THE LUXEMBOURG BANKERS' ASSOCIATION

PROPOSALS TOWARDS SMARTER FINANCIAL REGULATION IN EUROPE

APRIL 2025

A **simplified, harmonized, and proportionate regulatory framework** is essential to ensuring financial stability while preserving competitiveness.

Regulation plays a crucial role in ensuring financial stability, consumer protection and market integrity. However, excessive regulatory complexity and compliance burdens can hinder economic expansion and reduce the banking sector's capacity to support innovation, the sustainable transition and Europe's strategic autonomy. As the financial industry continues to evolve, regulations must be designed to maintain stability while enabling growth.

Against this backdrop, this paper sets out concrete proposals to advance banking and financial regulation in Europe.

About the ABBL

The ABBL is the largest professional association in the financial sector, representing the majority of financial institutions as well as regulated financial intermediaries and other professionals in Luxembourg, including law firms, consultancies, auditors, market infrastructures, e-money and payment institutions. This makes us truly representative of the diversity of the Luxembourg financial centre, placing us in a unique position, able to give the entire sector a voice at both national and international level.

We provide our members with the intelligence, resources and services they need to operate in a dynamic financial market and in an increasingly complex regulatory environment. We facilitate an open platform to discuss key industry issues and to define common positions for the financial sector in Luxembourg.

INTRODUCTION

THE NEED FOR SIMPLIFICATION IN EU LEGISLATION

The European Union faces a critical moment in its economic and regulatory development. As highlighted in the 2024 **Draghi Report** on the EU's competitiveness, Europe struggles with excessive regulatory complexity, which hampers investment, innovation and overall economic dynamism. The report underscores the urgent need for a regulatory environment that fosters growth while maintaining financial stability and consumer protection. Similarly, the EU's **Competitiveness Compass** of January 2025 outlines key performance indicators to measure and enhance the Union's economic standing, identifying regulatory simplification as a vital component of its strategy. In line with these findings, the **European Commission's 2025 Work Programme** aims to streamline existing rules, reduce administrative burdens and promote a more innovation-friendly business environment.

The Luxembourg banking sector, as an essential component of a key financial hub in the EU, has voiced concerns about the inefficiencies caused by the accumulation of directives, regulations, and guidelines that often duplicate requirements and increase compliance costs.

The ABBL does not advocate for deregulation but supports a more effective regulatory framework, one that enhances clarity and consistency and simplifies requirements while preserving essential policy objectives.

The banking and financial sector is particularly affected by **overlapping and sometimes conflicting regulations**. This is largely attributable to the many expectations placed on the banking sector by policymakers and regulators, be it as enabler of the climate transition, as protector of investors and consumers or as gatekeeper of the financial system. Regulatory constraints eventually limit options available to investors and consumers and have become **a barrier to accessing financial services**. This outcome is at odds with the objectives of financial inclusion and increasing retail participation in European capital markets.

The Draghi report stressed and illustrated the extent to which the European economy in general, and the financial sector in particular, have fallen behind competitors from jurisdictions such as the United States.

The size of the largest banks in the United States are a multiple of the size of their largest European counterparts. A consequence is that the economies of scale are only a fraction of those of their US competitors.

Legislation in the United States is also less extensive and burdensome compared to the European Union's as shown by a joint study published by Oliver Wyman and the European Banking Federation published in January 2023[1]. The trend is expected to accelerate with the new U.S. administration.

The ABBL believes that by aligning regulatory simplification with the broader EU competitiveness agenda, policymakers can foster a financial ecosystem that is both robust and dynamic. This paper will explore these challenges in greater depth, based on an extensive consultation of our members, offering concrete solutions to create a more efficient, innovation-friendly regulatory environment for the European financial sector.

Below, we outline five key policy recommendations towards regulatory simplification, while the annexes provide detailed proposals.

[1] HTTPS://WWW.EBF.EU/EBF-MEDIA-CENTRE/NEW-STUDY-OUTLINES-PATH-TO-UNLOCKING-MAJOR-BANK-FINANCING-AND-ECONOMIC-GROWTH/

FIVE KEY POLICY RECOMMENDATIONS FOR REGULATORY SIMPLIFICATION

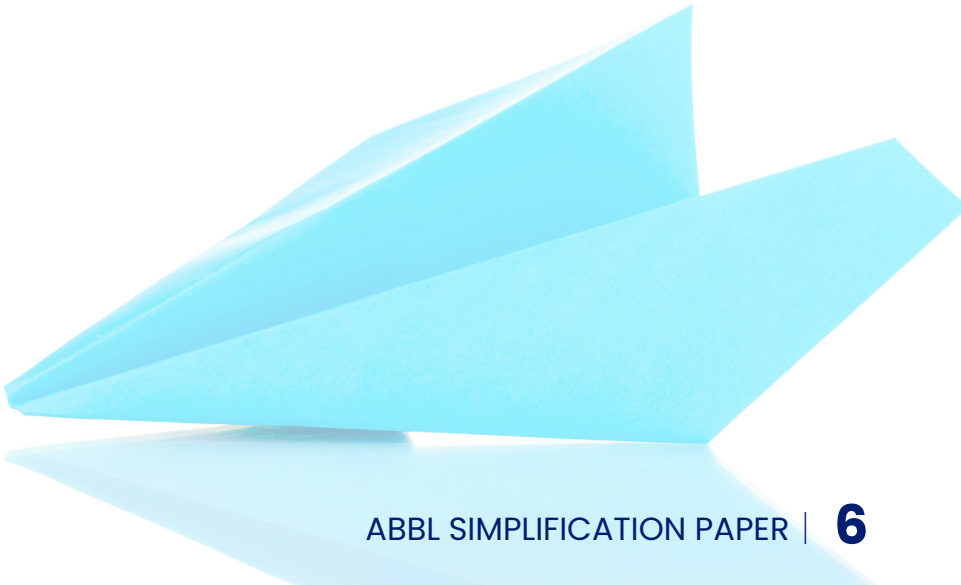
01

POLICY COORDINATION AND ALIGNMENT

The current EU regulatory framework is overly complex due to **overlapping and sometimes conflicting requirements** from multiple sources.

