third-party providers. Financial entities must provide the information register to the regulator upon request. The ITS distinguish between templates to be used at entity level and templates to be used at (sub) consolidated level. DNB [noted](#) about the standard templates that, as a concession, it will make available



in 2025 an alternative delivery method where financial entities can deliver the information register in Excel form, after which DNB will convert it to the reporting standard (CSV) prepared by the ESAs. The AFM [indicated](#) on 6 December 2024 that it will request information registers from financial entities as early as February 2025.

- **Who?** All financial entities within scope of DORA.
- **When?** As of 17 January 2025.

RTS sub-outsourcing ICT services that support important or critical functions

- **What?** On 26 July 2024, the ESAs published their [final report](#) on draft RTS on subcontracting an ICT service supporting a critical or important function. Article 30 DORA requires financial entities to include in agreements with third-party providers of ICT services whether the third-party provider may use ICT subcontractors where ICT services supporting important or critical functions are involved, and if so, under what conditions. The draft RTS details how the financial entity should determine whether and ensure that it is justified for the third-party provider to use ICT subcontractors.
- **Who?** All financial entities within scope of DORA.
- **When?** In principle as of 17 January 2025, but the final RTS have not yet been officially published. It is advisable for financial entities to use the current draft RTS as a guide when implementing DORA, as the final RTS are not expected to differ significantly from the draft version.

Criteria designation critical third-party provider ICT services

- **What?** On 30 May 2024, [Delegated Regulation \(EU\) 2024/1502](#) supplementing DORA by further defining the criteria for designating third-party providers of ICT services as critical to financial entities was published in the Official Journal of the EU. This adopts a two-step approach as proposed by the ESAs. Step 1 involves a holistic assessment of the third-party provider on six quantitative indicators. If the third-party provider exceeds the minimum thresholds in that assessment, Step 2 then assesses the third-party provider against five additional indicators. If a third-party provider is deemed a critical provider by the ESAs, it will come under the supervision of the Lead Overseer (one of the three ESAs) and must pay supervisory fees. A [Delegated Regulation \(EU\) 2024/1505](#), also published on 30 May 2024, then sets the amount of applicable supervisory costs.
- **Who?** Third-party providers that provide ICT services to financial entities that fall within the scope of DORA.
- **When?** As of 17 January 2025.

OTHER DEVELOPMENTS LEGISLATION AND REGULATION

AI Regulation

- **What?** In July 2024, Regulation (EU) 2024/1689 laying down harmonized rules on artificial intelligence (the [AI Regulation](#)) was published in the Official Journal of the EU. The AI Regulation aims to establish a uniform legal framework for the development, marketing and use of artificial intelligence. Key term in the AI Regulation is "AI system. The regulation contains rules (among others) for AI systems themselves, for providers of AI systems and for users of AI systems. The regulation also lists prohibited AI practices, such as, among other things, the marketing, use or putting into service of certain AI systems with subliminal or manipulative techniques or systems that exploit vulnerabilities of persons due to, for example, their age or disability.
- **Who?** The AI Regulation has a very broad scope and is therefore an important development for all financial companies that use or want to use AI. The recitals to the AI Regulation indicate that the national supervisors (AFM and DNB) are designated as competent authorities for the supervision of the implementation of the Regulation with respect to AI systems offered or used by regulated and supervised financial institutions, unless it is decided at national level to designate another authority to carry out these market supervision tasks.
- **When?** The AI Regulation entered into force 20 days after its publication, in August 2024. However, the actual application of the AI Regulation is taking place in phases. The provisions on prohibited AI practices are already applicable as of 2 February 2025. Then, among other things, provisions on *general purpose* AI models are applicable as of 2 August 2025. The rest of the AI Regulation will be applicable as of 2 August 2026.

Digital Euro proposal

- **What?** As also included in last year's Outlook, on 28 June 2023, the European Commission published a [proposed](#) regulation to establish a digital euro. This proposal was accompanied by a [second proposed regulation](#) covering the provision of digital euro services by payment service providers in member states where the euro is not used. While this established a legal basis for the digital euro, it still did not officially decide on the issuance of a digital euro. The [first advance report](#) was published by the ECB in June 2024 and the [second advance report](#) in December 2024, but the preparation



phase will continue until 31 October 2025. After this preparation phase, the ECB's Governing Council will decide whether to start the next phase.

