Proskauer

European Regulatory Timeline 2025

January 15, 2025

Following the turn of the new year, our UK Regulatory specialists have examined the key regulatory developments in 2025 impacting a range of UK and European firms within the financial services sector. The key dates have been distilled by the Proskauer team in an easy to read timeline with our commentary.

[January 2025]
[February 2025]
[March 2025]
[April 2025]
[June 2025]
[July 2025]
[August 2025]
[September 2025]
[October 2025]
[December 2025]

January 2025

2025

UK – Asset Management Regulation

The FCA is expected to consult on regulatory reporting regime as part of its work on a future regime for asset managers.

The FCA published a discussion paper (DP23/2) setting out its plans to improve asset management regulation in the UK. The FCA is expected to use feedback on DP23/2 to prioritise changes to the UK asset management regime in line with the government's commitment to ensure that the UK is attractive to financial services firms and activity.

2025

UK – Asset Tokenisation

FCA to work with Project Guardian members to support the development and adoption of asset tokenisation.

The FCA joined Project Guardian in October 2023, an initiative launched by the Monetary Authority of Singapore (MAS) with the aim of advancing digital asset pilots in fixed income, foreign exchange and asset management products. The FCA will work with MAS in 2025 to assess regulatory and supervisory principles that could apply to the use of tokenisation to support consumers and protect market integrity. One of the aims of the initiative is to enable the adoption of asset tokenisation for the fund industry.

2025

EU – AIFMD II

ESMA is expected to develop technical standards and guidelines to supplement the Directive (EU) 2024/927 (AIFMD II) requirements.

AIFMD II entered into force on 15 April 2024 and EU member states will be required to apply national measures to implement AIMFD II from 16 April 2026. AIFMD II amends the Alternative Investment Fund Managers Directive (2011/61/EU) (AIFMD) and UCITS Directive (2009/65/EC) (UCITS Directive). AIFMD II amends rules relating to delegation, liquidity risk management, supervisory reporting, the provision of depositary and custody services and loan origination by alternative investment funds (AIFs).

2025

EU – Sustainability Risks

ESMA is expected to publish a report on disclosures and the integration of sustainability risks in the investment fund sector

Sustainability considerations have become an increasingly important part of the European Commission’s financial policies. An integral part of sustainable finance is transparency regarding risks related to ESG factors that may impact the financial system. ESMA is expected to publish a report on disclosures and the integration of sustainability risks in the investment fund sector in 2025.

2025

EU – Money Market Funds (MMF)

ESMA is expected to publish updated guidelines on MMF stress testing.

The EU Regulation on money market funds ((EU) 2017/1131) (MMF Regulation) established rules on the operation of MMFs, their portfolio and valuation and reporting requirements. The regulatory regime for MMFs is currently the subject of scrutiny. ESMA published a report (ESMA60-1389274163-2560) on stress testing MMFs in the EU in June 2023. ESMA is expected to publish updated guidelines on MMF stress testing under the MMF Regulation in 2025.

2025

EU – Cross-border Distribution of Funds

ESMA is expected to publish its third report on marketing requirements and communications under the CBDF Framework.

ESMA is expected to publish its third report on marketing requirements and communications under the Regulation on cross-border distribution of funds ((EU) 2019/1156) (CBDF Framework) in 2025. The report is expected to provide an overview of marketing requirements across member states and analyses the effects of national laws, regulations and administrative provisions governing the marketing communications for investment funds.

2025

UK – Corporate Transparency Reform

Further guidance / secondary legislation in relation to the second Economic Crime and Corporate Transparency Act is expected to be published.

The UK Government has passed legislation that will reform the corporation governance regime in the UK. This follows concerns that the UK's previous regime was facilitating criminal behaviour, through convoluted corporate structures that masked economic crimes such as money laundering.

The changes introduced in the legislation include further transparency within limited partnership structures, but many of these requirements are yet to come into force and further guidance / secondary legislation will need to be published prior to the changes coming into effect.

Please refer to our dedicated update on this topic **here**.

2025

Climate-Related Risks

It is expected that the Financial Stability Board (FSB) will consider updating its recommendations on supervisory and regulatory approaches to climate-related risks.

