EU RegCORE Client Alert

Financial Services

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Looking back to navigate forward: What the EU supervisors' 2025 Annual Reports reveal for 2026

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QuickTake

Between March and July 2026, the EU's principal financial supervisory authorities published their 2025 annual reports. Publications from the Joint Committee of the European Supervisory Authorities (**ESA**s), the European Banking Authority (**EBA**), the European Securities and Markets Authority (**ESMA**), the European Insurance and Occupational Pensions Authority (**EIOPA**) and, in the Banking Union context, the European Central Bank (**ECB**) in its Single Supervisory Mechanism (**SSM**) role and the Single Resolution Board (**SRB**) in its Single Resolution Mechanism role, reveal a system in which framework development and active supervision increasingly coexist, with the balance shifting toward implementation monitoring and enforcement. National competent authorities' (**NCA**s) activities are steered by EU-level priorities, though supervisory intensity and legal powers vary significantly across sectors. The centre of gravity is moving from constructing rules to demonstrating that rules work consistently, operationally and measurably across the EU — while significant rulemaking continues, particularly for newer frameworks such as AMLA and MiCAR 2.0.

This Client Alert consolidates findings across all published reports, identifies thirteen cross-cutting themes shaping supervisory expectations through 2026 and beyond and should be read with Navigating 2026.

Annual reports do not themselves create new legal obligations. Their relevance lies in showing how authorities prioritise supervisory resources, what data and outcomes will be compared, where inspection, enforcement and remediation activity will concentrate and how existing requirements will be applied. The reports demonstrate an operational supervisory phase characterised by: (i) intensified data-driven supervision; (ii) systematic DORA monitoring; (iii) accelerating ESG integration; (iv) enhanced retail investor protection; and (v) deepening cross-sectoral coordination.

Key developments in the annual reports: (a) the EBA's substantial delivery of the core Basel III/CRR III package (82% on-time delivery), notwithstanding a number of deferred or rescheduled technical mandates; (b) ESMA's completion of the first consolidated tape provider (**CTP**) selections and launch of simplification projects; (c) EIOPA's technical input on IORP II and PEPP reviews addressing the EU pensions gap; (d) the ECB-SSM's "next-level supervision" digitalisation project; and (e) the SRB's tenth SRM anniversary with the Single Resolution Fund (**SRF**) reaching EUR 81 billion.

Bottom line on the annual reports: EU financial supervision is shifting from framework development toward operational enforcement, though both phases coexist and the pace varies by sector. Firms will increasingly be judged on demonstrable, peer-comparable outcomes and not documentation volume. The question is progressively becoming not whether rules have been implemented, but whether controls work consistently across the EU. However, for newer regimes (notably AMLA and aspects of DORA), rulemaking and institutional capacity-building remain ongoing, and supervisory expectations are still being calibrated.

Six cross-cutting trends stand out when the reports are read[1] together, developed below into thirteen more granular themes (further below):

1. **Operational execution over framework design.** All authorities report pivoting from legislative mandates to implementation monitoring, enforcement readiness and operational delivery.

2. **Data as supervisory infrastructure.** Data quality, reporting simplification and data-driven supervision are now operational priorities across all ESAs.

3. **DORA and operational resilience.** The Digital Operational Resilience Act (**DORA**) applied from 17 January 2025. The ESAs jointly designated an initial list of 19 critical ICT third-party service providers (**CTPPs**)[2] and appointed Lead Overseers under DORA's allocation criteria. This initial designation is subject to periodic review as the oversight framework matures. The ESAs exercise direct CTPP oversight; competent authorities supervise financial entities' DORA compliance. No enforcement action against CTPPs has yet been taken, and the real test of the framework will come when Lead Overseers issue recommendations requiring contractual re-papering across the financial sector.

4. **Retail investor and consumer protection.** ESMA's reports revealed EU retail investment costs remain high internationally. EIOPA's first EU-coordinated mystery shopping exercise assessed insurance-based investment product sales across eight Member States - a supervisory convergence tool generating insights for NCA supervision rather than a direct enforcement mechanism. Value for money remains a supervisory priority across the securities and insurance sectors.

5. **ESG integration and sustainable finance.** The EU sustainable finance rulebook underwent significant simplification under the Omnibus proposals. ESMA's fund names guidelines prompted 64% of affected funds to change their names, frequently removing sustainability-related terminology. EIOPA focused on natural catastrophe risks and climate-related insurance gaps.

6. **AML/CFT transition to AMLA.** On 1 January 2026, stand-alone AML/CFT powers transferred from the EBA to the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (**AMLA**).[3] In July 2025, the ESAs concluded a multilateral MoU with AMLA for information sharing and policy coordination.

[1] Across more than 700 pages across 13 relevant documents reviewed herein.
[2] See coverage here.
[3] See extensive coverage on AMLA from our EU RegCORE under the AML/CTF & AMLA tab.

Significant work deferred into 2026 includes certain CRR III reporting mandates and Climate Transition Plan frameworks. The Joint Guidelines on ESG stress testing were finalised in January 2026; implementation continues. Compliance planning should account for both completed deliverables and deferred items.

The convergence of priorities around operational resilience, data quality and ESG integration signals a European regulatory operating model transcending sectoral boundaries.

Principal Institutional Differences

Authority	Distinctive Emphasis	Primary Supervisory Lever	2025 Signature Development	Principal Implication for Firms
Joint Committee	Horizontal risks affecting all financial sectors	Joint standards, coordinated implementation and shared third-party oversight	Full operationalisation of DORA oversight architecture (CTPP designation, EU-SCICF, CITE)	DORA, PRIIPs, sustainable-finance disclosures and cross-sector risks should not be managed in regulatory silos
EBA	Prudential consistency, Basel implementation, MiCAR, DORA and bank reporting	Single Rulebook, convergence tools, stress testing, peer reviews and new direct oversight functions	First joint ESA assessment of supervisory independence under Article 4a CRD; Lead Overseer role under DORA for designated CTPPs	Banks should expect more comparable prudential outcomes and less tolerance for divergent national implementation
ESMA	Market integration, direct supervision, issuer reporting, data and investor protection	Direct supervision, peer reviews, common supervisory actions, market infrastructure delivery and enforcement coordination	Completion of first EU consolidated tape provider selections (fairCT, EuroCTP); selection of preferred applicant for OTC derivatives CTP (July 2026); T+1 settlement governance	Capital-markets firms and issuers face increasingly data-driven and cross-border supervision
EIOPA	Prudential and conduct convergence, consumer outcomes, pensions and protection gaps	Country visits, colleges, collaboration platforms, peer reviews and NCA coordination	First EU-coordinated mystery shopping exercise on insurance-based investment products; deepening corporate-services integration with AMLA	Cross-border insurance groups should prepare for greater EU-level challenge despite formally national supervision
ECB-SSM	Banking Union-specific prudential outcomes, governance, risk remediation and enforcement	Direct supervision + together with NCAs indirect supervision, SREP, on-site inspections, binding decisions and sanctions	First cycle of reformed SREP completed six weeks early; "Streamlining supervision, safeguarding resilience" agenda	Simplification will coexist with stronger remediation demands and greater personal accountability
SRB	Operational resolvability, crisis execution and litigated legal precedent	Resolution planning, testing, inspections, MREL, crisis simulations and Court of Justice-confirmed decision-making powers	Conclusion of all litigation relating to the SRB's decision to resolve Banco Popular Español and confirmation of SRB competence in ABLV Bank (Case C-602/22 P)	Resolution plans must describe executable capabilities, not merely satisfy documentary requirements; the legal basis for resolution action is now substantially litigation-tested
AMLA	Removing fragmentation from EU AML/CFT supervision and intelligence co-operation	Single Rulebook, convergence, FIU coordination and future direct supervision	MoUs concluded with ECB and ESAs; deepening corporate-services convergence with EIOPA; working arrangements in preparation with Europol, Eurojust, OLAF and EPPO; 27 FIU Delegates by mid-2026 supporting joint analyses and FIU.net transfer; first pilot thematic peer review commenced 2026 focusing on FIU resource adequacy	Groups should prepare for EU-level benchmarking of AML risks, controls, data and supervisory outcomes

Notes: Joint Committee, EBA, ESMA, EIOPA, ECB-SSM and SRB entries are drawn from the 2025-cycle publications analysed throughout this alert.