- **Who?** At least the payments and banking industry.
- **When?** The ECB's Governing Council is expected to decide by the end of 2025 whether to take the preparations for the digital euro to the next stage. Once finalized, the two proposed regulations will enter into force and be immediately applicable within 20 days of publication, but must first be adopted by the Council and the European Parliament.

NIS2 Directive and CER Directive

- **What?** On December 27, 2022, the new [Directive \(EU\) 2022/2555](#) on the security of network and information systems (NIS2 Directive) was published in the Official Journal of the EU. The original Network and Information Security (NIS) Directive dates back to 2016 and was implemented in the Netherlands in 2018 in the Network and Information Systems Security Act (Wbni). The NIS2 Directive will form the basis for risk management and reporting obligations in numerous sectors that are (or will be) covered by this Directive, including the banking sector and market infrastructures within the financial sector. In addition, the NIS2 Directive is aligned with overarching laws and regulations such as DORA. In the Netherlands, NIS2 will be implemented in the [Cybersecurity Act](#) (Cbw), which will repeal the Wbni. In addition to NIS2, [Directive \(EU\) 2022/2557](#) on the resilience of critical entities (CER Directive) was also published in the EU Official Journal on 27 December 2022. Unlike NIS2, CER focuses specifically on physical threats such as natural disasters, terrorist crimes and sabotage and will be implemented in the [Critical Entity Resilience Act](#) (Wwke). Both NIS2 and CER should have been implemented by 17 October 2024, but the Dutch legislative process - as cited in this [parliamentary letter](#) - has been somewhat delayed. In the letter, the Minister of Justice and Security indicates that covered entities will not have to comply with NIS2 and CER until the Cbw and Wwke actually take effect. However, entities currently covered by the Wbni must continue to comply with them until the Cbw takes effect and the Wbni is repealed.
- **Who?** In particular banks, trading venues and central counterparties (CCPs) - for impact, see the relevant sections on relevant players in this Outlook.
- **When?** The Cbw and Wwke are expected to take effect in the third quarter of 2025.

European digital identity (eID)

- **What?** On 20 May 2024, [Regulation \(EU\) 2024/1183](#) on establishing a framework for a European digital identity

entered into force that would make available to all EU citizens, residents and businesses through a European digital identity wallet. This new framework builds on the 2014 regulation on electronic identification and trust services for electronic transactions in the internal market (eIDAS regulation). The eIDAS Regulation provided the basis for secure access to public services and execution of (online and cross-border) transactions in the EU.

The new regulation requires member states to issue a digital wallet under a notified eID scheme, based on common technical standards and following mandatory certification. [Five implementing acts](#) containing rules for core functionalities and certification of eID wallets were published on Dec. 4, 2024, and adopted on Nov. 28, 2024. Member states are required to provide EU digital identity wallets to citizens within 24 months of the adoption of five implementing acts (i.e. Nov. 28, 2026).

- **Who?** Citizens, residents and businesses within the EU; this will also impact the financial sector.
- **When?** The regulation already applies, but member states must provide EU digital identity wallets to citizens by 28 November 2026.

Directive on digitization of company law

- **What?** On 29 March 2023, the European Commission published a [proposal](#) for a directive the use of digital tools and processes in the context of company law. The directive aims to (i) make it easier for companies to operate cross-border and (ii) facilitate transparency of and trust in companies within the EU by making information available at the European level. The proposed Directive revises the existing framework for digital tools and processes and focuses on further digitalization within the Single Market.
- **Who?** All EU companies.
- **When?** On 16 December 2024, the Council published its approval of the European Parliament's position at first reading, with the latest [signed version](#) of the draft directive being published on 19 December 2024. The directive will enter into force 20 days after official publication. According to the latest published text, the directive will have to be implemented in member states within 30 months of entry into force and applied within 42 months of entry into force.

NATIONAL SUPERVISORS

AFM Trend Monitor 2025

- **What?** In November 2024, the AFM published its [Trend Monitor 2025](#), in which the AFM identifies key trends and risks in the financial sector in its supervision. Also this year, the AFM highlights digitalization within the



financial sector as a key trend:

- First, the AFM notes that digitalization within the financial sector is steadily advancing and is also affecting business processes and revenue models of financial institutions. Here the AFM cites examples such as the use of AI by banks and insurers for, among things, credit assessments, fraud prevention and combating cybercrime, and the use of AI models by asset managers and capital market participants for, among other things, investment strategies, risk management and compliance. Uncontrolled use of AI in portfolio management and operational processes leads to potential biases (biases), reduced transparency and explainability, according to the AFM. The increasing use of these new technologies and the entry of new innovative (non-financial) players is putting pressure on the business model of traditional financial institutions, according to the AFM.
- The AFM also sees that the deployment of technologies creates new dependencies and makes the financial sector vulnerable to concentration risks due to the dominance of the IT market by a few large (mostly US-based) tech companies. Concentration risks in a few large market players and chain dependencies lead to, *inter alia*, financial stability risks.
- Finally, the AFM states that increasing digitalization increases the risk of cybercrime due to the dependency of IT systems. This increases the financial sector's vulnerability to cyber-attacks, which can shut down services, cause financial damage and even threaten financial stability. In addition, geopolitical tensions and geoeconomic fragmentation increase the likelihood of cyber-attacks, according to the AFM, particularly because the financial sector is an attractive target for cybercriminals.
- **Who?** All financial institutions under the supervision of the AFM.
- **When?** The concrete implications of the trends and risks for the AFM's supervisory activities will be elaborated in the AFM Agenda 2025, which will be published by the AFM in early 2025.

DNB Supervision in focus 2024-2025

- **What?** In November 2024, DNB published its [Supervision in Focus 2024-2025](#). In this publication, DNB looks back at what it has done as a regulator over the past year and looks ahead to its priorities for 2025. Regarding digitalization and FinTech, DNB notes the following in its report:
 - According to DNB, the financial sector is facing the challenge of innovating and digitalization on the one hand, but also managing the associated risks on the

other. DNB therefore sees this as an important focus in its supervision for the coming year, where it will focus in particular on compliance with the Markets in Crypto Assets Regulation (MiCAR) and the AI Regulation. DNB will also focus on proportional and effective European regulation regarding data sharing among financial institutions as laid down in the Financial Data Access Framework (FIDA) proposed by the European Commission.

- DNB also signals that digitalization combined with increased geopolitical tensions may increase the financial sector's exposure to cyber risks, as new technologies can lead to increasingly sophisticated cyber-attacks. A subsequent supervisory focus is therefore to increase the cyber resilience of the financial sector. Also in 2025, DNB will focus on sufficient knowledge of cyber resilience and effective implementation of DORA at financial institutions. Cyber risks will additionally be integrated by DNB into supervisory methodology, and DNB says it will continue its commitment to practicing and testing cyber resilience (through stress tests, thematic surveys and on-sites, among others) and knowledge sharing with the sector and stakeholders.
- Finally, with respect to itself, DNB notes that it will also continue to focus on further digitalization and automation of its supervisory approach in the coming year. For the coming years, DNB says that in terms of digitization, it will focus on (i) improving efficiency in supervisory processes (ii) maximizing data value, (iii) professional support for interaction with the sector and (iv) exploiting synergies through cooperation in the European system.
- **Who?** All financial institutions under the supervision of DNB.
- **When?** Effective immediately; Supervision in view 2024-2025 presents DNB's supervisory priorities for (at least) the year 2025.

DNB Cyber Strategy 2025

- **What?** On 21 December 2023, DNB published its [Cyber Strategy 2025](#). With this Cyber Strategy, DNB aims to contribute to strengthening the cyber resilience of the financial sector. In the Cyber Strategy, DNB pays attention to the external developments it sees around it, such as cyber risks (for example, the increasing amount of ransomware attacks and advanced phishing), technological developments, the role of geopolitical tensions and outsourcing. DNB also looked at how the cyber resilience of the financial sector can be strengthened and how it can contribute to this, namely through i) monitoring the management of cyber risks by institutions, ii) testing and exercising with the sector to increase cyber resilience and iii) mutual knowledge

sharing with the sector and other stakeholders. Finally, DNB briefly discusses what it itself is doing to be cyber resilient.

- **Who?** All financial institutions under the supervision of DNB.
- **When?** Effective immediately; DNB's Cyber Strategy is relevant for (at least) all of 2025.