This challenge is particularly evident in the interplay between the analytical obligations set out under the AML framework and the speed requirements mandated by the Instant Payments Regulation. Similar coordination issues arise within cybersecurity regulations, where the financial sector is already subject to the Digital Operational Resilience Act (DORA). The addition of the Cyber Resilience Act (CRA) creates unnecessary duplication and increasing compliance uncertainty for financial institutions. **A more coordinated approach in the implementation of public policies is needed to ensure legal certainty and consistency** without compromising security and resilience.

Often, regulatory reporting frameworks reveal **inconsistencies in terminology and definitions**. While certain terms are accepted in one framework, they may have different meanings in another, or different terms may describe the same underlying concept. These discrepancies in scope and wording add unnecessary complexity to data management and regulatory compliance. **A more harmonized approach regarding the definition of key concepts is needed to enhance efficiency and to streamline regulatory requirements**. "What is well-conceived is clearly stated, and the words to say it come easily."



02 PROPORTIONALITY AND RISK-BASED APPROACH

A one-size-fits-all regulatory model disproportionately burdens smaller institutions and eventually drives them out of the market. A more proportionate approach should be adopted to ensure efficiency without compromising financial stability and reducing the choice for consumers. An increased reliance on **grandfathering** should be contemplated to enable banks to prioritize actions on material risks.

03 DATA AND REPORTING EFFICIENCY

Excessive and duplicative reporting obligations create administrative overload. Banks are required to engage in the collection of extensive third-party data to comply with regulatory requirements. This is often challenging as **centralized databases are often unavailable**, resulting in duplicative data collection and quality assurances. This requires widescale client outreach campaigns, the recurrence of which negatively impact over time the reactiveness and understanding of clients.

The production of **multiple reports** results in the collection of data that are sometimes broadly similar, but not identical, creating confusion and undue complexity. A relevant example is the production of CSRD indicators in certain areas such as in social and environmental risks where the definition varies from one report to another and from one year to another.

A streamlined, standardized reporting system should be developed to improve efficiency. Banks should be required to report high-quality granular data once and let the authorities cross-reference and aggregate as they see fit.

04 COMPETITIVE POSITIONING AND INNOVATION

European financial institutions are at risk of falling behind globally due to regulatory fragmentation and high compliance costs. A real regulatory transformation should thus extend beyond simplification to actively foster innovation in key sectors. **Policies should support digital transformation, shared KYC databases, technical and regulatory sandboxes and harmonized clearing and settlement frameworks.**

European supervisory authorities should factor in competitiveness alongside financial stability.

05 MARKET COLLABORATION

When introducing new regulations, public authorities should consider market realities—both in terms of opportunities (is there sufficient demand?) and constraints (can the market realistically absorb the new regulation?). This is especially true for FiDA and the digital euro, where a longer phase of pilot testing should be prioritised.

A more collaborative regulatory approach is needed to ensure that rules are fit for purpose in a rapidly changing financial environment. **Strengthening dialogue and collaboration between regulators, financial institutions, and policymakers is essential** to shaping a regulatory framework that enhances Europe's economic resilience and global competitiveness.

TAKING STOCK OF THE COST OF COMPLIANCE

The European Commission's commitment to **cut administrative burdens by 25%** by the end of its mandate in 2029 is a positive step, and **measurement is essential**.

Given the significant regulatory burden on the **financial sector**, these efficiency gains are particularly relevant for **banks**.

For the 2015-2020 period, the ABBL conducted a study[1] on the cost of regulatory supervision and its impact on Luxembourg banks. The main conclusions of this study were:

- The total cost of implementing the regulations covered in 2019 is estimated at €548 million, representing an average annual growth of 16% since 2015.
- 38% of the investment made by the banking sector in 2019 related to regulatory projects, with this value rising to 52% in the smallest banks.
- 14% of total banking employment is allocated to regulatory implementation.

An update of this study is currently underway and should be available in June 2025.

[1]HTTPS://WWW.EY.COM/EN_LU/INDUSTRIES/BANKING-CAPITAL-MARKETS/SURVEY-ON-THE-COST-OF-REGULATION-AND-ITS-IMPACT-ON-THE-LUXEMBOUR