Firms engaging now with this direction of travel are likely better positioned to absorb the operational and compliance burden of the supervisory architecture taking shape.

Detailed analysis by authority

Understanding why authorities operate differently is essential. Although all share objectives of financial stability, investor protection and market integrity, they differ in: relationship with NCAs, institutional maturity and supervised outcome.

- **Relationship with NCAs.** The ECB-SSM directly supervises significant banks, issuing binding decisions, conducting inspections and imposing sanctions. ESMA directly supervises specified entities (CRAs, TRs, SRs, DRSPs, benchmarks, Tier 2 CCPs) but relies on convergence tools for broader securities-markets supervision. EIOPA remains **predominantly a coordinator**; supervision is national, with EIOPA intervening through country visits, colleges, collaboration platforms and peer reviews; EIOPA cannot impose binding prudential decisions on insurers. The EBA combines Single Rulebook development with expanding direct functions: Lead Overseer for certain CTPPs under DORA and direct supervisor of significant ART/EMT issuers under MiCAR - though the EBA's "direct" supervisory functions are qualitatively different from the ECB-SSM's binding decision-making powers. The SRB directly adopts resolution plans, MREL decisions and resolution schemes. AMLA will combine all models: Single Rulebook, convergence, FIU coordination and direct AML/CFT supervision of selected high-risk cross-border obliged entities (selection expected 2027, direct supervision 2028) - though AMLA's operational capacity remains nascent. EU-level engagement intensity therefore differs significantly across sectors, and the legal architecture varies: common policy direction does not mean uniform supervisory powers.

- **Institutional maturity.** The EBA, ESMA and EIOPA are refining decade-old systems. The ECB-SSM and SRB are streamlining mature Banking Union mandates. AMLA is still building its operating model, databases and methodologies, presenting more design risk than enforcement risk during 2026-2027, though formative decisions will shape AML/CFT architecture for a decade.

- **Supervised outcome.** For the EBA: Single Rulebook integrity and prudential convergence. For ESMA: market integrity, investor protection and orderly markets. For EIOPA: prudential stability and fair consumer outcomes. For the ECB-SSM: prudential safety and soundness. For the SRB: credible resolution execution. For AMLA: financial crime disruption. The same control weakness (poor data governance, for example) may produce materially different consequences depending on which authority identifies it.

The authority-specific summaries below should therefore be read with these institutional differences in mind. Common policy direction does not mean uniform supervisory intensity.

Joint Committee of the ESAs

The Joint Committee Annual Report 2025 (published 24 April 2026[4]) is the earliest 2025-cycle publication. Chaired by EIOPA throughout 2025, the Joint Committee coordinated the three ESAs, the European Commission and the European Systemic Risk Board (**ESRB**).

The Joint Committee operates through horizontal coordination rather than direct supervision, but that coordination now extends to operational infrastructure (DORA oversight, EU-SCICF, CITE). Key 2025 priorities included consumer protection in digital finance, financial markets, operational and cyber resilience under DORA, sustainable finance disclosures and cross-sectoral risk assessments. The ESAs also updated the annual list of identified financial conglomerates (58 groups), published Q&As on risk concentration and intra-group transactions reporting and continued developing capital adequacy reporting templates.

Further key areas in focus included:

[4] See our detailed coverage as published in May 2026 here.

Joint Committee of the ESAs — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Digital operational resilience	Delivered all mandated DORA legal instruments; established Joint Oversight Network and Oversight Forum. Between April and November 2025, using financial entities' registers of information, the ESAs jointly designated an initial list of 19 CTPPs and appointed Lead Overseers. CTPP list published 18 November 2025 - this initial designation is subject to periodic review as the framework matures, and no enforcement action against CTPPs has yet been taken. Operationalised EU-SCICF (Terms of Reference adopted, Q2 connectivity test, Q4 reactivity test); finalised A2 report on legal and operational barriers; developed crisis coordination protocol; established CITE cyber-intelligence exchange. 2026 marks the first full CTPP oversight cycle - expect pressure to re-paper audit and access rights, sub-outsourcing controls, data portability and exit provisions.	Continued operation of CTPP oversight cycle and EU-SCICF. Financial entities remain responsible for ICT and third-party risk management; competent authorities supervise DORA compliance.
Simplification and burden reduction	The Joint Committee supports the Commission's priority to simplify the EU financial legislative framework. Began work on simplifying the PRIIPs KID; deprioritised the annual SFDR PAI report. Efforts to make regulation more efficient must neither undermine financial stability and consumer protection nor Single Market integrity.	Completion of PRIIPs KID simplification; coordinated cross-sectoral simplification work via the Joint Committee to ensure coherent approach.
Joint risk assessments	Published Joint Autumn 2025 Risk Report identifying dominant cross-sectoral risks: heightened geopolitical tensions (Ukraine, Middle East), trade barriers, growth downgrades and diverging monetary policy paths. Cyber risk remained key, with sophisticated attacks and high concentration among third-party IT providers often domiciled in third countries. Expanding links between traditional finance and crypto-asset markets, alongside non-bank financial intermediation exposures, introduced growing risk sources.	Continued monitoring of geopolitical, cyber and non-bank financial intermediation risks
Sustainable finance	Continued monitoring SFDR progress. Published fourth Joint Report on PAI disclosures documenting steady improvements (larger groups providing more detailed disclosures; smaller entities faced challenges). NCAs confirmed many firms adopted good practices from earlier reports. Published new SFDR Q&As; following consultation, published final Joint Guidelines on ESG stress testing (mandated by CRD and Solvency II) in January 2026.	Firms' implementation and data-readiness work continues as Guidelines are incorporated into supervisory methodologies.
Consumer protection and financial innovation	In response to renewed crypto-asset market enthusiasm, issued joint consumer warning (October 2025) and published MiCAR factsheet explaining which crypto-assets are regulated. Both documents appeared in all EU languages. Organised full-day NCA workshop on financial education, including fraud and AI-enabled scams. Published consolidated PRIIPs Q&As (December 2025). MiCAR is (currently) subject to the Commission's scheduled statutory review ("**MiCAR 2.0**"), which will assess inter alia the appropriateness of introducing a third-country equivalence regime — a notable gap in the current framework that requires third-country crypto-asset services providers (**CASP**s) to establish an EU presence rather than rely on equivalence-based market access.	Continued convergence on customer-journey simplification and digital/financial literacy initiatives
Securitisation	Published evaluation report on functioning of the Securitisation Regulation (SECR) in March 2025. Report recommended targeted simplification while maintaining investor protection and financial stability. Identified areas for strengthening to support robust EU securitisation markets.	Implementation of recommended simplification measures

Joint Committee of the ESAs — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
EFIF / financial innovation	EFIF remained key platform for supervisory dialogue on FinTech, sandboxes and BigTech. Completed second BigTech/mixed-activity-group stocktaking; non-public joint ESA report on white-labelling risks. DORA oversight convergence with broader BigTech monitoring suggests holistic approach to technology dependencies — looking through contractual form to economic substance. For acquirers and investors, white-labelling exposure emerging as material due diligence item.	Follow-up on white-labelling and BigTech findings reflected in 2026 Annual Work Programme
ESAs Information Exchange System	ESAs Fit and Proper Information System enables efficient information exchange across hundreds of thousands of assessments. Joint Guidelines for fitness and propriety information exchange apply since 17 February 2025; updated compliance table published September 2025.	Ongoing population of database with historical and new assessments
Cooperation with AMLA	Concluded multilateral MoU with AMLA (July 2025) for information sharing, policy coordination, institutional cooperation and capacity building — to prevent regulatory gaps, avoid conflicting requirements and support consistent policy.	Deepening operational cooperation and information-sharing arrangements. Firms should expect more coordinated AML/CFT supervision across prudential and conduct dimensions.
Joint Board of Appeal	Board of Appeal issued December 2025 decision on costs in NOVIS Insurance Company's appeal against EIOPA. Confirmed competence to decide cost allocation and taxation; clarified only objectively necessary and reasonable costs may be reimbursed; ruled on total costs to be reimbursed by EIOPA.	Ongoing case handling

European Banking Authority (EBA)

The EBA's 2025 Annual Report (Part 1, published 15 June 2026) demonstrates substantial Single Rulebook progress while highlighting multi-priority management challenges.

