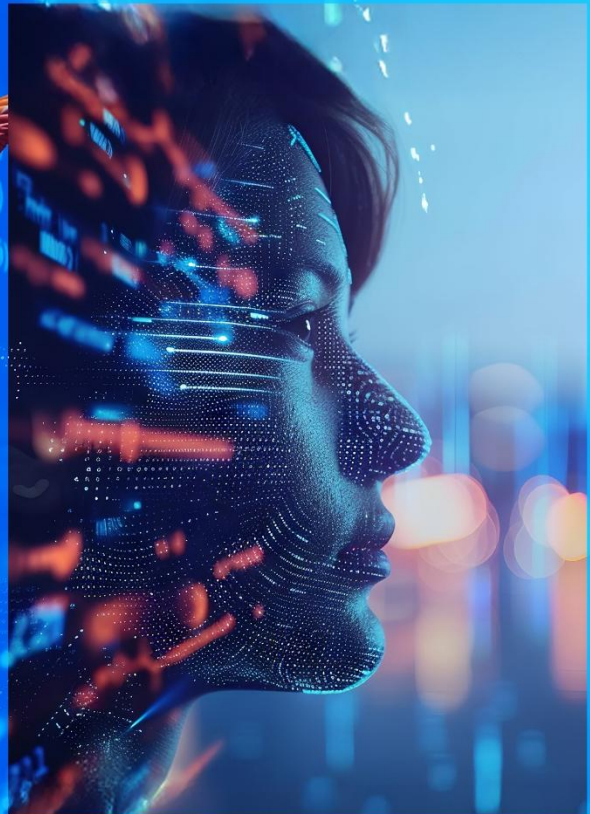




Regulatory Insights

Financial Services



January 2026

Anti-Money Laundering

EBA & AMLA complete transfer of AML/CFT mandates

Publication date: 19 January 2026

What: AMLA has officially taken over all AML/CFT mandates and tools from the EBA as of 1 January 2026.

Key points:

- ❑ AML/CFT responsibilities transferred fully from EBA to AMLA.
- ❑ Existing EBA AML/CFT guidelines remain in force until replaced.
- ❑ AMLA becomes central EU supervisor

and will directly oversee over 40 high-risk institutions.

- ❑ Ongoing cooperation framework established between AMLA and ESAs.

Why it matters: Creates a single EU authority for AML/CFT, aiming for more consistent supervision and stronger cross-border coordination.

🟡 Medium impact - structural supervisory shift but limited immediate operational changes.

Asset Management

ESMA cross-border fund marketing report

Publication date: 6 January 2026

What: ESMA's third annual report on cross-border distribution of funds, now including statistical analysis of marketing notifications for the first time.

Key findings:

- ❑ National marketing rules remain stable - no significant changes since 2023.
- ❑ Luxembourg: 59% and Ireland: 30% dominate cross-border notifications.
- ❑ UCITS: 56% vs AIFs: 44% of total fund

notifications.

- ❑ Data sourced from ESMA's central database tracking all EU cross-border marketing.

Why it matters:

Confirms Luxembourg and Ireland's position as leading fund domiciliation hubs and provides transparency on EU distribution patterns.

Next steps: Report submitted to European Parliament, Council, and Commission.

🟢 Low impact - Informational update, no action required.

Banking & Finance

EBA final draft RTS on supervisory cooperation for Third-Country Branches

Publication date: 8 January 2026

What: The EBA has issued its final draft Regulatory Technical Standards (RTS) to strengthen cooperation and information exchange among authorities supervising Third-Country Branches (TCBs) in the EU.

Key points:

- ❑ Establishes how colleges of supervisors should operate for Class 1 TCBs (normal and emergency coordination).

- ❑ Provides a mapping template to help determine when a college is required under CRD.

- ❑ Sets cooperation standards outside the college context for other TCBs.

- ❑ Builds on existing EU supervisory practices and embeds proportionality.

- ❑ Forms part of Phase 2 of the EBA's Banking Package roadmap addressing third-country market access.

Why it matters: Creates a harmonised EU approach for supervising third-country branches, improving information sharing and consistency across authorities.

- Medium impact – procedural and supervisory coordination enhancements, limited immediate impact on firms.

EBA final draft RTS on booking arrangements for Third-Country Branches

Publication date: 9 January 2026

What: The EBA has issued final Regulatory Technical Standards (RTS) defining booking arrangement requirements for Third-Country Branches under the CRD.