DNB Vision on Supervision 2025-2028

- **What?** On 11 November 2024, DNB published its [Vision on Supervision 2025-2028](#) (a similar document in English is DNB's [Supervisory Strategy 2025 – 2028](#)). In this report, DNB set out the core of its supervision, focus areas on which it will focus extra attention in the coming years, and a number of themes that have received so much attention in recent years that DNB sees them as embedded in its supervision. Of the three focus areas in DNB's supervision for the coming years, two relate to digitization: (i) responding to technological innovation and the flexibility required for this and (ii) increasing the sector's resilience to cyber threats. DNB says it wants to accommodate innovation in the financial sector, but within the limits of the law and with a keen view of the risks that may arise. DNB wants to act as transparently and consistently as possible, always weighing the risks of innovation against the potential benefits. DNB also indicates that it continues to pay attention to developments around DNB and wants to respond to the use of AI and the emergence of Open Finance in the financial sector. Regarding cyber resilience, DNB says it will continue to expand attention to this and stresses that institutions remain responsible for compliance with laws and regulations for their entire outsourcing chain. In particular, DNB cites the concentration risk due to the existence of a number of very large players within ICT services as a point for attention. Finally, DNB says it expects institutions to closely monitor developments around *quantum computing* and, where necessary, take action to further secure their systems and processes, including the transition to *post-quantum* encryption standards.
- **Who?** All financial institutions under the supervision of DNB.
- **When?** Effective immediately; the Vision of Supervision outlines DNB's supervisory focus for (at least) 2025-2028.

DNB DORA supervision

- **What?** In December 2024, DNB issued a [press release](#) about its DORA supervision which will take effect on 17 January 2025. In the press release, DNB indicates that certain Level 2 regulations are likely to be enacted

only shortly before DORA is implemented or even after, and DNB will not enforce these regulations until these regulations are officially enacted. In addition, DNB said it expects financial institutions to devote the necessary resources to ensure that they are prepared for DORA in a timely manner - for example, by conducting a gap analysis and making preparations based on draft Level 2 regulations - and that DNB will begin designating institutions to implement TLPT in Q1 2025. For institutions not covered by TLPT, it is also important to have a program for testing digital operational resilience. For these institutions, for example, testing under the ART framework is also available. Finally, DNB indicates that in the first half of 2025 financial institutions will request the information register with an overview of all ICT services the institution acquires from third parties, including subcontracting.

- **Who?** All financial institutions under the supervision of DNB.
- **When?** Effective immediately as far as preparation for DORA is concerned, but effective 17 January 2025 for DNB's actual supervision.

DNB and AFM on impact of AI

- **What?** On 9 April 2024, DNB and the AFM jointly published a [report](#) on the impact of AI on the financial sector and its supervision. The rapid development of AI in recent years and its use by financial institutions prompted this report, in which the regulators outline what opportunities and risks they see in the use of AI and what current and future supervision looks like with AI (and the AI Regulation) on the way. An important take-away for supervised financial institutions is that the AFM and DNB plan to intensify their supervision of AI applications, and they signal that there is currently relatively little regulation specifically addressing the use of AI, but that this is likely to change in the future. In addition, the AFM and DNB announced that they may start fleshing out existing standards to clarify what is expected of institutions specifically with respect to the use of AI. See also our Finnius Finds [blog](#) with more background on this report.
- **Who?** All supervised financial institutions.
- **When?** The report's conclusions are immediately relevant, but their precise development into concrete policies or laws and regulations is still unclear. We expect regulators to comment further on this in 2025.

Cyber resilience testing with ART

- **What?** On 10 April 2024, DNB launched the new Advanced Red Teaming (ART) [framework](#). ART is an evolution of the so-called TIBER framework. As with



TIBER, a hack test will be conducted in a controlled manner, targeting the institution's live systems. During the ART test, the institution will be supervised by DNB and only some of the institutions staff will be aware, so that a realistic advanced cyber-attack can be simulated to optimize the learning experience. In the ART framework, the institution can choose which components/modules will be tested and thus compose the elements that will make up the hack test to best fit the institution's learning objectives, current threats and desired cost framework. It is important to note that DORA also provides a mandatory testing framework, but the ART framework is additionally available on a voluntary basis to all financial institutions (even those not covered by DORA).

- **Who?** All financial institutions.
- **When?** Effective immediately; ART was launched in April 2024. Interested financial institutions can contact DNB to request an ART test.

Digitization DNB supervision

- **What?** On 30 October 2024, DNB launched its new [Digital Supervision Strategy 2025-2028](#), aligning with DNB's new Vision on Supervision for 2025-2028. The Digital Supervision Strategy states as its strategic goal that data and modern technology should contribute to efficient and effective supervision. As pillars for this goal, DNB will focus its supervision on (i) using smart technology in its processes, (ii) interacting with the industry, (iii) data maximization, and (iv) using and influencing digital solutions from within the European system, such as ESAs, to contribute to knowledge building.
- **Who?** All financial institutions under the supervision of DNB.
- **When?** Effective immediately; DNB's Digital Supervision Strategy outlines DNB's supervisory strategy for the years 2025-2028.