The EBA's Supervisory Convergence 2025 Report (June 2026) highlights enhanced focus on supervisory colleges, with active monitoring to ensure constructive challenge and risk-driven discussions. While documentation quality is generally high, scope remains to strengthen multilateral group-level discussions.

Key themes included:

EBA — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Simplification and efficiency	Published Report on the Efficiency of the Regulatory and Supervisory Framework (October 2025) with 21 recommendations; identified ~20% of upcoming mandates for deprioritisation	Deepened focus on supervisory outcomes; implementation of TFE recommendations across 2026
Prudential resilience	2025 EU-wide stress test (64 banks, 17 countries, 75% of EU banking assets) confirmed resilience under severe adverse scenario	Continued monitoring of commercial real estate, geopolitical and cyber vulnerabilities
DORA / MiCAR oversight	The ESAs jointly designated 19 CTPPs (November 2025), with one of the EBA, ESMA or EIOPA appointed as Lead Overseer for each provider; began MiCAR supervision of significant asset-referenced token and e-money token issuers	Full operational oversight cycle from January 2026; continued ART/EMT issuer supervision
Resolution and recovery	Finalised technical standards on resolution colleges, planning and resolvability (January 2026); revised resolvability assessment process for proportionality	Implementation of new RTS across the 2026 Resolution Planning Cycle
Digital finance / AML transition	Issued PSD2/MiCAR No-Action letter (transition to 2 March 2026); completed smooth handover of AML/CFT powers to AMLA	Monitoring of PSD2 authorisation transition; continued technical support to AMLA

EBA — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Peer reviews	Delivered four peer reviews (gender diversity, DGS stress tests, tax integrity/dividend arbitrage, SREP proportionality) plus two follow-up reviews	Targeted improvements to peer review process identified for 2026; shift toward ex-post supervisory convergence work
Supervisory independence	Launched public consultation on Guidelines on Supervisory Independence; designed first joint ESA assessment methodology under Article 4a CRD. This is a novel and politically sensitive exercise; the methodology is still being developed and the assessment's legal consequences remain to be tested.	First supervisory independence assessment (operational/financial independence, resourcing) to complete in 2026
Data infrastructure	Enhanced EUCLID and launched data portal; advanced Pillar 3 Data Hub	Continued centralisation of prudential disclosure infrastructure
Third-country equivalence	Completed multiple equivalence and confidentiality assessments	Continued monitoring of previously assessed jurisdictions

European Securities and Markets Authority (ESMA)

ESMA's 2025 Annual Report (12 June 2026) reflects a pivotal year for EU securities markets regulation, emphasising four flagship simplification projects: funds reporting, transaction reporting, the retail investor journey and risk-based supervision.

Key themes included:

ESMA — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Market structure / SIU delivery	Completed first EU CTP selections (fairCT for bonds; EuroCTP for shares/ETFs); on 6 July 2026 selected Etrading Software as preferred applicant for OTC derivatives CTP (subject to authorisation); governed T+1 settlement transition; completed two rounds of UK CCP tiering	Continued CTP onboarding; further phases of T+1 transition planning
DORA / MiCAR	Designated 19 CTPPs jointly with EBA/EIOPA (November 2025); finalised MiCAR guidelines on crypto-asset qualification and CASP competence standards	Full CTPP oversight cycle from January 2026
Simplification and data	Treated SBR as strategic priority (transaction reporting, fund reporting, investor journey); adopted Digital Strategy 2026-2028; conducted formal prioritisation exercise (March 2025)	Continued delivery of "report once" agenda; further Level 2 deprioritisation aligned with Commission letter
Peer review programme	Conducted peer reviews on CASP authorisation, STS securitisation, CCP outsourcing/governance, depositary obligations, cross-border investment services follow-up	Follow-up on depositary and cross-border investment services findings
Sustainable finance	Fund-name guidelines prompted 64% of affected funds in the reviewed population to change their names, frequently by removing or modifying sustainability-related terminology; published thematic notes on sustainability claims	Continued monitoring of ESRS application and Omnibus interplay
Corporate reporting enforcement	Recorded 30% action rate on sustainability-statement examinations; issued 2025 ECEP; published 30th enforcement extract	Resolution of outstanding 2024 ECEP examinations; IFRS 18 implementation support
Governance and funding	Adopted 2026-2028 Programming Document; disclosed funding-model strain and third-country fee impairment	Implementation of funding-model reform recommendations
Enforcement / market integrity	Handled 413 breach-of-Union-law complaints (22 assessed); responded to 3,291 logo-fraud queries	Continued anti-fraud and impersonation monitoring with NCAs and IOSCO

European Insurance and Occupational Pensions Authority (EIOPA)

EIOPA's 2025 Annual Report (12 June 2026) demonstrates continued focus on consumer protection, sustainable finance and supervisory convergence. Operating with a EUR 40.5 million budget, EIOPA exceeded most KPI targets.

Key themes included:

EIOPA — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Sustainable insurance and pensions	Reassessed Nat Cat standard formula; published "Natural Catastrophes: Is Your Home Covered?"; issued Opinion on prudential treatment of sustainability risks	Continued integration of sustainability risk into Solvency II supervisory review
Digital transformation / AI	Published Opinion on AI governance and risk management; conducted Generative AI market survey; contributed to IAIS AI Application Paper	Focus area for 2026: Digital Operational Resilience under USSP
Supervisory convergence	Conducted first EU-coordinated mystery shopping exercise on IBIPs - a supervisory convergence tool generating insights for NCA supervision across eight Member States, rather than a direct enforcement mechanism; developed first value-for-money supervisory benchmarks; ten country visits; participated in 47 college engagements, including 33 insurance supervisory colleges	New mystery shopping exercise on digital customer journey; continued value-for-money benchmarking
Policy work / SIU	Delivered technical input on IORP II/PEPP review (September 2025) emphasising value for money and auto-enrolment	Continued engagement on IORP II/PEPP legislative process
Financial stability	Launched fifth occupational pensions stress test on liquidity risk under yield-curve stress	Continued monitoring of IORP liquidity management, especially derivative users
International engagement	Chairperson elected IAIS ExCo Vice Chair; concluded professional-secrecy equivalence assessments (Peru, Bosnia and Herzegovina)	Continued equivalence monitoring of Bermuda, Switzerland; ongoing Ukraine assessment
AMLA cooperation	Signed joint office-space lease with AMLA; began corporate-services convergence (HR, procurement, IT, business continuity)	EIOPA relocation to shared premises foreseen for 2028; continued corporate synergy initiatives
Governance / efficiency	Proposed 26% reduction in quarterly reporting templates (36% for small/non-complex undertakings)	Proportionality Rulebook postponed to 2027

ECB-SSM

The ECB-SSM Annual Report on Supervisory Activities 2025 (March 2026) confirms euro area banks remained resilient: average CET1 ratios stable at 15.8% (year-end supervisory statistics), with the 2025 stress test reporting 16.1% CET1 under baseline conditions. NPL ratios remained at historically low 2.3%. Total significant institution assets rose to EUR 27.4 trillion.

The ECB-SSM demonstrates direct supervision at scale: binding SREP decisions, inspections, fit-and-proper assessments, authorisation procedures and sanctions. The ECB-SSM's supervised outcomes in 2025 focused on: prudential safety and soundness. The "next-level supervision" project illustrates continued streamlining and intensification.

