

OCTOBER 24, 2025

REDUCING THE REGULATORY BURDEN – EU COMMISSION DE-PRIORITIZES NON-ESSENTIAL REGULATION IN SECURITIES AND DERIVATIVE MARKETS

Under the European Union regulatory framework, primary legislation (e.g., directives such as the Markets in Financial Instruments Directive (MIFID II) and the Anti-Money Laundering Directive) ("**Level 1 Measures**") are typically passed by the European Parliament and Council and set out broad regulatory principles. The detailed implementing technical standards and granular rules arising from the Level 1 Measures are adopted and developed by the European Commission ("**Level 2 Measures**").

On October 6th, the European Commission (the "**Commission**") made [an announcement](#) to the Anti-Money Laundering Authority (AMLA) and the three European supervisory authorities (the European Banking Authority (EBA), the European Securities and Markets Authority (ESMA) and the European Insurance and Occupational Pensions Authority (EIOPA)) that:

- during the period from 2019-2024, Level 1 Measures have resulted in the Commission adopting 430 Level 2 Measures. It recognizes that "[s]uch a large number of measures to be adopted is a concern for stakeholders";
- its goal is to deliver a more effective and efficient implementation of European financial regulation as outlined in its [Communication on Implementation and Simplification](#);
- following consultation with the Commission, 115 Level 2 Measures (the "**Non-Essential Level 2 Measures**") have been designated as non-essential for the effective functioning of Level 1 Measures and will be postponed until October 1st, 2027.

A selection of the key Non-Essential Level 2 Measures is listed in the **Annex below**, access to the full list is available [here](#).

Going forward, the Commission will follow a two-step approach:

- it will not adopt the Non-Essential Level 2 Measures listed in the Annex before October 1st, 2027; and
- it will propose to amend or repeal its powers to enact the Non-Essential Level 2 Measures where there is an obligation to act within a specified legislative deadline under the related Level 1 Measure. In any event, if by October 1st, 2027, it has not adopted a relevant Non-Essential Level 2 Measure, the Commission will prepare proposals to amend or repeal it.

ANNEX

Level 1 – Prospectus Regulation

- Implementing Technical Standards ("ITS") specifying the template and layout of the summaries, including the font size and style requirements, as appropriate for prospectus type and class of investor.

Level 1 – SFDR (Sustainable Finance Disclosure Regulation)

- Entity level disclosures: Regulatory Technical Standards ("RTS") on transparency of the sustainability indicators in relation to adverse impacts in the field of social and employee matters, respect for human rights, anti-corruption and anti-bribery matters at entity level.
- Website disclosures: Revised RTS on transparency of the promotion of environmental or social characteristics and of sustainable investments on website.
- Periodic reports: Revised RTS on transparency of the promotion of environmental or social characteristics and of sustainable investments in periodic reports.
- Revised RTS on transparency of sustainable investment for financial products having sustainable investment as their objective.

Level 1 – MIFID II/MIFIR (Markets in Financial Instruments Regulation)

- RTS on the review of Commission Delegated Regulation 2022/1299 on position management controls for commodity derivatives.
- ITS on position reporting in commodity derivatives.
- ITS on Systematic Internaliser Notification.
- RTS on reporting obligations for consolidated tape providers.
- Review RTS 23 - Reference data reporting.
- Review RTS 22 – Transaction reporting.
- Review of RTS 24 on order record keeping.
- Delegated Act ("DA") amending the scope of OTC derivatives subject to transparency requirements.

Level 1 – Benchmark Regulation

- DA on calculation method on the thresholds for critical benchmarks.
- DA on calculation method on the thresholds for significant benchmarks.

Level 1 - EMIR (European Market Infrastructure Regulation)

- RTS further specifying the requirements for CCPs to adequately manage the risks arising from interoperability arrangements.
- RTS on the periodic review of the clearing thresholds.
- DA to identify the third countries (i.e., non-EU) whose entities cannot benefit from exemptions for intragroup transactions.
- DA to remove the exemption for equity options.

Level 1 - CSDR (Central Securities Depositories Regulation)

- RTS to specify the buy-in for settlement fails.
- RTS to detail measuring, monitoring, and reporting of the credit and liquidity risks in relation to deferred net settlement.
- Implementing Act on the suspension of the buy-in mechanism.

Certain RTS, ITS and DAs under the EU Capital Requirements Regulation and Directive (CRR III/CRD VI) and Alternative Investment Fund Managers Directive (AIFMD II), the Accounting Directive and the ESG Rating Regulation have also been designated as Non-Essential Level 2 Measures.



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