SIMPLIFICATION PROPOSALS

- BANKING REGULATION
- FINANCIAL MARKETS
- LEGAL, TAX AND COMPLIANCE
- PAYMENTS AND DIGITAL FINANCE
- SUSTAINABILITY

BANKING REGULATION

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
1	**Prudential framework**	General comment	**Statistical reports** Upon closer examination of reports such as FINREP, COREP, Resolution, Monetary Statistics, etc, it becomes apparent that some accepted terms in one area may have different meanings in another, or that various terms may define concepts that are essentially the same. However, minor discrepancies in scope, wording, and other aspects lead to unnecessary complexity in managing these conflicting definitions.	We propose an Harmonization of Regulatory Concepts. We could capitalize on initiatives such as the Banks' Integrated Reporting Dictionary (BIRD) and give it a great deal of support from the public authorities so as to turn it into a genuine glossary of European legislation with common definitions for various areas of legislation.
2	**CRR3**	Level 3 mandates granted to EBA	**Timing for entry into force** While the CRR3 entered into force on 1 January 2025, several level 3 technical provisions are not available yet: for example, EBA Guidelines on ADC exposures, EBA RTS on equivalent mechanism for unfinished property.	We propose to ensure that the date of entry into force of regulatory texts is reconciled with the publication of technical details.
3	**Reporting to the ECB of supervisory data reported to the national competent authorities by the supervised entities (ECB/2023/18)**	Decision (EU) 2023/1681 of the European Central Bank of 17 August 2023 (article 5.2)	**Reporting of supervisory data to the ECB** NCAs shall communicate the following to the ECB: a) reasons for any resubmissions by significant supervised entities; b) reasons for any significant revisions submitted by significant supervised entities. For the purposes of point (b), 'significant revision' means any revision of one or more data points, both in terms of absolute figures reported and percentage of variations, which significantly impacts the prudential or financial analysis made using these data points at entity level. The concerned banks face the obligation to systematically identify and justify to the supervisor the variations > x% (5, 10% often) between large number of cells of the regulatory reportings.	We recommend simplifying this reporting and reverting back to a more qualitative assessment by the ECB with relevant questions asked after analysing the reports.

FINANCIAL MARKETS

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
4	**MiFID II**	General comment	**Harmonization of disclosure requirements** We note some duplication and inconsistencies between MiFID II requirements with related regulations such as PRIIPs and UCITS, mainly as regards cost transparency obligations.	We propose to align MiFID II requirements with related regulations like PRIIPs and UCITS to avoid inconsistencies and duplication, particularly as regards cost transparency obligations. This would improve usability of the information for investors.
5	**MiFID II**	Relevant Articles: Article 25 of MiFID II (Information to Clients) Articles 46-50 of the Delegated Regulation (EU) 2017/565	**Disclosure and reporting requirements** **Redundancy** The implementation of MiFID/MiFIR has led to an increase in pre-contractual, contractual, and post-contractual information for investors. This increase is often excessive and redundant, especially for eligible counterparties and professional clients who can manage their own interests. Many retail clients also find the information too complex. **Information Overload** A general decrease in the required amount of information would benefit retail investors. The current amount is inefficient and contrary to the European Commission's objective that client information should be "short, simple, comparable, and easy to understand."	We propose to amend these articles to reduce the volume and complexity of information, especially for non-complex products.
6	**MiFID II**	Relevant Articles: Article 24, Article 50 of Delegated Regulation (EU) 2017/565	**Information on costs** Investors can be overwhelmed by information on cost with excessive detail.	We propose to maintain clear but simplified rules on cost disclosures to empower investors without excessive details. We propose to consider a tiered approach: basic mandatory information with additional details upon request. A comprehensive one-off cost transparency document (provided before rendering the service) should be a valid alternative for retail clients instead of trade-by-trade disclosures.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
7 **MiFID II**	Relevant Articles: Article 9, Paragraph 9 of Commission Delegated Directive (EU) 2017/593	**Definition of a target market** Under MiFID II, companies that create or sell financial products must define a target market for every product they offer even for straightforward ones like shares and bonds. A common example where this requirement may feel unnecessary is the issuance and trading of ordinary shares on a regulated stock exchange. Ordinary shares are simple, well-understood, and available to all types of investors. Once listed, they can be freely bought and sold, so it's not practical to limit who can purchase them. Despite this, MiFID II still requires firms to identify a target market for these shares. However, for such simple products, the target market can be defined in broad and general terms, reflecting the product's simplicity.	We propose to narrow the scope of target market requirements to exclude simple, non-complex products like shares and bonds. The target market could be defined more broadly (e.g., "all clients") in this product context.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
MiFID II	Relevant Articles: Article 9 & 10 of Commission Delegated Directive (EU) 2017/593	**Target market description** The product governance requirements introduced by MiFID II have proven to be one of the most important elements of the MiFID II investor protection framework, aiming at ensuring that financial instruments and structured deposits ("products") are only manufactured and/or distributed when this is in the best interest of clients. However, setting up a distribution strategy based on different target markets might not add value in advice or portfolio management, where suitability requirements and duty of care obligations are already in place. We note that the scope of the Target Market is both too granular and too complex, thus creating an unnecessary burden at the level of the institutions and the investors.	We propose to decrease the level of detail of target market descriptions. Indeed, in integrated financial groups, a distributor will easily implement such target market descriptions; for smaller distributors this will be much harder to match with information gathered from clients in the context of suitability and appropriateness assessments that are not aligned with such overly detailed target market descriptions. Moreover, some of the components of the target market are not compatible with a discretionary portfolio management – where several products are combined - notably on: a) the risk tolerance, and compatibility of the risk/reward profile of the product with the target market, where the firm should specify the attitude of the target clients toward the risk of the investment; b) the time investment horizon for a product when determining the target market's objectives.