Key themes included:

ECB-SSM 2026 Key achievements and 2026 priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Prudential resilience	CET1 ratio 15.8% (year-end 2025 supervisory statistics); 16.1% (2025 EU-wide stress test result); LCR 157%; stress test confirmed resilience under adverse scenario	Priority 1 (2026-28): resilience to geopolitical risk, sound credit standards, CRR III implementation

ECB-SSM 2026 Key achievements and 2026 priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
SREP reform	On 25 July 2025, ECB-SSM updated policies on options and discretions under EU law, addressing permissions for operational and market risk capital calculation and minority interest treatment in subsidiary capital. First reformed SREP cycle concluded October 2025 (six weeks early); overall score improved to 2.5 from 2.6.	Full implementation of SREP reform monitoring indicators, "still being developed"
Streamlining agenda	ECB-SSM launched initiatives to digitalise end-to-end supervisory processes and promote risk-based supervision, including enhanced quarterly supervisory statistics presented as interactive reports. Published "Streamlining supervision, safeguarding resilience" (December 2025); High-Level Task Force recommendations endorsed.	"Next-level supervision" project rollout 2026-28; review of supervisory guides and streamlining programme underway as at 13 July 2026
Operational resilience / DORA	Updated supervisory methodologies for DORA compliance; contributed 21 experts to CTPP Joint Examination Teams. On-site inspections: key findings included severe issues in IRRBB/CSRBB measurement, valuation risk weaknesses, risk data aggregation deficiencies and digital transformation challenges. Counterparty credit risk inspections identified shortcomings in metric modelling, limit monitoring and collateral management.	Priority 2 (2026-28): operational resilience, ICT capabilities, DORA remediation, digital/AI strategy
Climate and nature-related risk	Completed multi-year C&N risk supervisory programme; issued combined decisions and enforcement measures for non-compliance	Climate risk quantification methodologies remain "nascent" per the ECB-SSM's own assessment; standardised approaches are still under development and firms are implementing frameworks that remain in flux. Sustained attention warranted.
Enforcement and sanctions	Handled 16 proceedings (€8,772,650 in penalties); SSM-wide 370 proceedings, €57.15m in fines (highest in 5 years) 95 96	125 of 370 proceedings remained ongoing at year-end (governance-focused)
Authorisation / governance	ECB-SSM notified of 676 authorisation procedures: 14 licence applications, 11 withdrawals and 110 qualifying holding acquisitions. Some third-country applications required focused assessments on reputation and AML/CFT. 1,672 fit-and-proper procedures; in 40.85% of assessments, concerns arose regarding time commitment, experience, or conflicts of interest. Where material concerns arise, ECB-SSM signals intention to adopt negative decision; banks withdrew applications in 30 cases. 2,549 supervisory decisions adopted.	Continued streamlining of decision-making via digital tools
Budget and fees	€689.8m actual expenditure (98.0% utilisation); €690.0m fee levied for 2025	2026 budget ceiling of €706.7m; DORA JET costs shifted to lead-overseer reimbursement from January 2026

Single Resolution Board (SRB)

The SRB Annual Report 2025 (published 30 June 2026) marks the SRM's tenth anniversary. Key developments include that following target level verification in February 2025, the SRB confirmed the Single Resolution Fund had reached 1% of covered deposits (EUR 80 billion at 31 December 2024). No regular contributions were collected in 2025; year-end value exceeded EUR 81 billion. Moreover, in Q1 2025, the SRB Chair was appointed Chair of the FSB Resolution Steering Group, which finalised deliverables from 2023 bank failure lessons including a practices paper on transfer tools, work on liquidity in resolution and cooperation with non-CMG authorities.

The SRB demonstrates direct supervision with a distinct outcome: credible resolution execution when preventive supervision has failed. Its shift from planning to testing reflects operational delivery; litigation confirms resolution decisions are now tested by EU courts.

Key themes included:

SRB — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Resolution planning	Revamped Resolution Planning Cycle with leaner templates; 51 of 101 planned 2025 plans adopted by year-end	Completion of remaining 2025 RPC plans; continued simplification under revised RTS (finalised January 2026)
Resolvability testing	Published operational guidance on self-assessment (August 2025) and testing (September 2025); completed four on-site inspections; 8 of 10 deep-dives	New harmonised resolvability assessment methodology applicable from 2026 RPC; expanded on-site inspection programme
Single Resolution Fund	Confirmed EUR 80 billion balance met 1% target (February 2025); no ex ante contributions collected	Continued fund management; monitoring of Common Backstop readiness
Litigation	Concluded all litigation relating to its decision to resolve Banco Popular Español (100+ cases); Court of Justice confirmed SRB competence in ABLV Bank (C-602/22 P); clarified personal data scope in EDPS v SRB (C-413/23 P)	Continued management of 120 SRF ex ante contribution actions and remaining resolution-power cases
Legislative development	CMDI framework political agreement reached (effective mid-2028, some SRMR rules from 2026)	Implementation planning for CMDI; two-step MREL simplification proposal previewed
Governance and culture	In January 2025, the SRB Plenary adopted the Anti-Fraud Strategy 2025-2027 with three objectives: anti-fraud culture and training; strengthening conflict-of-interest policies; and closing fraud-detection gaps. This confirms staff-level conflict-of-interest management as a standing governance priority. Charter on Managerial Best Practices adopted; fourth annual Housekeeping Exercise completed.	Continued implementation of anti-fraud and conflict-of-interest strategy through 2027
Digital transformation	Established Digital Transformation Group (17 PoCs, 7 prioritised); adopted GPT@EC	Continued digital transformation rollout with NRAs
International cooperation	Participated in Trilateral Principal Level Exercise with US/UK authorities; third annual joint liquidity exercise with ECB	Continued cross-border crisis-management coordination

Anti-Money Laundering Authority (AMLA)

AMLA published its inaugural Annual Report 2025 on 15 July 2026, marking the completion of its first operational year. The report and accompanying Chair statement to the European Parliament ECON and LIBE Committees confirm that AMLA has moved from legal establishment (1 July 2025) towards operational reality. Key developments include: (i) governance completion with the Chair, four Executive Board members in post by June 2025 and the fifth member (Henrica Maria Verbeek-Kusters) confirmed by the European Parliament in December 2025 and formally appointed with effect from 1 April 2026, plus the Executive Director in post from September 2025; (ii) rapid organisational growth from one staff member to 119 (and 157 by July 2026, on track for 233 by year-end 2026 and 432 by end-2027); (iii) transition from the AMLA Task Force completed in December 2025 with financial autonomy effective from 1 January 2026; (iv) permanent premises in Frankfurt secured with lease signed in April 2025; (v) transfer of EBA AML/CFT mandates completed, including EuReCA (the European Reporting System for Material AML/CFT Weaknesses); (vi) total 2025 expenditure of EUR 12,898,943; and (vii) Germany host-country contribution of EUR 3 million received in 2025 towards establishment and start-up costs.

AMLA combines all supervisory models: Single Rulebook development, convergence, FIU coordination and — from 2028 — direct AML/CFT supervision of a selected population of high-risk cross-border financial-sector obliged entities. The selection of up to 40 entities for direct supervision will be conducted from 1 July 2027 based on methodologies developed and calibrated during 2025-2026. Two draft RTS were submitted to the European Commission in December 2025: one establishing the first common methodology for

assessing ML/TF risks in the financial sector, and one specifying how AMLA will determine which entities it will select for direct supervision. A public consultation launched on the ITS detailing cooperation between AMLA and national financial supervisors during the selection process.

On indirect supervision and convergence, AMLA began participating in supervisory colleges from November 2025, attending eight college meetings (six credit institutions, one e-money institution, one payment institution). Thematic review planning was consolidated across Member States. AMLA identified crypto-assets and thus CASPs as a priority high-risk area, issuing a press release on AML/CFT supervisory challenges in July 2025 and coordinating with national supervisors and FIUs on a comprehensive questionnaire. AMLA's focus on CASPs reflects the confluence of MiCAR's comprehensive authorisation framework and the AML Package's extension of AML/CFT obligations to the full range of crypto-asset activities: CASPs are now subject to both MiCAR conduct requirements and full obliged-entity status under the Anti-Money Laundering Regulation, including customer due diligence, beneficial ownership verification, suspicious transaction reporting and Travel Rule compliance. The designation of CASPs as a priority high-risk area signals that AML/CFT supervision of the sector will intensify before operational volumes mature, requiring firms to embed compliance by design into their operating models from the outset. In the non-financial sector, AMLA's questionnaire to national supervisors received over 120 responses, informing its oversight strategy for 2026-2028.

The FIU pillar made significant progress. Six FIU Delegates joined AMLA by year-end 2025, with all 27 in place during 2026. The Joint Analyses Methodology was advanced. Work commenced on FIU.net transfer where AMLA is responsible for secure hosting, management and development. The Peer Review Work Plan 2026-2027 was adopted, with the first focus on FIU resource adequacy. MoUs were concluded with the ECB and ESAs for supervisory cooperation. Preparatory work began on arrangements with Europol, Eurojust, OLAF and EPPO for strategic information sharing. AMLA's FIU Pillar serves as the operational hub for FIU cooperation - facilitating mediation, joint analyses, information exchange and innovation through AI and secure infrastructure.