The FSB publishes reports to address climate-related financial risks and announced in its final report on supervisory and regulatory approaches to climate-related risks that it will consider updating its recommendations in 2025.

2025

UK – Cryptoassets Regulation

HM Treasury is expected to bring the financial services regulation of cryptoassets within the regulatory framework established by Financial Services and Markets Act 2000 (FSMA).

HM Treasury is expected to introduce the secondary legislation to bring the financial services regulation of cryptoassets and stablecoins within the FSMA regulatory framework, as early as possible in 2025. For unbacked cryptoassets this means expanding the list of specified investments in Part III of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (RAO) and requiring firms undertaking relevant activities involving unbacked cryptoassets by way of business to be authorised by the FCA under Part 4A of FSMA.

2025

EU - Revocation of Assimilated Law under FSMA

Further work is expected on the UK’s revocation of assimilated law in 2025.

Assimilated law includes EU regulations that were on-shored into UK law and domestic legislation that implemented EU directives following the end of the Brexit transition period. Part 1 of the Financial Services and Markets Act 2023 (FSMA) includes a mechanism whereby the government can revoke assimilated law relating to financial services. HM Treasury intends to integrate assimilated law into the UK’s existing framework of financial services regulation, which will eventually involve the revocation of assimilated law and, where appropriate, its restatement.

Further work on the revocation of assimilated law is expected in 2025.

2025

EU – Framework for Financial Data Access (FIDA)

The European Commission, the European Parliament and Council of the EU are expected to conduct trialogue negotiations to agree the final text of FIDA.

The European Commission adopted FIDA in June 2023 as part of its financial data access and payments legislative package. The objective of FIDA is to allow access to and processing of business to business and business to customer data, on customer request, in line with EU data protection and consumer protection rules. FIDA seeks to enhance customer's control over the data they own and supply. FIDA builds on consumers' rights and obligations under the open banking regime under the revised Payment Services Directive ((EU) 2015/2366) (PSD2).

The European Commission, the European Parliament and the Council of the EU are expected to conduct trilogue negotiations in 2025 to agree the final text of FIDA.

1 January

UK – Digital Markets, Competition and Consumers Act 2024

Commencement of Part 1 (digital markets regime) and Parts 2 and 5 (enhancement of the wider competition regime including changes to the merger control thresholds).

The UK Competition and Markets Authority (CMA) has a number of expanded / additional powers effective 1 January 2025, including: (i) the power to initiate investigations to designate digital businesses as having Strategic Market Status; once designated, such businesses will be subject to bespoke conduct obligations and certain mandatory merger reporting requirements; (ii) a new merger review threshold designed to catch transactions where the parties do not compete directly or the target has no UK turnover: transactions will now be reviewable where one party has a 33% share of supply in the UK and a UK turnover of £350 million, and any other party has a UK nexus; and (iii) the power to impose significantly higher penalties on companies and individuals who fail to comply with CMA investigations or breach undertakings / commitments / orders.

1 January

EU – Basel III Implementation

The EU's implementation of the Basel III framework begins.

The Basel III framework was developed by the Basel Committee on Banking Supervision (BCBS) to address weaknesses in the Basel II framework which became apparent during the 2007/2008 financial crisis. The framework includes internationally agreed minimum standards (Basel III Standards) developed by the BCBS and applicable to banks with the aim to ensure that banks are better placed to manage economic shocks and to minimize the chances and impact of global financial crises.

The EU has already implemented several of the Basel III Standards but final elements are yet to be implemented. The EU will begin its implementation of the remaining Basel III Standards on 1 January 2025.

2 January

US – US Department of the Treasury Final Regulations implementing Executive Order 14105 (US Outbound Investment Program)
The Final Regulations are effective as of 2 January 2025 and target certain identified technologies in “Countries of Concern”, including China, Hong Kong, and Macau.

The US Outbound Investment Program prohibits or requires notification of investments by US persons in China (including Hong Kong and Macau) in certain specified technology sectors including semiconductors, microelectronics, quantum computing and artificial intelligence. “US person” is defined broadly to cover US entities (including foreign branches, subsidiaries and “controlled foreign entities” as defined in the implementing regulations) as well as US citizens / permanent residents and individuals located in the US. LPs and GPs will need to consider compliance and diligence requirements and update documentation accordingly.