DNB analysis 'embedded finance'

- **What?** On 10 July 2024, DNB published an [analysis](#) on embedded finance. Embedded finance refers to the integration of financial products into non-financial apps by parties without a license, such as so-called white label partners. Here, unlicensed parties (white label partners) are enabled, in partnership with a regulated financial institution (the embedded finance provider), to integrate financial services, products and functionalities under their own brand name into their product and service offerings. This can lead to a more diffuse allocation of roles and responsibilities with respect to compliance with financial regulatory laws or the

(unintended) appearance of the white label partner as a financial services provider. Although DNB identifies a number of risks (including reduced transparency due to fragmentation of the value chain), from its supervisory mandate DNB does not currently see an immediate risk to the safety and soundness of financial institutions due to the relatively limited scale of embedded finance in the EU and the Netherlands. DNB states that it will monitor developments around embedded finance.

- **Who?** Financial institutions using white label partners and white label partners themselves.
- **When?** In principle, the report is immediately relevant, but the concrete supervisory implications are still pending for now. DNB may come back to this in 2025, depending on the growth of the white label market.

ESAs

ESA JC Work Programme 2025

- **What?** On 7 October 2024, the ESAs (ESMA, EBA and EIOPA) published their joint [work programme](#) for 2025. In this work programme, they set out the priorities for the year 2025. In the 2024 work programme, the ESAs indicated that they would maintain a strong focus on the implementation of DORA. In doing so, the ESAs give specific attention to the oversight they will provide under DORA to critical third-party providers of ICT services (see this for example also highlighted by EBA in its 2025 [work programme](#)). In the first part of 2025, ESAs will focus on finalizing the necessary oversight procedures and methodologies, including the establishment of Oversight Forum and the Joint Oversight Network, and gathering information on the criticality of such designated third-party providers of ICT services.
- **Who?** All financial institutions covered by DORA and their (critical) third-party providers of ICT services.
- **When?** Effective immediately; relevant for (at least) all of 2025.

ESMA 2025 Annual Work Programme

- **What?** On 1 October 2024, ESMA published its [work programme](#) for 2025. In this work programme, ESMA describes its priorities for the year 2025. As one of the main themes, ESMA has included technological innovation in the work programme, with key objectives i) adapting to digitalization within financial markets, ii) effective implementation of cyber requirements in the context of DORA, iii) conducting research on the impact of digital innovation in the financial sector, including on crypto assets and AI, iv) promoting convergence of supervisory treatment of new innovative financial



activities and digital innovation, and v) continuing to identify trends and risks that may affect investor protection and financial stability. In addition, ESMA has identified as a key theme the effective use of data and ICT technology, through which it aims to fulfill its self-created data strategy for 2023-2028 (see topic below).

- **Who?** Players from across the financial industry.
- **When?** Effective immediately; the work programme reflects ESMA's supervisory priorities for all of 2025.

ESMA Data Strategy 2023–2028

- **What?** In June 2023, ESMA published its [data strategy for 2023-2028](#). In this document, ESMA gives special attention to the role of data, new legislative frameworks and new technologies such as Big Data and AI applications within the financial sector. The goals set by ESMA in the data strategy are focused on i) further developing as a data hub, ii) public access to data and increasing transparency, iii) facilitating data-driven supervision, iv) fostering cooperation on innovative data standards, technology and reporting, v) further harmonizing reporting regimes and promoting the use of modern technologies in this context and vi) systematic data use. All objectives will be addressed in phases between 2023 and 2028.
- **Who?** Players from across the financial industry.
- **When?** Effective immediately; relevant for at least 2023- 2028.

DORA compliance EIOPA guidelines

- **What?** In December 2024, EIOPA [published](#) to repeal two guidelines and amend an opinion to avoid overlap and duplication with respect to DORA. The repeal concerns the guidance issued under Solvency II on security and governance of information communication technology and guidance on outsourcing to cloud service providers. The amendments relate to the guidance issued under IORP II on the supervision of operational risk management of pension funds, which deletes the section on cyber risks.
- **Who?** Players from across the financial sector, but especially those in the pension and insurance sectors.
- **When?** As of 17 January 2025.