Risk intelligence work included assuming responsibility for EuReCA, which received 1,385 submissions from 45 authorities covering 213 entities in 2025. Analysis identified customer-related risks (69% of reported entities), high-risk transaction risks (62%), high-risk products and services risks (53%, including correspondent banking, private banking and crypto-asset services) and geographical risks (30%). Supervisory responses reported through EuReCA included EUR 39.5 million in fines. It should be noted that these fines were imposed by **national** supervisory authorities, not at EU level, and EuReCA functions as an information-sharing tool rather than an enforcement mechanism. The 213 entities covered represent a fraction of the total obliged-entity population. AMLA initiated preparatory work on data architecture, governance frameworks and the future Central AML/CFT Database, while developing its cybersecurity framework in compliance with Regulation (EU) 2023/2841.

AMLA's Chair Roadshow visited all 27 Member States between March and December 2025, meeting national supervisors, FIUs and private-sector representatives. The Chair identified three key challenges: low convergence levels across Member States requiring sustained effort; the need to balance effectiveness with proportionality; and the importance of strong technological capabilities as geopolitical instability and technological developments reshape the threat landscape.

Key 2025 achievements and 2026 priorities include:

AMLA — 2025 Key Achievements and 2026 Priorities

Area	2025 Key Achievements	2026 Priorities / Carried-Forward Items
Direct supervision preparation	Submitted two draft RTS to the Commission establishing the first common ML/TF risk-assessment methodology for the financial sector and the methodology for selecting entities for direct supervision; launched public consultation on ITS for cooperation during selection; began calibration testing on real data	First Union-wide selection of entities from 1 July 2027; direct supervision of up to 40 selected obliged entities from 2028
Indirect supervision and convergence	Participated in 8 supervisory colleges; identified CASPs as priority high-risk area with dedicated questionnaire and supervisory workshop; consolidated thematic review planning across Member States; received 120+ responses to non-financial sector questionnaire	Operational framework for indirect supervision; report on supervisory college use; coordinated thematic reviews, particularly for CASPs
Single Rulebook	Six draft instruments submitted to the Commission; initiated simplification approach embedding proportionality and risk-based principles; established governance structures with national competent authority input	Eleven additional mandates in 2026, fourteen in 2027; AMLR framework implementation from July 2027
FIU cooperation	Six FIU Delegates joined AMLA; Joint Analyses Methodology advanced; FIU.net transfer preparations commenced; Peer Review Work Plan 2026-2027 adopted; preparatory engagement with Europol, Eurojust, OLAF and EPPO	First peer review pilot (focus: adequacy of FIU resources); FIU.net transfer to AMLA; first joint analyses
Risk intelligence and data	Assumed responsibility for EuReCA (1,385 submissions, 45 authorities, 213 entities; EUR 39.5m in fines reported); identified primary risk categories — customer risks (69%), transaction risks (62%), product risks (53%), geographical risks (30%); initiated Central AML/CFT Database data model; established cybersecurity framework	EuReCA technical migration completed (March 2026); Central AML/CFT Database development
Governance and institutional	Chair and four Executive Board members in post by June 2025; fifth member (Verbeek-Kusters) confirmed December 2025, appointed 1 April 2026; Executive Director from September 2025; MoUs with ECB and ESAs; 27 General Board decisions and 22 Executive Board decisions; permanent premises in Frankfurt; financial autonomy from 1 January 2026; staff grew from 1 to 119 (157 by July 2026); total 2025 expenditure EUR 12.9m; Germany host contribution EUR 3m	Full staffing and organisational maturity (432 staff by end-2027)

AMLA's establishment marks the most consequential institutional extension of EU supervisory architecture in the AML/CFT domain - combining (prospectively) direct supervision, indirect coordination, Single Rulebook development and FIU cooperation. However, a clear distinction exists between AMLA's legal mandate and its current operational capacity: direct supervision will not begin until 2028, entity selection commences only from July 2027, and the authority had only 119 staff by year-end 2025 (157 by July 2026). AMLA's Chair Roadshow itself identified 'low convergence levels across Member States' as a key challenge. AMLA's formative decisions during 2025-2027 will shape AML/CFT supervision for a decade. Groups should prepare for EU-level benchmarking of AML/CFT risks, controls and outcomes, while recognising that AMLA presents more design risk than enforcement risk during 2026-2027.

Third country equivalence and confidentiality assessments completed in 2025

The 2025 annual reports evidence the completion of the following third country equivalence and confidentiality assessments:

Third-Country Equivalence and Confidentiality Assessments Completed in 2025

Authority	Third Country / Jurisdiction	Assessment Type	Outcome
EBA	Australia (AUSTRAC)	AML/CFT confidentiality and professional-secrecy equivalence	Confirmed equivalent
EBA	Montenegro (CBCG)	AML/CFT confidentiality and professional-secrecy equivalence	Confirmed equivalent
EBA	Serbia (NBS)	AML/CFT confidentiality and professional-secrecy equivalence	Confirmed equivalent
EBA	Peru (SBS)	Full equivalence assessment (CRD, BRRD, PSD, AMLD)	Confirmed equivalent
EBA / EIOPA / ESMA (joint)	United Kingdom	Confidentiality and professional-secrecy regime equivalence under DORA	Confirmed equivalent
EIOPA	Bermuda	Ongoing equivalence monitoring (follow-up to 2022 exercise)	Monitoring continued
EIOPA	Switzerland	Ongoing equivalence monitoring (follow-up to 2023 exercise)	Monitoring continued
EIOPA	Peru	Professional-secrecy equivalence assessment	Concluded
EIOPA	Bosnia and Herzegovina	Professional-secrecy equivalence assessment	Concluded
EIOPA	Ukraine	Professional-secrecy equivalence assessment	Still ongoing
EIOPA	Multiple (2 full equivalent third countries, unspecified)	Equivalence monitoring	2 updates completed
ESMA	United Kingdom	CCP tiering and recognition (extension, March 2025)	ICE Clear Europe Ltd, LCH Ltd, LME Clear Ltd recognitions extended
ESMA	United Kingdom	CCP tiering and recognition (regular exercise, December 2025)	LCH Ltd confirmed Tier 2; LME Clear Ltd confirmed Tier 1

Notes: This table consolidates equivalence, tiering and confidentiality/professional-secrecy assessments across the EBA, EIOPA and ESMA 2025 reporting cycle. The EBA also separately monitored a further 26

previously assessed non-EU jurisdictions for continued regulatory alignment during 2025, though the underlying findings are confidential and not disclosed beyond EU institutions.

What the authorities did not achieve during 2025 and why

Despite best efforts the annual reports set out that not every planned action was able to be carried out and has since been amended as set out in the table below.

Summary of Deferred Work Programme Items by Authority

Authority	Deferred / Postponed Item	Original Target	Revised Timeline	Reason for Deferral
Joint Committee	Annual SFDR PAI report	2025	Deprioritised (not delivered)	Deprioritised as part of the ESAs' simplification and burden-reduction agenda; resources redirected to cross-sectoral priorities with higher materiality
Joint Committee	Joint Guidelines on ESG stress testing	Q4 2025	Published January 2026	Substance finalised in 2025 but formal publication process (including final drafting and sign-off across the three ESAs) extended into early 2026
Joint Committee	PRIIPs KID simplification	2025	Only started; continues into 2026	Complex cross-sectoral exercise requiring coordination through existing Joint Committee structures; work only commenced in 2025 and was always intended to continue into 2026
EBA	RTS on data inputs	2025	Deprioritised by Commission/TFE assessment	Identified by the EBA's Task Force on Efficiency (TFE) assessment as a lower-materiality mandate relative to supervisory burden; deprioritised as part of the EU's broader simplification agenda
EBA	RTS on waiver for authorisation of investment firms	2025	CP to Q2 2026; final RTS to Q1 2027	Planned delivery delayed due to resource constraints within the EBA
EBA	Guidelines on governance arrangements for loss dataset	2025	Postponed	Delivery timing under consideration; no firm revised date confirmed in the 2025 Annual Report
EBA	RTS on exclusion of losses	2025	Deprioritised (TFE assessment)	Deprioritised as part of the TFE assessment identifying lower-priority mandates for efficiency purposes
EBA	RTS on risk management framework	Q4 2025	Postponed to Q3 2026	Planned delivery postponed due to resource constraints, with the Consultation Paper now foreseen for Q3 2026
EBA	RTS on SA-CVA materiality / CVA/FRTB-SA methodology	2025	Postponed to 2027-2028	Planning updated to align delivery with the extended 2028 regulatory deadline for these standards