17 January

EU – Operational Resilience
Digital Operational Resilience Act ((EU) 2554/2022) (DORA) becomes applicable.

The DORA applies as of 17 January 2025 to the majority of EU financial services firms and market infrastructure. The ESAs, together with competent authorities, will start the oversight of critical information communication technology (ICT) third-party service providers (CTPPs) offering services to financial entities in the EU.

February 2025

2 February

EU – the EU's AI Act (EU AI Act)

Prohibited AI practices are banned and general provisions, including requirements relating to AI literacy, apply

The EU AI Act, which came into force on 1 August 2024, is the world's first comprehensive AI law. The EU AI Act manages risks imposed by AI systems and prohibits certain AI practices. The EU AI Act has a broad extra-territorial scope and imposes high fines for non-compliance. UK and US organisations should therefore be mindful of the EU AI Act and should not assume that it does not apply to them. Following the EU AI Act coming into force in August 2024, prohibited AI practices will be banned and general provisions, including requirements relating to AI literacy, will apply from 2 February 2025.Please see our dedicated article on this topic **here**.

6 February

UK – Green Taxonomy Consultation

The consultation on a UK Green Taxonomy closes to comments.

The UK government published a consultation to gather views on the value case for a UK Green Taxonomy as part of the UK's wider sustainable finance framework. The consultation window for this ends on 6 February 2025.

19 February

UK – Stewardship Code (Code)

The Financial Reporting Council's (FCR) consultation on the Code closes to comments

The FCR launched a consultation proposing significant updates to the UK Stewardship Code. The consultation aims to streamline reporting requirements and reduce burdens for signatories whilst clarifying the purpose of the Code and its intended outcomes. The consultation is running until 19 February 2025 and the updated Code is expected to be published in late 2025 for implementation with the first reporting cycle in 2026.

Please see our dedicated article on this topic **here.**

March 2025

12 March

EU – AIFMD II RTS for open-ended loan originating AIFs

ESMA consultation on draft RTS on open-ended loan-originating AIFs under AIFMD II closes to comments.

ESMA published a consultation paper (ESMA34-1985693317-1085) on draft regulatory technical standards relating to open-ended loan originating AIFs under AIFMD II. The consultation is open for feedback until 12 March 2025 and the final RTS is due to be submitted to the European Commission in Q3 or Q4 2025.

Q1

EU – Benchmarks Regulations – ESG Disclosures

ESMA's CSA with national competent authorities on ESG disclosures under the EU Benchmarks Regulation (EU BMR) closes to comments.

ESMA announced it would launch a common supervisory action (CSA) with national competent authorities on ESG disclosures under the EU BMR. The CSA will be carried out by ESMA and the NCAs during 2024 until Q1 2025.

Q1

UK – ISSB

Aim to consult on the exposure drafts of International Sustainability Standards Board's (ISSB) IFRS S1 and IFRS S2 to become part of the UK sustainability reporting standards.

The ISSB, which has incorporated TCFD (Task Force on Climate-related Financial Disclosures) reporting, published climate-related reporting standards IFRS S1 and IFRS S2 in June 2023. The UK's Sustainability Technical Advisory Committee has recommended in December 2024 that the UK government endorses the ISSB standards and it is expected that the UK government will consult on this in Q1 2025.

April 2025

2 April

UK – Naming and Marketing Rules under the UK Sustainability Disclosure Requirements (SDR) Temporary flexibility period for firms to comply with the naming and marketing rules under SDR ends.

The FCA published its SDR and investment labels regime (*PS23/16*) on 28 November 2023. The FCA had allowed temporary flexibility for firms to comply with the naming and marketing rules under SDR until 2 April 2025 – the rules apply to UK funds with a retail client base.

16 April

EU – AIFMD II RTS and Guidance on Liquidity Management Tools

ESMA to deliver the final RTS and guidelines.

ESMA published draft guidelines (ESMA34-1985693317-1097) and RTS (ESMA34-1985693317-1095) relating to liquidity management tools (LMT) under AIFMD II. In the draft RTS ESMA defines the constituting elements of each LMT, such as calculation methodologies and activation mechanisms. Additionally, they intend to clarify the functioning of specific LMTs, such as the use of side pockets, a practice that currently varies significantly across the EU. The consultation was open for feedback until 8 October 2024 and the final RTS and guidelines are due to be published by 16 April 2025.