OTHER DEVELOPMENTS

Tightening supervision of finfluencers

- **What?** In a [debate](#) on 30 May 2024, the Minister of Finance discussed the topic of finfluencers and their regulation. In this debate, the minister indicates that

he wants to tighten the rules around finfluencers and emphasizes that the regulator, in particular the AFM, is on top of this. This is an interesting statement, given the already (proposed) laws and regulations around finfluencers as discussed in the sections on relevant players in this Outlook. Nonetheless, the focus on finfluencing seems important for the entire financial sector and not just the sectors that currently see new laws and regulations coming their way. Earlier in 2024, on April 25, the Minister of Finance commented by [parliamentary letter](#) on the European-level desire to prohibit a finfluencer from referring customers to an unlicensed provider. In a [position paper](#) for a roundtable discussion on 11 December 2024, the AFM indicated its support for this ban, so that it would be better able to take enforcement action. See also the new special [Supervision and Enforcement Retrospective](#) for more on finfluencers.

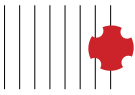
- **Who?** Financial institutions using finfluencers and finfluencers themselves.
- **When?** It has not yet been sufficiently concretized by the legislature what the desired “tightening” of regulations around finfluencers would look like or when a European law ban as discussed above would be on the agenda. We expect the legislature to address this issue in more detail in 2025.

FSB report financial stability and AI

- **What?** On 14 November 2024, the Financial Stability Board (FSB) published a [report](#) on the implications of using AI in the financial sector. This report builds on the report published in 2017 by the FSB on AI and machine learning within the financial sector. The report calls on national and international regulators to closely monitor developments in AI, assess the adequacy of current financial supervisory frameworks, and enhance their regulatory and supervisory capacity, including through the use of AI-enabled tools.
- **Who?** Primarily supervisors, but because of the potential implications for financial sector supervision, it is also relevant to financial institutions.
- **When?** Effective immediately.

ESRB digital resilience report

- **What?** In April 2024, the European Systemic Risk Board (ESRB) published a [report](#) promoting macroprudential tools for digital resilience. In the report, the ESRB analyzes operational tools used to address systemic cyber crises. The ESRB's main conclusions in the report are that it encourages financial institutions and regulators to promote their information management and sharing and that crisis management at the national



and EU level should be in line with European and international standards, such as DORA and EU-SCICF, for example.

- **Who?** Especially financial regulators, but it is also useful for players within the financial sector to read this report.
- **When?** Effective immediately.

BIS paper AI in the financial sector

- **What?** In December 2024, the Bank for International Settlements (BIS) published a [paper](#) on the regulation of AI in the financial sector. In the paper, the BIS identifies both developments and risks of the use of AI, focusing in particular on its regulation. According to the BIS, existing regulation in particular is being used and financial regulators do not yet often issue specific guidance on the use of AI in the financial sector, even though this could be useful to the sector in certain areas. These could include AI expertise and skills, AI model risk management, new types of financial institutions and third-party providers.
- **Who?** Especially financial regulators, but it is also useful for players within the financial sector to read this report.
- **When?** Effective immediately.



SUPERVISION & ENFORCEMENT RETROSPECTIVE

In 2024, team Litigation of Finnius handled several enforcement cases and proceedings against the AFM, DNB, and, sometimes, the Central Bank of Aruba. This resulted in several judgments, particularly from the Rotterdam District Court and the Trade and Industry Appeals Tribunal (CBB).

In the process, great results have been achieved and the necessary guiding, or at least instructive, case law has emerged. For detailed information on this litigation, please refer to this [overview](#).

Here we will briefly look back at 2024 in order to identify (only) a few trends regarding the enforcement efforts by the AFM and DNB and the legal protection against them. This will also provide a glimpse into the future. For developments in legislation regarding supervision and enforcement, we refer to the [General Developments](#) section of this Outlook.

Also please note that hyperlinks link to documents and information in Dutch when there is no English version available.

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INFORMAL ENFORCEMENT

Both DNB and the AFM have a policy of not tolerating violations of standards that they observe. However, this (certainly) does not mean that formal measures, such as fines or instructions, are always imposed. Indeed, informal supervisory measures are much more common. The substance of informal enforcement has been subject to change. For example, as of Jan. 1, 2024, the AFM has [said goodbye](#) to the, so-called, norm transfer letter and the norm transfer conversation. There are now still two flavors: (i) the supervision conversation or supervision letter and (ii) the warning letter or warning conversation, both of which have all kinds of variants.

We noted that the warning in particular has raised quite a few questions in practice regarding the legal protection that exists against it. The reason for this is that this measure is used for more serious violations and, contrary to common belief, does not exclude the possibility that a fine will still be imposed later.