Key points:

- ❑ Sets out a standardised bookkeeping methodology for identifying and recording assets and liabilities (including off-balance sheet items).
- ❑ Defines the minimum required content for maintaining a complete registry book.
- ❑ Specifies required risk-related information and associated risk-management data that must be captured for branch activities.
- ❑ Supports harmonised supervisory practices across the EU under the new TCB regime in Directive (EU) 2024/1619.

Why it matters:

Creates a consistent EU approach to booking arrangements, enhancing transparency, supervisory comparability, and oversight of third-country branches.

- Medium impact – operational clarity for TCBs; moderate implementation requirements

EBA report on prudential consolidation & final guidelines on ancillary services undertakings

Publication date: 9 January 2026

What: The EBA has published (i) a [Report](#) proposing improvements to the prudential consolidation framework and (ii) final [Guidelines](#) clarifying how to identify Ancillary Services Undertakings (ASUs) under CRR.

Key points:

Prudential consolidation report (EBA/REP/2026/01):

- ❑ Recommends targeted legislative refinements to simplify and improve consolidation rules.
- ❑ Addresses implementation challenges identified across EU institutions.
- ❑ Key themes: simplification of sub-consolidation, better alignment with accounting standards, clearer definition of control, and guidance on consolidation perimeter (including cases involving insurance entities and the Danish compromise).

ASU Guidelines (EBA/GL/2026/01)

- ❑ Provides consistent criteria for identifying ASUs (direct extension of banking, ancillary to banking, similar activities).
- ❑ Clarifies treatment of activities like operational leasing, property management, and data processing.
- ❑ Addresses digital and fintech-related services that may pose ancillary risks.

Why it matters

Enhances consistency and proportionality in prudential consolidation across the EU and improves comparability of supervisory outcomes.

● Medium impact – clarifies scope and processes, with moderate implications for group structures and reporting.

📄 EBA Hotfix for reporting framework v4.2

Publication date: 13 January 2026

What: The EBA released a [hotfix to Reporting Framework v4.2](#) to correct technical issues identified after the publication of the final technical package.

Key points:

- ❑ Fixes errors in sub-categories within the reporting taxonomy, updates and refines validation rules (expression changes, severity adjustments).
- ❑ Updates technical specifications and artefacts to ensure consistent reporting.
- ❑ Full list of fixes available on the EBA website.

Why it matters:

Ensures more accurate and reliable supervisory reporting for both institutions and competent authorities.

● Medium impact – technical corrections relevant for reporting teams and IT providers.

📄 EBA updates RTS on resolution planning & resolution colleges

Publication date: 23 January 2026

What: The EBA has updated its [final draft Regulatory Technical Standards](#) (RTS) on resolution plans and the functioning of resolution colleges, revising the 2016 framework to streamline planning and strengthen cross-border coordination.



Key points:

Updates to RTS on resolution plans:

- ❑ More concise and standardised essential information for plan summaries.
- ❑ More proportionate, tailored plan content based on institution/group size and complexity.
- ❑ Clearer separation between resolution strategy selection and resolvability assessment.
- ❑ Resolvability assessment reorganised around seven core dimensions for consistency across the EU.

Updates to RTS on resolution colleges:

- ❑ Simplified processes to reduce administrative burdens.
- ❑ Enhanced cooperation and information-sharing mechanisms.
- ❑ Stronger coordination for planning and implementing resolution schemes.

Why it matters:

Improves the efficiency, clarity, and operational readiness of EU resolution planning, especially for cross-border banking groups.

● Medium impact – procedural improvements for authorities; limited direct impact on firms unless involved in resolution colleges.

EBA outlines medium- to long-term IRRBB heatmap objectives

Publication date: 26 January 2026

What: The EBA released a [Report](#) outlining the medium- to long-term priorities of its Interest Rate Risk in the Banking Book (IRRBB) Heatmap. The document consolidates supervisory observations from the past two years and provides recommendations to improve banks' IRRBB practices. It does **not** introduce new requirements.

Key points:

- ❑ Completes remaining milestones from the 2024 IRRBB Heatmap.
- ❑ Does not introduce new requirements and applies on a proportionate, guidance-only basis.

Focus areas:

- ❑ SOT results improving but asymmetries in $\Delta\text{EVE}/\Delta\text{NII}$ persist
- ❑ 5-year cap remains a harmonised benchmark
- ❑ Commercial margin modelling: constant-spread remains common;
- ❑ NMD guidance should not be over-extended
- ❑ CSRBB perimeter remains inconsistent; alignment needed
- ❑ Hedging still dominated by IRS; governance and effectiveness checks emphasised

Why it matters:

Provides a clearer, more forward-looking supervisory picture of how IRRBB risk should be monitored and managed, supporting convergence across banks without imposing new rules.