30 April

EU – Operational Resilience
National competent authorities will have to provide DORA related data to the ESAs.

In-scope entities will need to keep a close eye on any DORA-related information requests from the relevant national competent authorities, as the deadline for the first submission of information registers by national competent authorities to the ESAs is 30 April 2025.

National competent authorities will collect the registers of information from the financial entities under their supervision in advance, following their own timelines.

April

UK – Digital Markets, Competition and Consumers Act 2024 (DMCCA)
Expected commencement of Part 3 (consumer enforcement regime) and Part 4, chapter 1 (replacement of the unfair trading regulations).

The government has flagged that it expects to commence the provisions of the DMCCA which introduce enhanced, direct enforcement powers for consumer protection and replace the unfair trading regulations in April 2025.

From commencement, the CMA will have the power to impose fines of up to 10% of annual global turnover on companies and up to £300,000 on individuals for breaches of consumer protection law, and will be able to resolve cases through undertakings or settlement, as well as imposing directions.

The FCA is designated as public enforcer of these powers, meaning it can launch investigations and agree undertakings with businesses, although it must apply to court to impose orders or financial penalties.

May 2025

2 May

EU – the EU AI Act

Finalised Codes of Practice will be published.

The European Commission published the first draft of the Codes of Practice (technical guidelines for general purpose AI model compliance with the EU AI Act) in November 2024.

The finalised Codes of Practice will be published on 2 May 2025.Please refer to our dedicated article on this topic here.

21 May

EU – ESMA ESG Fund Name Guidelines (Guidelines)

Mandatory compliance with the Guidelines for existing funds comes into effect.

The Guidelines apply to all AIFs and UCITS managed by EU AIFMs or EU UCITS management companies. The Guidelines became mandatory for new funds from 21 November 2024 and will become mandatory for existing funds from 21 May 2025. The Guidelines are not clear on applicability to non-EU funds marketed into Europe and advice on such ESG-related named non-EU funds should be obtained.

Please see our dedicated article on this topic **here**.

May

UK – Motor Finance Review

FCA to confirm next steps in relation to its review.

FCA is expected to set out next steps by May 2025 relating to its review of firms' historical use of motor finance discretionary commission arrangements ("DCAs") and sales.

June 2025

H1

UK – Investment Research Payment Optionality for Fund Managers

The FCA is expected to publish its policy statement on investment research payment optionality for fund managers.

The FCA published a consultation paper (*CP24/21*) on investment research payment optionality for fund managers and the FCA intends to publish its policy statement containing new rules and guidance in the first half of 2025.

H1

UK – Retail Disclosure Rules

The FCA is expected to deliver a reform on UK retail disclosure rules.

HM Treasury and the FCA announced plans to reform UK retail disclosure rules. The FCA intends to finalise the rules in H1 2025, subject to parliamentary approval and the FCA consultation process.

H1

UK – Growth and Competitiveness Strategy

HM Treasury intends to publish financial services growth and competitiveness strategy.

HM Treasury is developing the strategy, which is intended to serve as the central guiding framework through which the government will achieve sustainable, inclusive growth for the financial services sector and secure the UK's competitiveness as an international financial centre. HM Treasury intends to publish the strategy in spring 2025.

H1

UK – FCA Approach to Consumer Duty

The FCA is expected to publish findings following various reviews relating to the Consumer Duty

To understand how firms are improving consumer outcomes the FCA has three cross-cutting projects, which it is grouping into packages of publications that have been or will be published in Q4 2024 and Q1 2025. It is also expected that the FCA will commence a market study into pure protection insurance in H1 2025 and plans to publish an interim report of its market study into premium finance (motor finance and home insurance) in H1 2025.

H1

UK – Modernising Redress System

FCA and FOS (Financial Ombudsman Service) to publish next steps on modernising the consumer redress system.

The FCA and the FOS have issued a joint call for input on the modernisation of the redress framework, which could have a significant impact on firms in scope of the Consumer Duty in the future. This focuses on possible changes to the framework that applies when there are large numbers of complaints about the same issue.