Summary of Deferred Work Programme Items by Authority

Authority	Deferred / Postponed Item	Original Target	Revised Timeline	Reason for Deferral
EBA	Pillar 3 ITS scope amendments (ESG)	Q3 2025	Postponed	Postponed to allow consideration of possible cross-implications with other, related technical standards under development
EBA	CRR III/CRD VI Step 2 supervisory reporting ITS	Q3 2025	Postponed	Postponed for the same cross-implication considerations affecting the related Pillar 3 ITS amendments
EBA	Review of Guidelines on sectoral systemic risk buffers (climate)	Q4 2025	CP delivered Q1 2026	Delivery postponed to assess developments regarding ESG reporting more broadly and their cross-implications with other technical standards
EBA	Requirements for market risk in third countries	2025	Postponed (delayed FRTB implementation)	Postponed as a direct consequence of the delayed implementation of the Fundamental Review of the Trading Book (FRTB), on which this deliverable depends
EBA	Joint Guidelines on ESG stress testing	Q4 2025	Delivered January 2026	Finalisation extended slightly beyond year-end to complete the joint drafting and approval process with ESMA and EIOPA
ESMA	Guidelines under AIFMD, CSDR, EMIR REFIT	2025	Postponed (communicated March 2025)	ESMA conducted a formal, criteria-based prioritisation exercise after concluding that the "high volume of legislative reviews... alongside the implementation of major new responsibilities" was not accompanied by additional resources; these items were assessed as lower impact/urgency and postponed without affecting core objectives
ESMA	Digital tagging requirements for sustainability reporting	2025	"Put on hold" pending Omnibus	Development paused pending clarity on the Omnibus Simplification Package and the forthcoming revised ESRS and Article 8 Taxonomy disclosures, which could materially change the underlying requirements
ESMA	34 IFRS ECEP examinations (2024 cycle)	2025	Still ongoing at publication	Examinations of complex financial-reporting matters remained under active review by national enforcers at the time of publication; not a deprioritisation but a timing issue reflecting the depth of examination required
ESMA	18-19 sustainability ECEP examinations	2025	Still ongoing at publication	Reflects the first-year complexity of ESRS application, requiring extended enforcer engagement before conclusions could be reached
ESMA	14 ESEF ECEP examinations	2025	Still ongoing at publication	Technical digital-tagging examinations required additional time to complete; findings remained provisional at publication
ESMA	DORA incident-reporting automated validation	2025	Deferred to 2026	2025 was the first year of the DORA major ICT-incident reporting framework; automated validation tooling had not yet been built, so ESMA prioritised data availability and confidentiality over automated quality checks in year one
EIOPA	Proportionality Rulebook	2025	Postponed to 2027	Postponed following advice from the Advisory Committee on Proportionality (ACP), which recommended realigning the deliverable with broader strategic timing considerations

Summary of Deferred Work Programme Items by Authority

Authority	Deferred / Postponed Item	Original Target	Revised Timeline	Reason for Deferral
EIOPA	Review of non-ICT outsourcing requirements	2025	Deprioritised	Deprioritised due to competing high-priority tasks and resource constraints, with focus redirected to more urgent items
EIOPA	Review of early warning indicators	2025	Deprioritised	Deprioritised for the same reason — resource constraints requiring prioritisation of more urgent competing tasks
EIOPA	Enhancement of bottom-up stress-test methodology	2025	Deprioritised	Deprioritised as part of EIOPA's resource-prioritisation exercise amid a demanding overall workload
EIOPA	Annual Consumer Trends Report	2025	Replaced with shorter heatmap	Deliberate substitution, explicitly framed by EIOPA as "an approach to reduce burden on NCAs, stakeholders and the sector" — a direct simplification decision rather than a resourcing failure
EIOPA	Annual Report on the PEPP Market	2025	Postponed (strategic reprioritisation)	Postponed to align with broader strategic goals and to accommodate current operational needs, per EIOPA's stated strategic reprioritisation rationale
ECB	Review of supervisory guides	2025	Underway as at 13 July 2026 The ECB's streamlining programme and review activity are underway as at 13 July 2026, including relevant announcements made in June 2026 (see separate coverage from our EU RegCORE)	Not a delay against a missed deadline but a deliberately sequenced initiative; the ECB-SSM scheduled this review to begin only once the SREP reform and next-level supervision project were sufficiently advanced
ECB	LSI proportionality review	2025	Was scheduled to start 2026	Sequenced to follow the broader reform agenda, allowing the ECB-SSM to first embed the SREP and next-level supervision reforms before extending proportionality review to less significant institutions
ECB	Further short-term exercise reporting refinements	2026	Deferred to 2027 SREP cycle	Refinements phased deliberately across multiple SREP cycles to manage the pace of change for both supervisors and banks, rather than implementing all reductions at once
SRB	Resolution plans (2025 RPC)	101 plans	Only 51 adopted by year-end	Reflects the standard operating rhythm of the Resolution Planning Cycle rather than a resourcing failure: the SRB manages plans across multiple cycles in parallel (2024 RPC closure, 2025 RPC launch, 2026 RPC preparation), with the remaining 2025 plans scheduled for adoption in 2026
SRB	Deep-dive reviews	10 planned	8 completed	Shortfall attributed to the practical scheduling demands of coordinating deep-dive reviews with the ECB-SSM to avoid negative externalities for the banking industry, alongside the broader roll-out of the new resolvability testing framework in its first full year
SRB	OSI-recommendation follow-up	2025	"Still ongoing"; KPI reported as n/a	Follow-up work by Internal Resolution Teams (IRTs) on findings from the SRB's first-ever on-site inspection programme was still in progress at year-end, reflecting the

Summary of Deferred Work Programme Items by Authority

Authority	Deferred / Postponed Item	Original Target	Revised Timeline	Reason for Deferral
				nascent stage of the newly launched OSI programme rather than a missed target
SRB (via EBA)	Resolution colleges/planning RTS	2025	Finalised January 2026	Finalisation required incorporating over a decade of resolution-planning experience and lessons from recent crisis simulations, extending the drafting and approval timeline slightly beyond year-end

Notes: Reasons for deferral are drawn directly from each authority's own stated explanations in its 2025 annual reporting cycle. Where an authority did not provide an explicit reason (as with certain EBA items marked simply "postponed"), this is noted rather than inferred.

Cross-Cutting Themes: The Emerging European Regulatory Operating Model

Analysis of the 2025 annual reports reveals thirteen cross-cutting themes signalling a distinctly **European regulatory operating model**. These transcend individual mandates and represent shared priorities shaping compliance expectations across banking, securities, insurance, and resolution. The message: regulatory intensity is becoming **more selective, more data-driven and more outcome-focused**. The question is no longer merely whether a firm has implemented rules, but whether it can demonstrate outcomes comparable with peers across the Union:

Theme 1: Operational Execution Over Framework Design

All authorities report pivoting from legislative mandates to implementation monitoring, enforcement readiness, and operational delivery - though the pace and completeness of this transition varies significantly across sectors. The EBA describes 2025 as a turning point, moving MiCAR and DORA from rulemaking into supervisory activity (82% on-time delivery against 85% target), while acknowledging that significant mandates were deferred. ESMA's objective is a common, risk-based, data-driven and outcome-focused supervisory culture. EIOPA's approach remains network-based — in 2025 it conducted ten country visits and took part in three joint on-site inspections; EIOPA remains predominantly a coordinator, unable to impose binding prudential decisions on insurers. EIOPA participated in 47 college engagements, including 33 insurance supervisory colleges, with the balance comprising banking-led financial conglomerate colleges and colleges concerning third-country international groups. AMLA represents the most consequential institutional extension, though a distinction must be drawn between its comprehensive legal mandate and its current operational capacity: its mandate combines a Single Rulebook, convergence, FIU coordination and direct supervision of a selected population of high-risk cross-border financial-sector obliged entities. Its 2026 programme constructs a new European supervisory system, with methodology for selecting directly supervised entities to be legally anchored before 2027 and direct supervision expected to begin during 2028 following a selection process during 2027.