● Medium impact – supervisory guidance only.

EBA updates risk assessment indicators

Publication date: 28 January 2026

What: The EBA issued an updated [list of indicators](#) used in its risk assessment and analysis tools, together with a [revised methodological guide](#). The update does not introduce new reporting requirements.

Key points:

- ❑ Clarifies how risk indicators are calculated and interpreted in EBA publications, improving consistency for users and competent authorities.
- ❑ Aligns indicators with Reporting Framework v4.1.
- ❑ Covers a wide set of metrics on profitability, solvency, operational risk, and more.
- ❑ Adds new indicators related to the MiCA framework and investment firms.

Why it matters:

Enhances transparency and comparability of EBA risk metrics without increasing reporting burden.

● Medium impact – methodological clarity; no impact on reporting obligations.



EBA Pillar 3 Data Hub goes Live

Publication date: 28 January 2026

What: The EBA launched its Pillar 3 data hub, providing, for the first time, a single, harmonised digital platform with publicly accessible prudential data for all EEA institutions.



Key points:

- ❑ First institutions have already onboarded and begun submitting Pillar 3 reports to the hub.
- ❑ Platform enables interactive visualisation, easy comparisons across institutions and periods, and bulk data downloads.
- ❑ Initial data will cover the June, September, and December 2025 reference dates, expected to be fully available by June 2026.
- ❑ Launch follows successful testing with a pilot group and forms part of the CRR3/CRD6 mandates.
- ❑ Institutions will continue submitting 2025 reports under transitional arrangements until the December 2025 reference date.

Why it matters:

Improves transparency, comparability, and market discipline by centralising prudential disclosures in a user-friendly public portal.

● High impact – significant step for disclosure harmonisation and data accessibility across the EU banking sector.

EBA consults on amendments to guidelines on the systemic risk buffer

What: *Publication Date: 29 January 2026*

The EBA launched a [public consultation](#) on proposed amendments to its [guidelines](#) on sectoral exposures eligible for the Systemic Risk Buffer (SyRB). The revisions aim to make the SyRB a more effective tool for tackling systemic risks linked to climate change.

Key points:

- ❑ Introduces greater granularity in identifying exposures subject to physical and transition climate risks, using refined sectoral and geographical classifications.
- ❑ Reflects lessons learned from Member States' existing SyRB measures to improve design, monitoring and cross-border reciprocation.
- ❑ Updates align with CRD VI, which explicitly recognises climate-related risks as a justification for SyRB measures.

Consultation details:

- ❑ Deadline for comments: 30 April 2026
- ❑ Virtual public hearing: 9 April 2026, 15:00–16:00

Why it matters:

Strengthens authorities' ability to use the SyRB to address climate-related systemic risks in a more targeted and harmonised manner across the EU.

● Medium impact – potential future implications for macroprudential policy design.

Sustainability

📄 ESAs Joint Guidelines on ESG stress testing

Publication date: 8 January 2026

What: [Joint guidelines from EBA, EIOPA, and ESMA](#) providing supervisors with a common framework to integrate ESG risks into stress testing methodologies under CRD Article 100(4) and Solvency II Article 304c(3).

Key points:

- ❑ Sets EU-wide standards for embedding ESG factors into supervisory stress tests.
- ❑ Covers test design, organisational arrangements, and governance requirements.
- ❑ Flexible framework allows for future methodological advances and data improvements.
- ❑ Does not introduce mandatory ESG stress tests and instead provides guidance on how they should be conducted.
- ❑ Applies to both banking and insurance supervisors.

Why it matters:

Harmonises how financial supervisors across the EU assess climate and ESG-related risks in stress testing, supporting consistent risk management practices.

Next steps:

- ❑ NCA's must 'comply or explain' by Q1 2026.
- ❑ The Guidelines will apply from **1 January 2027**.

🟡 Medium impact - Framework guidance for supervisory practices.

📄 JBRC 2026 Work Programme & ESG semantic integration recommendations

Publication date: 19 January 2026

What: The Joint Bank Reporting Committee (JBRC) published its [2026 Work Programme](#) and a set of recommendations to support semantic integration in ESG reporting across supervisory, statistical and resolution frameworks.

Key points:

2026 work programme:

- ❑ Focus on further semantic integration across EU bank reporting.
- ❑ Continued work on common definitions and standards for supervisory, statistical, and resolution reporting.
- ❑ Supports the broader EU effort to streamline reporting obligations and improve data consistency.

ESG recommendations:

- ❑ Proposes steps to improve alignment of ESG definitions and data requirements across EU reporting frameworks.
- ❑ Supports consistency for upcoming ITS on ESG disclosures and future ESG reporting rules.
- ❑ Aimed at stronger cross-framework harmonisation to reduce reporting fragmentation.