FINANCIAL MARKETS

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
9	**MiFID II**	Relevant Articles: Article 25(2) of Delegated Regulation (EU) 2017/565	**Flexibility in suitability assessments** The implementation of the proportionality principle for professional clients can be enhanced.	We propose to allow more proportionality in suitability assessments for professional clients to streamline processes without compromising retail investor protection.
10	**MiFID II**	Relevant Articles: Article 62 of Delegated Regulation (EU) 2017/565	**Loss reporting** The requirement to report a >10% depreciation of a client's portfolio or a product's value in one business day is problematic. The requirement remains in force, obligating firms to inform clients within 24 hours if their discretionary managed portfolio or leveraged position falls by 10% or more compared to its value in the last periodic statement. This requirement is confusing for clients trading in derivatives or leveraged products who are aware of daily fluctuations. Notifications might incentivize clients to trade unwisely, acting as disguised investment advice to sell during market depreciation. Depreciation notifications, even at the portfolio level, are not useful for all clients due to varying preferences and risk appetites.	We propose to remove this reporting obligation, or to limit its scope to clients with a low-risk appetite.
11	**MiFID II**	Training requirements	**Training requirements** We note that annual knowledge and competency assessment requirements and training methodologies are different among EU member states. The cost of these training is very significant for institutions both in terms of direct costs and indirect costs (time of the concerned employees).	We propose to consider setting up an harmonized assessment and certification process.

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
12	**Retail Investment Strategy**	General Remark	**Overall complexity of new requirements** MiFID II goal of enhancing investor protection and transparency is valid, but its implementation has yielded mixed results. While the regulatory framework has positively impacted Product Governance by encouraging banks to deepen their product knowledge and focus on cost efficiency, it has also created challenges. Many investors often feel overwhelmed by the sheer volume of information provided, which can be counterproductive to the intended goal of protection. The cost transparency disclosures, though potentially beneficial and valuable for some client discussions, have not been widely effective, as many clients either do not read the information or find it too complex to comprehend. This suggests that while MiFID II has made strides in certain areas, there is still room for improvement in balancing information provision with practical usability for investors. Given these observations, it seems counterintuitive to propose creating an even more complex environment and further limiting the investment options for retail clients.	The current discussions surrounding the Retail Investment Strategy/Package should focus on simplifying information delivery and improving financial literacy. This approach would better serve the original intent of MiFID II, making the investment landscape more accessible and understandable for retail investors, rather than more restrictive and complicated.
13	**Retail Investment Strategy**	Review the value-for-money approach	**Value-for-money approach** It is highly questionable how benchmarks for the comparative assessment of costs and performance can be appropriately developed for each investment product. Incorrectly designed benchmarks could have a significant impact on the sales of certain products and individual securities. Although financial products may appear almost identical at first glance, they may differ in detail. Comparing them with one and the same benchmark could then put a product at a disadvantage in sales, even though it might even	We propose to repeal the proposals on the benchmark approach. An alternative way to increase transparency in retail products is to provide a comparison of all securities, sorted by asset classes and investment preferences, by setting up a reliable database.