Theme 2: Data as Supervisory Infrastructure

Data quality, reporting simplification and data-driven supervision are operational priorities across all ESAs. Data is now the basis for supervisory selection, risk scoring, peer comparison and enforcement targeting. ESMA's first Data Day (December 2025) addressed analytics and reporting simplification; it completed EMIR Refit with major data migration, expanded its Data Platform and pursues a "report once" agenda

reusing EMIR, SFTR, MiFIR, AIFMD and MMFR datasets. The EBA's Data Point Model 2.0 and Pillar 3 Data Hub, ECB interactive supervisory statistics and EIOPA's data hub expansion confirm data infrastructure as foundational. AMLA intends to build a central AML/CFT database and modernise FIU.net, though its Roadshow identifies uncertainty regarding AML/CFT information-sharing and GDPR interaction. For firms, an individual return may appear accurate in isolation but generate concern when compared with data from other regimes or peers. Regulatory consistency is becoming a data-governance issue.

Theme 3: DORA and Operational Resilience

DORA entered into application on 17 January 2025. The Joint Committee describes implementation as core to its 2025 work. All ESAs report intensive activity: the ESAs jointly designated an initial list of 19 CTPPs and appointed one of the EBA, ESMA or EIOPA as Lead Overseer for each, the Oversight Forum was developed, and first RoI collections were completed. This initial designation is subject to periodic review as the oversight framework matures; no enforcement action against CTPPs has yet been taken. Financial entities remain responsible for managing their ICT and third-party risks, while competent authorities continue to supervise financial entities' compliance with DORA. ESMA integrates DORA into direct supervision, CCP oversight and business-continuity testing. EIOPA extended oversight to cyber-incident reporting and DORA as a standing college agenda item.

The ECB-SSM links cyber resilience to geopolitical risk, outsourcing dependencies and frontier AI. Regulators will test whether contractual frameworks tangibly deliver DORA-level resilience, oversight and supervisory access, examining whether audit, access and cooperation rights extend unconditionally across subcontractor chains and affiliates, whether incident notification is time-bound and aligned to DORA taxonomies with SLA-linked remedies, and whether sub-outsourcing and concentration risk controls provide transparency of fourth- and fifth-party dependencies with rights to veto high-risk chains or request diversification. Cloud-specific resilience expectations include multiregional availability, data portability, RPO/RTO commitments, customer-managed keys or HSM support, and contractual regulatory access irrespective of data location. DORA is becoming more than ICT compliance: it is the first mature model of cross-sector supervision by infrastructure dependency.

The supervised object is no longer only the regulated entity; it is the technological ecosystem on which multiple entities depend and likely influencing future approaches to cloud concentration, AI providers and shared financial infrastructure. Reported significant cyber incidents have doubled in recent years, with ransomware attacks growing more sophisticated and state-sponsored activities posing persistent threats, including hybrid threats such as information manipulation. Advancements in AI applications may also significantly put firms' cybersecurity to the test, as any underestimation of related security risks prior to deployment could introduce critical vulnerabilities to ICT systems.

The first joint UK-EU Memorandum of Understanding on cooperation between the ESAs and UK regulators for the purposes of DORA oversight was concluded in January 2026, enabling coordinated oversight of providers operating across both jurisdictions. This MoU concerns supervisory cooperation arrangements only and does not provide market-access equivalence or mutual recognition of UK regulatory requirements; UK firms cannot passport services into the EU under DORA on this basis. Firms subject to both DORA and the UK's CTP regime should consider whether contractual terms negotiated to satisfy DORA's Article 30 requirements can also satisfy UK SYSC 8 expectations, or whether bespoke UK-specific provisions are required - in practice, DORA's more prescriptive contractual requirements often establish a baseline that exceeds UK expectations, though exit planning, audit rights and incident notification provisions should be appropriately tailored to each jurisdiction's regulatory expectations.

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Theme 4: AML/CFT Institutional Transition

On 1 January 2026, EBA AML/CFT powers transferred to AMLA, including AML college oversight and equivalence assessments. In July 2025, the ESAs concluded a multilateral MoU with AMLA for information sharing, policy coordination and capacity building. The EBA provided technical input, while AMLA developed and submitted two draft RTS to the European Commission in December 2025: one establishing the first common methodology for assessing ML/TF risks in the financial sector, and one specifying how AMLA will determine which entities it will select for direct supervision. AMLA also assumed responsibility for EuReCA (the European Reporting System for Material AML/CFT Weaknesses), which received 1,385 submissions from 45 authorities covering 213 entities in 2025. Analysis identified customer-related risks (69% of reported entities), high-risk transaction risks (62%), high-risk products and services risks (53%) and geographical risks (30%). Supervisory responses reported through EuReCA included EUR 39.5 million in fines - imposed by national supervisory authorities rather than at EU level, as EuReCA is an information-sharing tool facilitating cross-border supervisory coordination.

AMLA's Chair Roadshow visited all 27 Member States between March and December 2025, engaging with national supervisors, FIUs and private-sector representatives. Three key challenges emerged: low convergence levels across Member States requiring sustained effort; the need to balance effectiveness with proportionality; and the importance of strong technological capabilities as geopolitical instability and technological developments reshape the threat landscape. These findings underscore that AMLA's mandate responds to real operational challenges faced by supervisors, FIUs and obliged entities and that success will depend on trust built through cooperation with national authorities, FIUs, Union partners and the private sector.

The FIU pillar made significant progress. Six FIU Delegates joined AMLA by year-end 2025, the Joint Analyses Methodology was advanced, and work commenced on the transfer and short-term development of FIU.net. The Peer Review Work Plan for 2026-2027 was adopted, with the first focus theme being adequacy of FIU resources. MoUs were concluded with the ECB and the ESAs, and preparatory work began on working arrangements with Europol, Eurojust, OLAF and EPPO. In the non-financial sector, AMLA's questionnaire to national supervisors received over 120 responses, informing its oversight strategy for 2026-2028 across the diverse range of non-financial obliged entities.

Theme 5: Retail Investor and Consumer Protection

Consumer protection remains intensified across sectors. ESMA's reports revealed EU retail investment costs remain high internationally, varying by Member State; distribution costs and inducements can account for up to 45% of ongoing charges. ESMA launched a call for evidence on the retail investor journey to identify barriers and assess whether MiFID II balances protection with accessibility. EIOPA's mystery

shopping exercise (conducted across eight Member States as a supervisory convergence tool rather than a direct enforcement mechanism) and value for money monitoring similarly reflect this priority.

Theme 6: ESG Integration and Sustainable Finance

The EU sustainable finance rulebook underwent significant simplification under the Omnibus proposals. ESMA's fund names guidelines prompted 64% of affected funds in the reviewed population to change their names, frequently by removing or modifying sustainability-related terminology. The 2023-2024 Common Supervisory Action confirmed generally satisfactory SFDR and UCITS/AIFMD compliance, though highlighting persistent vulnerabilities including vague disclosures. EIOPA focused on natural catastrophe risks and climate-related insurance gaps. The EBA integrated ESG risks into SREP guidelines and continued fit-for-55 climate scenario development.

Theme 7: Supervisory Convergence and College Coordination

All authorities report enhanced college and cross-border coordination focus. The EBA's college monitoring highlighted that while documentation is generally high quality, scope remains for more proactive host authority participation and stronger multilateral, risk-driven discussions. EIOPA's collaboration platforms and ESMA's coordinated exercises reflect this priority. The ESAs Information Exchange System marked a major step in cross-border cooperation.

Theme 8: Digital Finance and Innovation

Digital finance remains priority across all ESAs. ESMA intensified work on DLT, DeFi and AI. The EBA completed its white labelling thematic report, with follow-up embedded in 2026 USSPs. EIOPA included AI Act implementation on college agendas. The ECB-SSM became an observer in the AI Board's financial services sub-group.

Theme 9: Resolution and Crisis Management

The SRB celebrated the SRM's tenth anniversary. The SRF reached EUR 81 billion; no regular contributions collected in 2025. The SRB conducted a dry run of the SRF liquidation plan to test communication protocols. FSB work continued on transfer tools, liquidity in resolution and bail-in execution. High-priority audit findings indicated need for further improvement in operationalising resolution strategies, tools other than bail-in, and cybersecurity. The SRB approaches resilience from the resolution lifecycle end: whether a bank remains operationally resolvable when preventive supervision has failed. Its May 2026 Eurogroup note links resolvability with competitiveness - integration cannot be durable if banks remain operationally unprepared for failure.