Why it matters:

Strengthens EU-wide coherence on ESG data and broader bank reporting, reducing duplication and supporting a more integrated reporting system.

🟡 Medium impact – helps shape future ESG reporting requirements and data standards.



 EU Delegated Act on simplifying Taxonomy Reporting published in the Official Journal

Publication Date: 8 January 2026

What: The EU Commission published in the Official Journal the [Delegated Regulation \(EU\) 2026/73](#) simplifying the application of the EU Taxonomy Regulation, amending the Taxonomy Disclosures, Climate, and Environmental Delegated Acts.

Key points:

- ☐ Introduces a materiality threshold for Taxonomy reporting.
- ☐ Updates reporting templates to streamline disclosure requirements.
- ☐ Amends Technical Screening Criteria (TSC), including simplifications to the Do No Significant Harm (DNSH) criteria for the environmental objective on pollution prevention and reduction.
- ☐ Changes apply to reporting for the 2025 financial year, with optional one-year deferral (companies may continue using the previous regime for 2025, but must

apply it in full).

Application & reporting:

Delegated Act entered into force on 28 January 2026, applying retroactively from 1 January 2026. Undertakings must include in their sustainability report a clear statement specifying which reporting rules they applied for the 2025 financial year.

Commission FAQs:

[Draft FAQs](#) published on 17 December 2025 provide clarifications on (i) use (or not) of prior-year data under the new rules and (ii) application of the new materiality threshold.

Why it matters

Simplifies and clarifies Taxonomy reporting while offering transitional flexibility to companies preparing 2025 disclosures.

● Medium impact – meaningful adjustments to reporting processes but optional deferral eases implementation.



CySEC circular C751 on DORA

CySEC Circular C751 – DORA: Incident reporting, governance & portal obligations

Publication date: 19 January 2026

What:

CySEC issued [Circular C751](#) providing clarifications on several obligations under the Digital Operational Resilience Act (DORA), focusing on ICT incident reporting, the register of information (Register), ICT risk management, and new portal-based designations.

Key points:

A. Major ICT-related incident reporting

- ❑ CySEC notes deficiencies in classifying and reporting major ICT incidents.
- ❑ Regulated entities must follow [Commission Delegated Regulation 2024/1772](#), including the materiality thresholds and classification diagram from the RTS.
- ❑ Correct classification and timely reporting upon detection are required.

B. Register of information – submission format

- ❑ Submission of the old “Build in Excel” file is **discontinued**.
- ❑ Entities must submit the Register in **XBRL-CSV**, mapped and validated via **XBRL-compatible software**.
- ❑ Annual submission deadline: **28 February**, with reference date **31 December**.

C. ICT Risk Management Framework (Article 6 DORA)

- ❑ Entities must maintain a documented ICT risk management framework with annual (or periodic) reviews.
- ❑ Responsibility for ICT risk must be assigned to a control function with appropriate independence (except

microenterprises).

- ❑ Framework must be subject to **regular internal audits** by ICT-competent auditors.
- ❑ A formal follow-up process must ensure remediation of critical audit findings.
- ❑ Class 3 investment firms may apply a simplified framework.

D. CySEC portal obligations

- ❑ Entities must designate in the Portal:
 - The ICT auditor (under the *Auditors* section, selecting “Is ICT”), and
 - The person responsible for the ICT risk control function (under *Personnel*).

Why it matters:

The circular reinforces key DORA requirements ahead of the regime’s full application, strengthening incident reporting quality, governance expectations, and the accuracy of supervisory data submissions.

- Medium impact – governance and reporting clarifications with operational implications for all regulated entities.



CySEC consultation papers

Amendments to fees payable by Investment Firms and Market Operators

On 12 January 2026, CySEC published a [Consultation Paper \(CP-01-2026\)](#), proposing amendments to the fees payable by Cyprus Investment Firms (CIFs), operators of Regulated Markets, and branches of EU and third-country investment firms operating in Cyprus under the Investment Services and Activities and Regulated Markets Law (L.87(I)/2017). The proposals cover changes to both annual supervisory fees and fees for applications, notifications and post-authorisation updates.

Key changes proposed

CySEC proposes to introduce new fees for additional types of notifications, particularly where prior regulatory assessment is required. These newly-captured notifications include material changes relating to:

- ☐ a CIF's business model,
- ☐ outsourcing arrangements,
- ☐ client categorisation or client base, and
- ☐ cross-border service provision in third countries.