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
			be the better or more suitable product for the customer. Developing reliable and appropriate benchmarks for each financial product will be a difficult task for ESMA and is expected to be tough to implement in practice.	
14	**Retail Investment Strategy**	Revise Opting-Up Criteria Annex II, of Delegated Regulation (EU) 2017/565 which outlines the criteria for client categorisation	**Client categorization** We note a lack of flexibility in the criteria for client categorisation.	We propose to amend the criteria for opting-up retail clients to elective professional clients, potentially allowing for more flexibility while maintaining adequate protections. This measure would eventually widen the pool of investors available in Europe.
15	**Green Asset Ratio**	EU Taxonomy Regulation (Regulation 2020/852) and its Article 8 Delegated Act	**Mandatory reporting requirements** The Green Asset Ratio (GAR), whilst conceived with good intentions, ought to be made optional or removed from compulsory reporting requirements. This is due to its numerous shortcomings and unintended consequences. The GAR fails to provide a comprehensive view of banks' sustainability initiatives. It overlooks many transition activities and excludes significant portions of green financing efforts. As a result, the metric paints a misleading and incomplete picture of a bank's environmental impact. The cal<culation of the GAR is fundamentally flawed, employing an asymmetrical approach that artificially reduces the ratio. Banks face considerable hurdles in implementation, particularly in assessing EU	In light of these issues, we propose to reconsider the mandatory nature of the GAR in reporting requirements.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
		Taxonomy alignment for retail clients and use-of-proceeds financing. The current GAR structure fails to encourage banks to invest in renewable energies or accelerate their role in green transformation. This undermines its potential to drive positive environmental change. Calculating the GAR is a resource-intensive process that yields questionable value as a performance indicator. Its structural features lead to misleading comparisons between banks with different business models and client bases.	
Market Abuse Regulation (MAR)	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation)	**Scope of the framework** MAR continues to apply a one-size-fits-all approach across all asset classes, without accounting for the varying risk profiles associated with different financial instruments. This uniform application is widely acknowledged to disproportionately impact debt instruments, which in most cases present a low risk of market abuse. In the current context, where enhancing competitiveness is a key priority on the EU agenda, there is a clear opportunity to revisit and recalibrate the MAR framework. As it stands, its undifferentiated application serves as a significant deterrent for non-EU issuers considering access to EU capital markets, particularly when compared to jurisdictions such as the US and others that apply a more nuanced approach.	We propose to refine the MAR framework to better reflect the specific characteristics of different financial instruments and markets, with a focus on ensuring proportionality. In addition, we propose exploring the introduction of “equivalence clauses” that would allow for the recognition of third-country definitions, such as those concerning “insider” or “privileged information”, as equivalent to those within the EU. This would be particularly beneficial for US-listed companies subject to SEC definitions of “inside information,” many of which have either delisted from EU markets or refrained from listing due to a lack of legal certainty regarding MAR compliance. Ultimately, these adjustments are about reinforcing the EU’s competitiveness and ensuring that its regulatory framework remains attractive and internationally aligned.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
17 **EMIR**	Regulation (EU) No 648/2012 of the European Parliament and of the Council EMIR 3.0 Active Account Requirement (AAR)	**Treatment of affiliate assets and positions** Even though existing Level 2 standards indicate a differentiation of clients, clearing members and affiliates, EMIR does not explicitly define a Clearing Member's affiliate business. Due to the current ambiguity, they are treated like client business instead of clearing member business like in other jurisdictions and corresponding netting effects and risk off-sets for affiliate transactions cannot be realized, making clearing in the EU less attractive in global comparison. The legal ambiguity has proven to have a negative effect on the competitiveness of EU clearing as netting effects and risk off-sets for affiliate transactions cannot be realised and market participants may be incentivized to move positions outside the EU to achieve those benefits elsewhere.	ESMA should explicitly clarify that the treatment of affiliate assets and positions as proprietary assets and positions of the clearing member is an option, in addition to the traditionally widely used approach to segregate affiliates and treat them together with regular clients. This would eventually create a level playing field with other jurisdictions, by ensuring legal certainty and incentivizing market participants to clear within the EU.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
CSDR	Commission Delegated Regulation (EU) 2022/1930 Articles 6 and 7	**Mandatory buy-in mechanism** The Central Securities Depositories Regulation (CSDR) Settlement Discipline regime, particularly its mandatory buy-in (MBI) provisions under Articles 6 and 7, has undergone significant regulatory developments and industry debate. The MBI mechanism—originally designed to address settlement failures by forcing the purchase of undelivered securities—has been formally postponed to 2 November 2025. Unlike conventional buy-ins, CSDR's MBI requires the failing party to compensate the non-defaulting party only if the buy-in price exceeds the original trade price. If the buy-in price is lower, the transaction is canceled without compensation, creating a one-sided liability structure. MBI applies to non-centrally cleared trades, with a focus on bonds and equities. A "pass-on" mechanism allows participants in a transaction chain to transfer the buy-in obligation downstream to avoid duplicative costs. Implementation would incur very high costs for banks, as both technical and personnel resources could need to be increased. The introduction of CSDR penalties has already brought significant improvements in settlement. Since the introduction of CSDR cash penalties in February 2022, settlement efficiency has improved significantly. Data from ESMA and AFME shows a ~50% reduction in settlement fails for bonds and shares, though ETFs and sovereign bonds lag.	We propose a permanent removal of the Mandatory buy-in mechanism, given the success of penalties and the lack of clear benchmarks for MBI's reintroduction.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
Regulation (EU) of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing ("AMLR")	Draft RTS under article 28 on Customer Due Diligence	**Proportionality of customer due diligence requirements** Comprehensive draft RTS have been released by the EBA on 6 March2025. The contemplated standards are very detailed and prescriptive, leaving little room for flexibility and individual appreciation. This may eventually compromise access to banking services by professional clients. The application of the new customer due diligence procedures to existing clientswill require extensive reviews. We note diverging practices across Member States as regards certain documentation requirements (e.g., addressproof, originals vs copies) and the enforcement of beneficial ownership assessment.	Detailed comments are under preparation and will be finalized by early June 2025. The ABBL is supportive of effective harmonization of regulatory requirements to ensure consistent implementation across the EU. Overall, our recommendation is to facilitate and strengthen the risk-based approach to customer due diligence to avoid bottlenecks and to allow an effective focus on material risks. In particular: 1. Articles 2 to 6: documentary requirements for the verification of address, nationality and identity should not exceed information generally available on ID documents, while taking into account e-identification and increased reliance on digital onboarding. 2. Article 11: the definition of complex structures should be refined to take into account the specificities of legitimate investment structures and larger corporates. 3. Article 19: reliance on central registers for UBO verification should be further developed by extending the flexibility contemplated for low-risk situations to medium-risk situations. 4. Article 22: the obligation to hold up-to-date customer identification data "at all times" is excessive and at odd with periodic reviews. 5. Articles 25 to 27: the provisions pertaining to enhanced due diligence measures should be more exemplative. 6. The application of the new customer due diligence measures to existing clients should be embedded into periodic reviews.

LEGAL, TAX AND COMPLIANCE

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
20	**AMLR**	Art. 20 / Annex II Customer due diligence measures Lower risk factors	**Identification of beneficial owners** Simplified due diligence requirements may be applied with respect to public companies listed on a stock exchange and subject to disclosure requirements ensuring adequate transparency of beneficial ownership. These simplified requirements are not directly available for subsidiaries of listed companies. This contrasts with current practices in several member states.	Review and clarify this provision to provide additional flexibility with regard to (wholly-owned) subsidiaries of listed companies.
21	**AMLR**	Art. 52 Identification of beneficial owners Beneficial ownership through ownership interest	**Subsidiaries of listed entities** This provision provides for the reduction of the ownership threshold from 25% to 15% for the identification of beneficial owners for certain categories of legal entities exposed to higher risks following a decision-making process between the Member States and the European Commission. This lower ownership threshold deviates from FATF standards.	Review this provision to ensure consistency with FATF standards.
22	**Regulation (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR")**	Art. 2 Material Scope	**Scope of the framework** No distinction between SMEs, companies processing personal data for general purposes, and companies whose core business is specifically to process personal data.	Three-layered risk-based revision of the GDPR, based on the size of the company, the type of data processing, and the impact on privacy: 1. "Mini-GDPR layer" (would apply to SMEs). 2. "Normal GDPR layer" (all companies that process sensitive personal data or operate at a larger scale). 3. "GDPR-plus layer" (would cover Very Large Online Platforms, online advertisers and data brokers).