In this context, it is important to note that although informal enforcement measures are not subject to objection and appeal, this does not mean that there is no legal protection. After all, in view of Article 3:1 paragraph 2 of the Awb, supervisors must, in principle, comply with the general principles of proper administration even with respect to informal supervisory measures.

We note that more and more market participants who are confronted with warnings from the AFM or DNB are reconsidering their legal position and, for that reason, objecting to them “informally”. An increasingly important factor here is that managers are realizing that informal warnings from the AFM and DNB also involve antecedents. We noted that this informal objection can also have a chance of success, for example because the AFM “withdraws” the antecedent in response.

We expect that the above-mentioned trend will continue in 2025 and that even more informal supervisory measures will be imposed by the AFM and DNB and that supervised institutions will oppose them more often.

FROM AML TO INFLUENCERS?

Many of the formal measures imposed by DNB and the AFM in past years, especially fines, were related to (alleged) violations of anti-money laundering regulations, such as the Wwft and the Wtt 2018. That the formal enforcement efforts of supervisors focused mainly on that type of norm violations is also reflected in case law and the aforementioned overview of cases handled by Team Litigation of Finnius. It is to be feared that this trend will continue for some time to come. Although we want to be cautious, in our opinion it cannot be ruled out that the peak in terms of formal measures for violations of anti-money laundering regulations is now behind us.

Firstly, because DNB and AFM have been playing catch-up and the sense of standards among gatekeepers has undeniably increased considerably. In addition, it cannot be ignored that there is increasing dissatisfaction with the side effects and downside of intended enforcement efforts by the supervisors (and the Public Prosecution Service). The costs for the sector in connection with the requirements imposed on the *gatekeeper role* are rising sharply and the circumstance that banks increasingly feel compelled to exclude (categories) of entrepreneurs is encountering increasing social resistance.

Important in this regard is that now even the Minister of Finance has recently - see, for example, the [FD article](#) of Dec. 19, 2024: “Minister wants to intervene in money

laundering control by banks” - been receptive to this and said, “I don’t want to be a minister for another three years and just say ‘I understand the concerns’. I want to do something about it”. We would also point out that it also recently became known that, after years of investigation, the Public Prosecutor’s Office has decided not to prosecute some former executives of ABN Amro and ING for de facto leadership in violations of the Wwft allegedly committed by these institutions.

It may be *wishful thinking*, but we do not rule out the possibility that the AFM and DNB will use their limited formal enforcement capacity less in the coming years to educate and punish gatekeepers. What DNB and the AFM will (then) use their formal enforcement capacity for in 2025 is of course difficult to predict. However, it seems clear that this capacity will not overlook those who engage in influencing consumers (online) on financial matters, or so-called *finfluencers*.

As also follows from the [letter](#) from the Minister of Finance to the House of Representatives dated April 25, 2024 on the future of the financial sector and the empowerment of consumers, *finfluencers* have been moving in the AFM’s sights for some time. The AFM even imposed several (high) [fines](#) in 2024 on *finfluencers* who, according to the AFM, allegedly promoted the illegal asset manager Grinta Invest.

Notable is the broader trend of the AFM targeting *finfluencers*, such as those referred to above, by designating them as so-called “co-perpetrators” of standard violations committed by the illegal asset manager or other illegal firm. We note that AFM (and DNB) are increasingly resorting to this form of complicity, particularly where *finfluencers* are operating as so-called “affiliates” of the institution that the regulator considers to be operating illegally.

Our prediction is that by 2025, even more fines will be imposed on *finfluencers* on the basis of the legal concept of complicity. At the same time, we predict that there will be more jurisprudence and thus clarity on the answer to the question of whether the criteria to speak of complicity are met in all these cases. In our opinion, at least, this is not always the case.

PROPORTIONALITY

When it comes to enforcement and legal protection, one cannot fail to mention the wind of proportionality (“evenredigheid”) that has been blowing through the Netherlands recently. This wind has picked up as a result of the childcare benefits scandal and the important [Harderwijk ruling](#) (ECLI:NL:RVS:2022:285) by the Grand Chamber of the Judicial Division of the Council of

State. Very briefly, “Harderwijk” forces a more intrusive test of government decisions on proportionality if that decision was taken with room for discretion. Criteria for assessment are then: (i) suitability, (ii) necessity and (iii) balance.