At the same time, CySEC proposes to remove several existing fees, including:

- ☐ fees connected to cryptocurrency-related services, reflecting the shift to the harmonised MiCAR regime, and
- ☐ fees relating to CIFs providing CFD-related services, aligning with new fee structures for PRIIP manufacturers and advisers (please refer to CP-02-2026).

Annual fees

Annual supervisory fees are also being updated and recalibrated to more closely reflect each entity's nature, scale and operational complexity.

Call for feedback

Stakeholders are invited to submit comments on the proposed changes by **13 February 2026**.

CySEC consultation on proposed PRIIPs fees

CySEC issued also on 12 January 2026 a [Consultation Paper \(CP-02-2026\)](#), seeking stakeholder feedback on proposed annual fees for entities falling under Regulation (EU) 1286/2014, which governs Key Information Documents (KIDs) for Packaged Retail and Insurance-based Investment Products (PRIIPs).

Who is affected

The proposals apply to all CySEC-supervised:

- ☐ PRIIP manufacturers, and
- ☐ Entities providing investment advice on, or selling, PRIIPs.

Key proposals

CySEC plans to introduce annual supervisory fees for the above entities, aiming to support effective oversight and ensure consistent compliance with PRIIPs regulatory obligations.

☐ Proposed annual fees:

- **€8,000** per year for *PRIIP manufacturers*.
- **€4,000** per year for *persons advising on or selling PRIIPs*.
- ☐ Fees apply cumulatively where an entity performs both functions.

Reporting & payment timeline:

- ☐ Entities must submit an **annual attestation and self-categorisation** between **1–15 September**.
- ☐ Fees must be paid by **30 November** each year.
- ☐ Fees apply in full regardless of operational duration, except where a licence is granted or withdrawn, in which case fees are calculated pro rata, including the months of licensing and withdrawal.

Call for feedback

CySEC invites comments on the proposals and the three specific consultation questions by **13 February 2026**.

Glossary

AIF Alternative Investment Fund (EU)

AIFMD Directive 2011/61/EU on Alternative Investment Fund Managers

AIFMs Alternative Investment Fund Managers

AML/CFT Anti-Money Laundering/Countering the Financing of Terrorism

CRD Capital Requirements Directive

CSRD Corporate Sustainability Reporting Directive

CySEC Cyprus Securities and Exchange Commission

EBA European Banking Authority

ECB European Central Bank

EIOPA European Insurance & Occupational Pensions Authority

EFAMA European Fund and Asset Management Association

ESG environmental, social, and governance

EMIR European Market Infrastructure Regulation

ESAs European Supervisory Authorities (EBA, EIOPA and ESMA)

ESMA European Securities and Markets Authority

ESRB European Systemic Risk Board EU European Union

FATF Financial Action Task Force

ICT Information and Communication Technology

INTERPOL International Criminal Police Organisation

IOSCO International Organisation of Securities Commissions

MiCA Regulation of the European Parliament and of the Council on markets in crypto-assets

MiFID Markets in Financial Instruments Directive

NCA National Competent Authority

OECD Organisation for Economic Co-operation and Development

OJ Official Journal

RTS Regulatory Technical Standards

SFDR Sustainable Finance Disclosure Directive

UNODC United Nations Office on Drugs and Crime

UCITS Directive directive 2009/65/EC on Undertakings for Collective investments in Transferable Securities

UCITS Undertakings for Collective investments in Transferable Securities (EU)

Main Contacts

Marios Lazarou

Board Member

Head of Advisory

T: + 357 22 209 033

E: Marios.Lazarou@kpmg.com.cy

Eleni Poyiadji

Principal, MiFID & AML expert, Risk Consulting

T: + 357 22 209 248

E: Eleni.Poyiadji@kpmg.com.cy

Chloe Karacosta

Senior Manager, DORA expert
Risk Consulting

T: + 357 22 207 475

E: Chloe.Karacosta@kpmg.com.cy

Eva Solomontos

Senior Manager, ESG expert
Risk Consulting

T: + 357 22 209 036

E: Eva.Solomontos@kpmg.com.cy

Marie-Hélène Angelides

Senior Associate,

Asset Management expert, Risk Consulting

T: + 357 22 209 227

E: Marie-helene.Angelides@kpmg.com.cy

Artemis Hadjivarnava

Principal, Capital Adequacy lead expert,
Risk Consulting

T: + 357 22 209 147

E: Artemis.Hadjivarnava@kpmg.com.cy

Eleni Georgiou

Senior Manager, GDPR & AML expert, Risk Consulting

T: + 357 22 209 341

E: Eleni.Georgiou@kpmg.com.cy

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.