LEGAL, TAX AND COMPLIANCE

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
23	**GDPR**	Art. 20 Right to data portability	**Data portability requirements** Outdated provisions.	Remove/revise outdated provisions (i.e., data portability requirements).
24	**GDPR**	Arts. 24 to 43 Controller and Processor	**Data controller and processor** All companies are all treated the same irrespective of their size and activities.	Modifications of existing provisions to address the peculiarities of the three-layered risk-based approach proposed here above: 1. “Mini-GDPR layer” - simplified transparency rules, less documentation, no need for Data Protection Officers. 2. “Normal GDPR layer” - maintain most of the existing GDPR rules, remove/revise outdated provisions. 3. "GDPR-plus layer" - mandatory annual external audits, stronger transparency obligations, reversed the burden of proof.
25	**Council Directive (EU) 2025/50 of 10 December 2024 on faster and safer relief of excess withholding taxes (“FASTER”)**	Art. 2 Scope Art. 10 Obligation to report Art. 12 Due diligence of the registered owner’s eligibility	**Lack of harmonization** This Directive aims to simplify, digitise and to some extent harmonise withholding tax processes within the European Union. However, the Directive provides a certain number of options for Member States (e.g., possibility to require that the registered owner certifies that he is the beneficial owner of the dividend or the interest, possibility to include interest in the scope, penalties to be determined by each Member States…).	The ABBL calls for a greater harmonisation of the underlying processes within the European Union. The ABBL is providing comments in the context of the European Commission's preparation of guidelines in connection with the Directive.

LEGAL, TAX AND COMPLIANCE

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
26	**FASTER**	Art. 10 Obligation to report	**Multiplicity of reporting obligations** Certified Financial Intermediaries registered in a national register would have to report information notably in relation to dividend payment to the national authorities of the source Member State within the second month following the month of the payment date.	In its current shape, the reporting has to be done to each relevant competent authority of the source Member States. The ABBL advocates for a single reporting to our local authorities (as for CRS), which could send the information to the competent authority of the source Member States.
27	**EU Pay Transparency Directive (Directive (EU) 2023/970)**	General comment	**Scope and proportionality of the framework** The Directive introduces a large number of employer obligations which are likely to result in disproportionate administrative burdens compared to the intended objectives (promoting equal pay through transparency and closing the gender pay gap). The Directive appears disconnected from current economic and competitiveness challenges. Unlike other recent EU initiatives (e.g., Omnibus packages on reporting simplification), it imposes complex new requirements without sufficient consideration for the current business environment.	Contemplate a fundamental simplification of the Directive to ease the administrative burden on employers. In particular, it should: 1. Narrow the material and personal scope to what is strictly necessary for achieving gender pay equality, excluding atypical employee categories (e.g., expatriates, impatriates, intra-group transferees, seconded workers). 2. Limit the definition of "pay" to fixed and variable elements shown on payslips (e.g., salary and bonuses), excluding extralegal benefits like pension schemes. 3. Allow international groups to use group-wide tools and choose whether to apply the law of the parent company's country or that of the subsidiary or branch. 4. Align the employee's right to information with the employer's duty of disclosure. Regulate the transmission, collection and analysis of personal data arising from the Directive's obligations in full compliance with GDPR (essential given the potential tensions between pay transparency and data confidentiality).

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
28	**PSD3/PSR (under legislative process)**	PSR : Article 49	**Authorisation** The terms “authorisation” and “authentication” are still being discussed. Whereas “authentication” concentrates on the mere technical aspects of a payment order being correctly forwarded between the PSU and the PSP, “authorisation” also implies the intent of the PSU to really execute the payment.	For reasons of simplification, objective criteria should be applied here, which are above all, measurable. These include whether orders were placed using the agreed medium, whether the processing was technically correct and whether the orders correspond to the customer's usual business behaviour. Payments need to be irrevocable once executed and not being subject to further analysis. If the Payment User really intended to make the payment executed is outside the scope of discretion of any PSP.
29	**PSD3/PSR (under legislative process)**	PSR : Article 55	**Evidence on authorisation and execution of payment transactions** Financial cap as a limitation of liability for impersonation fraud. There were three options to be decided upon: 1. Unlimited liability; 2. Limited liability as a percentage of the transaction amount; 3. Limited liability as a fixed amount.	If a decision is made that PSPs are generally liable in the event of impersonation fraud, a fixed nominal cap to limit the assumption of liability would be clearly favoured. PSPs need a sound basis to be able to deal with claims. They need legal certainty as to when which party is liable and they must have a certain degree of planning security for budgetary reasons.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
30 **PSD3/PSR (under legislative process)**	PSR : Article 59	**Payment service provider's liability for impersonation fraud** In the current version of the PSR, PSPs are the main party liable in case of impersonation fraud.	Liability for fraud cannot remain solely with the PSPs, as they are not the root of the problem. In the case of impersonation fraud, the telecommunication companies must be included in the liability and/or technical solution finding. Internet platforms must also be involved and at least be subject to a certain duty of scrutiny in order to put a stop to dubious providers of products and services. Customers, even if they are the weakest link in the chain, must assume some liability for their actions, especially if they disclose their credentials. Clear obligations should be imposed on them, such as reporting cases of fraud promptly. Only through effective collaboration, fraud cases can be reduced.