Although institutions under the supervision of the AFM and DNB can hardly be equated with aggrieved supplementary allowance parents, it is undeniable that “Harderwijk” has also had an impact on case law of the Rotterdam District Court and the CBb, in which sanctions imposed by DNB and the AFM were up for review. This applies in the first place to the level of fines imposed by the AFM and DNB.

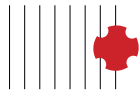
Although the Harderwijk ruling is not directly applicable to this and the level of the fine has always been subject to penetrating review by the administrative courts, it is noteworthy that on several occasions in 2024 the Rotterdam District Court proceeded to (very) severely mitigate the fine imposed due to disproportionality. See for example the [judgment](#) of the Rotterdam District Court of July 12, 2024 (ECLI:NL:RBROT:2024:6458) and the [judgment](#) of the same court of April 10, 2024 (ECLI:NL:RBROT:2024:4735). Interestingly, this mitigation was (partly) based on “proportionality in general.”

Our prediction is that more fines will be mitigated by the administrative courts for this reason. It should be noted that the AFM has lodged an appeal against the latter ruling and has also requested an opinion from the CBb on whether the moderation due to “proportionality in general” is not at odds with the system of basic statutory fines. Although the ruling of the CBb must of course be awaited, we do not rule out that DNB and the AFM will nevertheless (in the meantime) pay more attention to the proportionality of the level of fines in future fines (read: impose lower fines).

We also observed an increased focus in case law on “humanity”. Of course this does not always play a major role in AFM and DNB cases, but sometimes it does. This is particularly true if measures are at issue that affect the suitability and/or reliability of directors or supervisory directors.

The fact that judges set the bar high in measures around suitability/reliability, given the far-reaching (personal) consequences, already followed from, for example, the [judgment](#) of the Rotterdam District Court of September 16, 2022 (ECLI:NL:RBROT:2022:11948). In 2024, we saw that the court also attaches great weight in this context to the question if the defence rights of the individual concerned are respected. See the [ruling](#) of the same court on April 26, 2024 (ECLI:NL:RBROT:2024:4289).

Finally, we refer here to a [judgment](#) of the preliminary relief judge of the Rotterdam District Court of August 2, 2024 (ECLI:NL:RBROT:2024:7345) in which the revocation of a license granted by the AFM is central. We do so because this ruling manifests the importance of the Harderwijk ruling in view of measures imposed by DNB and the AFM. In this ruling, the interim relief judge found that the institution in question had made the necessary mistakes and that it is “not incomprehensible” that the AFM felt it had to withdraw its license. Nevertheless, it was held that there was insufficient ground for the opinion that license revocation was the only appropriate and necessary measure, upon which the revocation decision was suspended due to violation of the principle of proportionality.



How to contact us?

Click [here](#) for our website



Casper Riekerk
casper.riekerk@finnius.com
020 767 0189



Rosemarijn Labeur
rosemarijn.labeur@finnius.com
020 767 0186



Bart Bierman
bart.bierman@finnius.com
020 767 0185



Guido Roth
guido.roth@finnius.com
020 767 0180



Tim de Wit
tim.de.wit@finnius.com
020 820 8032



Nathalie Gloudemans
nathalie.gloudemans@finnius.com
020 767 0180



Marijke Kuilman
marijke.kuilman@finnius.com
020 767 0180



Maurice van Oosten
maurice.van.oosten@finnius.com
020 820 8033



Marieke Spee
marieke.spee@finnius.com
020 767 0182



Laurens Hillen
laurens.hillen@finnius.com
020 767 0184



Rick Sanders
rick.sanders@finnius.com
020 767 0180



Pim Smith
pim.smith@finnius.com
020 820 8030



Rens Budde
rens.budde@finnius.com
020 767 0180



Daniëlle van de Vijver
danielle.van.de.vijver@finnius.com
020 767 0180



Marise Kok
marise.kok@finnius.com
020 767 0180



Masha Advan
masha.advan@finnius.com
020 767 0180



Sam Visser
sam.visser@finnius.com
020 767 0180



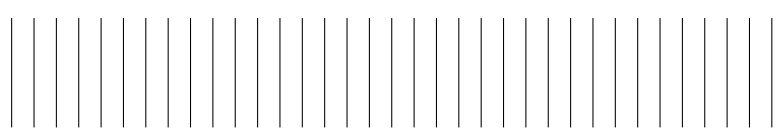
Coreine de Boer
coreine.de.boer@finnius.com
020 767 0180



Paulien de Boer
paulien.de.boer@finnius.com
020 820 8035



José de Bree
jose.de.bree@finnius.com
020 767 0180



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