The FCA and FOS intend to publish a document summarising the responses in the first half of 2025.

June

EU – SFDR 2.0

Potential course of change for SFDR can be expected.

Two consultation papers launched in September 2023 seeking feedback on fundamental redesign and repurposing of Sustainable Finance Disclosure Regulation ((EU) 2019/2088 (SFDR). The feedback window ended on 15 December 2023. Whether SFDR should be developed or abandoned is the subject of considerable debate. Following the EU Sustainable Finance Platform's advice to the European Commission on SFDR 2.0 in December 2024, there are indications that the European Commission will publish its proposals on SFDR 2.0 in June 2025.

July 2025

1 July

EU – New Authority for Anti-Money Laundering

The new EU AML authority (AMLA) will be established.

The new European AMLA, that will be based in Frankfurt will commence its operations.

August 2025

2 August

EU – the EU AI Act

Obligations on providers of general-purpose AI models take effect, Member States must have appointed their notifying authorities and bodies and the annual EU Commission review of, and possible legislative amendments to, the list of prohibited AI practices occurs.

Obligations on providers of general-purpose AI models take effect and the deadline for Member States to have appointed their notifying authorities and bodies is 2 August 2025. Annual EU Commission review of, and possible legislative amendments to, the list of prohibited AI practices will also occur.

Please refer to our dedicated article on this topic **here**.

September 2025

29 September

EU – MiFID III

Deadline for EU member states to bring into force the laws, regulations and administrative provisions to comply with Directive ((EU) 2024/790) (MiFID III).

The changes in MiFID III are aimed primarily at improving access to market data and trade transparency. EU member states have until 29 September 2025 to bring into force the laws, regulations and administrative provisions necessary to comply with MiFID III.

October 2025

October

EU – Fees to Investors

ESMA is expected to publish a report on fees charged to investors under the AIFMD and UCITS Directive.

ESMA announced the launch of its data collection exercise for a one-off report on costs linked to investments in UCITS and AIFs. A report based on these data will be submitted to the European Parliament, the Council and the European Commission in October 2025. This will also be part of an enhanced 2025 ESMA market report on costs and performance of EU retail investment products.

December 2025

1 December

UK – Bonds and Derivatives

FCA rules on trade transparency for bonds and derivatives come into force

The FCA published a policy statement (PS24/14) announcing changes to improve transparency in the bond and derivatives markets. The new transparency rules will come into force on 1 December 2025. Until that date, the current transparency regime for bonds and derivatives will apply (as set out in the transitional provision in the FCA's policy statement).

4 December

UK – Handling Rules for Motor Finance Complaints

FCA extension for firms to respond to motor finance-related claims.

The FCA published a policy statement (PS24/18) and has extended the time firms have to respond to complaints about motor finance agreements not involving a DCA. Firms have until after 4 December 2025 to provide a final response to motor finance non-DCA complaints received on or after 26 October 2024. This is in line with the extension that the FCA has already provided for complaints involving DCAs. Consumers who receive a final response to these complaints have until the later of either 15 months from when the final response is sent, or 29 July 2026, to decide whether to refer their complaint to the Financial Ombudsman Service (FOS).

December

UK – Motor Finance Review

FCA to confirm approach to compensation.

FCA intends to confirm its final rules for how consumers will be compensated following its review into the historical use of DCAs in the motor finance industry.

H2

UK – Critical Third Parties (CTP) Regime

HM Treasury is expected to start making regulations designating the first CTPs under the CTP Framework.

The FCA, PRA and the Bank of England (Regulators) published the final rules for the critical third parties regime (CTP Framework) on 12 November 2024. Firms and financial market infrastructures have become increasingly reliant on third party service providers. Disruption to these critical third parties may affect these consumers and firms and, as a result, could threaten the UK's financial stability. The purpose of the CTP Framework is to increase the resilience of the services provided by critical third parties and support minimizing the risk of disruption to the UK's financial stability.

HM Treasury is expected to start making regulations designating the first critical third parties under the CTP Framework in the second half of 2025.

The information in this timeline is current as of January 2025. For more information on any of the topics, please reach out to Proskauer Regulatory team at UKReg@proskauer.com.

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