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
31	**Central Electronic System of Payment information (CESOP)** **Council Directive 2006/112/EC** **Council Directive (EU) 2020/284** **Commission Implementing Regulation (EU) 2022/1504**	Art. 243b (3)	**CESOP reporting** Currently, each Member State receives CESOP reports within its jurisdiction before forwarding them to the central system. The varying reporting requirements and numerous counterparties impose a significant administrative burden on financial institutions. In its current form, the system presents substantial challenges.	To streamline the process, transition to a more centralised and standardised cross-border payment reporting system, facilitated by a one-stop-shop submission portal.
32	**Financial Information Data Access Regulation** **(under legislative process)**	All text	In its present form, the regulatory proposal FiDA presents several obstacles: **Regulatory & Competitive Effects:** FiDA introduces extra pressures at a time when Europe is grappling with competitiveness. **Insufficient Customer Demand:** There is no solid evidence justifying the need for FiDA, according to the Regulatory Scrutiny Board. **Geopolitical & Security Threats:** The regulation may strengthen the dominance of non-EU companies in European consumer data markets, heightening concerns over data security, privacy, and fraud. **Operational & Legal Complications:** The proposed permission dashboard and its interplay with GDPR pose both legal and technical difficulties.	Withdraw the text in its present form. However, if the text proceeds through the legislative process, the following should be taken into account: **Refine the Scope:** Restrict data categories to those with demonstrated market demand and apply FiDA solely to retail customers. **Embrace a Market-Led Approach:** Allow schemes to evolve organically based on genuine business cases and avoid enforcing data-sharing beyond these schemes. **Safeguard Against Data Misuse:** Ensure FiDA does not enable dominant non-EU firms to exploit European financial data. **Enhance the Permission Dashboard:** Tackle operational, legal, and technical hurdles to strengthen customer confidence.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
33 **Instant Payments Regulation 2024/886**	Art.5a Art.5c	The Instant Payment Regulation, in its current form, presents several practical challenges, including: **Verification of Payee:** Implementing this requirement in certain cases will create frictions for clients, particularly for corporate clients as the regulation is primarily focused on individuals. • Some corporate channels are not adapted or compatible with VoP requirements, and the volumes and values of transactions are very high (i.e., SWIFT, EBICS, SOFiE). • Some communication channels are asynchronous, which means that the client is not online and there is no real-time communication. • No clear authorisation for PSPs to reject an instant payment transaction when there is a fraud suspicion and the client ignores the VoP non-match results. **Foreign Exchange Management:** Handling transactions during weekends, holidays, and other periods when the FOREX market is closed. There are no guidelines on the rate to be used and no known hedging solutions are available during market closures. Expected future high volumes and a number of instant payments will increase the risks for PSPs. Also, external events causing collateral effects on exchange rates during market closure can happen (for both classical and more volatile exotic currencies).	**Verification of Payee:** Allow additional exemptions of verification-of-payee service for specific corporate payment scenarios is essential. Allow the corporates to perform their own VoP controls with common standards for different channels where the PSP will be able to trace the VoP check performed. Clarify the possibility for PSPs to reject transactions in case of suspected fraud and clarify the process to ensure compliance with AML/FT rules. **Foreign Exchange Management:** Clear guidelines on FOREX treatment and additional measures to put in place to avoid risks taken by PSPs. The offer should be restricted to time slots on which financial markets are open, which would solve the difficulty and risks currently entailed by the potential foreign exchange operations linked to the payments to be processed instantaneously. This would also reduce the need to organize 24/7 presence or IT support.

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
34	**Regulation - 2024/2847 - EU Cyber Resilience Act (CRA)**	Recital 72 Article 2 Scope	The Digital Operational Resilience Act (DORA) already provides a sector-specific, comprehensive regulatory framework for managing ICT and cybersecurity risks in the financial sector. Given that DORA is lex specialis for regulated financial institutions, applying both DORA and CRA to banks and other financial services firms that are in the scope of DORA would create overlapping and potentially conflicting requirements, particularly in areas such as incident reporting, ICT third-party risk management, and cybersecurity certification of digital products. DORA already imposes strict digital resilience obligations, including supervisory oversight by financial authorities (ESAs) and mandatory testing and incident response frameworks. Subjecting banks to additional requirements under CRA—designed for general digital products and ICT vendors—would complicate financial sector supervision, increase compliance costs, and create uncertainty for financial institutions.	We would welcome further steps by ESAs to align the CRA's objectives with DORA while avoiding unnecessary regulatory fragmentation. Regulated financial institutions—including banks—should be excluded from the scope of the Cyber Resilience Act (CRA) to avoid regulatory duplication, compliance inefficiencies, and legal uncertainty. To ensure regulatory coherence and efficiency, we urge the supervisors to confirm that banks remain solely governed by DORA, while the CRA applies only to ICT providers that serve multiple sectors. To ensure regulatory coherence and efficiency, we urge the supervisors to confirm that regulated financial institutions (e.g. banks, investment firms, market operators) remain solely governed by DORA, while the CRA applies only to ICT providers that serve multiple sectors.
35	**Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA)**	Scope (Article 2) and the overall interplay of DORA with other EU and national regulatory acts	Digital Operational Resilience Act (DORA), being lex specialis for financial services firms, introduces harmonised rules for ICT risk management and digital resilience, but many of its provisions coincide with other existing and upcoming regulatory frameworks (e.g., NIS2 Directive, ESAs ICT Risk Management Guidelines, and BCBS 239). Financial firms have to map their existing obligations against DORA, identifying which rules still apply and where regulatory gaps exist. This creates interpretational burdens that delay full compliance and increase operational risks.	In our view, ESAs could issue a mapping of how DORA interacts with other regulations and policy documents that will remain applicable in the post-DORA era. This could take the form of an EU-wide DORA Implementation Handbook that explicitly states which provisions override previous ones.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
Eurosystem's exploratory work on new technologies for wholesale central bank money settlement	Promote a digital wholesale CBDC on an integrated digital capital market infrastructure	There is a growing disparity in capital markets innovation and harmonization between the EU, the United States, and other regions. Elevating the digital infrastructure of European capital markets is therefore imperative to equip the EU with an efficient and powerful infrastructure for future capital market growth. To further support efforts to build a fully digital Savings and Investment Union (SIU), avoid re-fragmentation, and transfer the stabilizing role of central bank money (CeBM) into digital environments, the next step must be to establish a European framework for the digital euro in the wholesale sector (wCBDC). This should be done gradually, with the goal of establishing a more integrated capital market system where the right frameworks and standards are embedded. The Eurosystem's initiative to test new technologies for the settlement of financial transactions in digital central bank money (so-called ECB Trials) has been a great success in testing the underlying technologies and the applicability of digital payments for settlement in CeBM. From our perspective, efforts should continue, and concrete steps and measures should be prepared and taken. It is of utmost importance to act quickly and unlock the potential of an SIU to take capital allocation and efficiency in Europe to the next level, promote digital innovations, and establish the digital backbone of the European real economy. Building a European, digitized capital market infrastructure is a key element for European resilience in the context of recent geopolitical developments.	A robust governance structure and collaboration between key stakeholders should be established as quickly as possible to work towards a comprehensive framework that pools collective expertise and experience and ensures timely initial implementations. The framework should be defined in a joint effort led by the ECB together with key stakeholders, i.e., the national central banks (NCBs) that provide digital payment solutions, DLT operators such as central securities depositories (CSDs), central counterparties (CCPs), and major market participants. Robust governance structures, collaboration between key stakeholders, and a clear timeline are necessary to work towards a comprehensive and sustainable framework.

SUSTAINABILITY

	SOURCE	PROVISIONS	ISSUE	PROPOSAL
37	**Omnibus Sustainability package**	Omnibus Sustainability package 26 February 2025	**Disclosure requirements and reporting obligations** The Omnibus Sustainability package proposed by the European Commission aims to simplify and reinforce the consistency of the sustainable finance framework. The Omnibus Sustainability package concerns directly CSRD, CSDDD and the EU Taxonomy butthe result of this proposal could have impacts on multiple regulations such as SFDR, MiFIDIIor CRR3/CRD6 with respect to ESG risks.	For banks to be able to fully leverage their contribution to sustainable transition, a reliable and expanding access to ESG data is an essential prerequisite. Our recommendations are to: • Ensure proportionality in disclosure obligations. • Create a coherent approach to measuring sustainable economic activities. • Reconcile divergent reporting requirements across multiple regulations (CSRD, EU Taxonomy).
38	**Taxonomy Disclosures Delegated Act**	Art. 4 Trading Book, Fees & Commissions, and FinGuar KPIs	**Definition of KPIs** The trading book does not reflect a bank's investment strategy but its client's transactions/interest and corresponding hedging positions. The business model of banks is not to invest on own account on the market nor to have speculative strategies. In the same way, the rationale of the Fees & Commission KPI which would show the alignment of clients to whom banks provide services other than financing, is unclear.	We suggest deleting theTrading Book, Fees & Commissions and FinGuar KPIs given their substantial reporting burden, complexity, limited information and lack of usefulness for business or investment decisions.
39	**Directive 2013/34/EU as amendedby Directive (EU) 2022/2464 ("CSRD")**	Art. 29b Sustainability Reporting Standards	**Availability of guidelines** Further guidance is needed regarding the implementation of the European Sustainability Reporting Standards (ESRS) introduced by the Commission Delegated Regulation (EU) 2023/2772 for credit institutions via sector-specific standards. COM(2025)81 published as part of the 26 February "Omnibus I" package proposes to remove the provision for sector-specific standards.	We propose to maintain and accelerate the preparation of ESRS specific to the financial sector. These guidelines should avoid introducing additional disclosure requirements financial institutions and make specific and clear references to data already covered by banking regulations (e.g. Pillar 3 and CRD 6) to facilitate reporting processes under CSRD.

SOURCE	PROVISIONS	ISSUE	PROPOSAL
40 **CSRD** **Directive (EU)2024/1760 ("CSDDD")** **Directive 2013/36/EU as amendedby** **Directive (EU) 2024/1619("CRD6")**	Art. 19a (2) (iii) Transition plans Art. 22 Combating climate change Art.76 (2) Prudential transition plans	**Lack of alignment** Banks must develop 3 different climate transition plans stemming from 3 regulations that are not fully aligned. As they are formulated, the requirements are based on climate-related data that is not yet fully available and on objectives that are not aligned with the scientific reality.	While the prudential transition plans under the CRR pursue a different objective (risk) from the transition plans under CSDDD (obligation of means) and CSRD (transparency) the interface between the 3 and their application for credit institutions need to be ensured for long-term consistency. The EU should eventually build on existing frameworks, widely used by financial institutions, to harmonize disclosures, reduce burden for companies and ensure global competitiveness.

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