Theme 10: Third-Country and International Engagement

All authorities report enhanced international engagement. The EBA completed confidentiality assessments for Australia, Montenegro and Serbia under AMLD, and for Peru under CRD, BRRD, PSD and AMLD. With EIOPA and ESMA, the ESAs confirmed the equivalence of the relevant United Kingdom confidentiality and professional-secrecy arrangements for the purposes of DORA oversight cooperation. **This assessment concerns supervisory cooperation arrangements only and does not provide market-access equivalence or mutual recognition of UK regulatory requirements** - UK firms cannot passport services into the EU under DORA on this basis. The distinction is legally material and often misunderstood by market participants. The SRB strengthened bilateral relations with the US, UK, Switzerland, Japan, EU neighbours and jurisdictions in Asia, Latin America and Africa.

Theme 11: Governance and Internal Controls

Governance remains key and increasingly connects major priorities: cyber risk requires management-body ownership; AI requires governance frameworks; climate risk requires transition planning; data quality requires accountable ownership; AML/CFT requires risk-based decision-making; resolution requires credible execution; simplification requires firms to justify differentiated treatment. The ECB-SSM sanctioning report

provides clearest evidence: SSM authorities handled 370 sanctioning proceedings in 2025, over half concerning internal governance, 55% concerning natural persons. Total fines reached EUR 57.15 million - the highest in five years. The ECB-SSM identified governance issues in 80% of whistleblowing reports; concerns arose in 40.85% of 1,672 fit and proper assessments. The ESAs launched the Fit and Proper Information System; the SRB adopted its Anti-Fraud Strategy 2025-2027. Supervisors are increasingly asking whether failures reveal inadequate management information, unclear responsibility allocation, ineffective management body challenge, or inability to convert requirements into operational controls. The result: movement from entity accountability towards combined entity-and-individual accountability.

Theme 12: Simplified and Burden-Reduced Regulation

Simplification emerged as strategic priority but is often misunderstood - by market participants and, potentially, in analysis of supervisory intentions. Authorities advocate fewer duplicative data requests, proportionate requirements, shorter processes, material risk prioritisation and better technology use - **not** materially lower standards or substantive rule relaxation. ESMA describes simplification as eliminating activities not materially contributing to risk mitigation; it launched four flagship projects and paused RTS 22-24 MiFIR amendments to avoid unsynchronised costs. EIOPA calls for smarter, more harmonised regulation with more effective EU-level supervision, framing its strategy as "simpler, bolder and faster". The ECB's SREP reform and next-level supervision programme cover authorisations, fit-and-proper, capital decisions, internal models, reporting and on-site inspections, but explicitly place resilience preservation ahead of burden reduction. AMLA applies simplification to financial-crime compliance: controls should intensify where risk is high, simplify where demonstrably low - which may actually **increase** burden on high-risk firms rather than reduce it. The Commission's Market Integration and Supervision Package (**MISP**)[5] proposes further supervisory architecture redesign. The principle: simplification benefits firms evidencing risk assessments, data lineage and control effectiveness, not those merely arguing compliance is expensive. Firms should not interpret simplification as regulatory retreat.

Theme 13: Institutional Governance of the Supervisors

The reports reveal governance developments within supervisory authorities themselves. The ECB-SSM spent EUR 37.1 million on external consultancy (down EUR 5.0 million from 2024); total supervisory fee for 2025 was EUR 690.0 million. The SRB's budget implementation reached 92.25% for commitments. EIOPA achieved Management Board gender balance. Supervisory authorities are themselves subject to performance accountability focus.

Looking forward: What firms should consider doing now

The 2025 annual reports signal clear supervisory priorities for 2026 and beyond. Immediate actions to consider:

1. **DORA Compliance**. Applicable to: all financial entities and CTPPs. Complete Register of Information (**RoI**) submissions, prepare for CTPP designation assessments if applicable, develop major ICT incident reporting processes, and prepare for Threat Led Penetration Testing (TLPT). Supervisory expectation: documented ICT risk management, tested incident-response capabilities, and clear management-body accountability for operational resilience. 2026 marks the first full CTPP oversight cycle, with Joint Examination Teams undertaking risk assessments, setting oversight plans and issuing recommendations that will cascade into firms' third-party contracts and ICT risk management. Firms should expect pressure to re-paper audit and access rights, sub-outsourcing controls, data portability and exit provisions, alongside heightened expectations for concentration risk analysis and executable exit strategies. The

[5] See our coverage here and here.

EU-SCICF will be tested and further operationalised, with authorities emphasising harmonised incident taxonomies, protocols and situation reporting. Participation in cross-border cyber exercises and readiness for coordinated crisis communications will become practical expectations. Firms should establish a comprehensive ICT risk policy suite: (a) a third-party risk policy defining concentration metrics, tiering, due diligence, continuous monitoring, sub-outsourcing controls and a regular exit-testing cadence; (b) an incident management policy aligned with DORA timelines and reporting thresholds, including playbooks and Board-overseen post-incident reviews; (c) a change management policy with gated releases, segregation of duties, rollback capabilities and acceptance criteria linked to critical services; and (d) a TLPT policy covering scope selection, threat intelligence, legal privilege management, remediation SLAs and evidence retention. Business continuity documentation should map critical functions, define impact tolerances and establish a testing programme, with pre-approved regulator notification scripts for cross-border coordination.

2. **CRR III/Basel III Implementation**. Applicable to: ECB-supervised significant institutions and other EU banks and investment firms. Requirements becoming applicable from January 2025 with Step 2 reporting from January 2026. The package finalises the EU's implementation of the Basel III standards through the output floor, revised standardised and IRB approaches for credit risk, operational risk reforms (replacing legacy advanced measurement approaches with the new standardised measurement approach), the Fundamental Review of the Trading Book (FRTB) for market risk, and enhanced CVA risk treatment. Key elements include: (a) the output floor constraining internal-model variability by flooring risk-weighted assets at 72.5% of standardised calculations (phased in to 2030); (b) real-estate exposure recalibrations including preferential treatment for certain residential mortgages and new categories for acquisition, development and construction exposures; (c) enhanced data lineage and risk-data aggregation expectations under BCBS 239. Review impact assessments for operational, credit and market risk capital. Engage supervisors on permissions and derogations. Prepare for FRTB implementation. Supervisory expectation: data lineage across regulatory reports, timely permission applications, and peer-comparable capital treatment.

3. **ESG and Sustainability**. Applicable to: banks (CRR III Pillar 3 disclosures), asset managers (ESMA fund-name guidelines), insurers (climate-risk materiality) and all financial entities (SFDR). Conduct climate risk materiality assessments using both financial materiality (how sustainability issues affect financial performance) and environmental/social materiality (how operations impact the environment and society). Prepare for Pillar 3 ESG disclosures with CRR Article 4(1)(52d-52i) harmonised definitions. Develop transition planning capabilities aligned with CRD VI Article 76 prudential transition plan requirements. Credit institutions' governance arrangements must take into account ESG risks in the short, medium and long term under CRD VI, and management bodies are required to develop plans for the current and forward-looking impacts of ESG issues — these 'prudential transition plans' should monitor and address the financial risks arising in the short, medium and long term from ESG factors, including those arising from the process of adjustment and from transition trends in the context of EU regulatory objectives, in particular the objective to achieve climate neutrality. Review fund naming against ESMA guidelines — the 2025 CSA confirmed generally satisfactory compliance, but vague disclosures remain a persistent vulnerability. The EU sustainability framework interconnects the Sustainable Finance Disclosure Regulation (SFDR) entity and product-level disclosures, the Taxonomy Regulation common classification of environmentally sustainable activities, and the Corporate Sustainability Reporting Directive (CSRD) comprehensive corporate sustainability reporting, each informing counterparty data and portfolio-level assessments. Supervisors expect consistency between policies, operational processes, regulatory submissions and public disclosures; greenwashing enforcement has intensified through thematic reviews, marketing sweeps and targeted interventions. Net zero continues to be a priority area, with transition planning attracting greater scrutiny from regulators and stakeholders such as investors and communities; firms originating or planning to originate environmentally sustainable credit facilities should develop specific environmentally sustainable lending policies and procedures as part of their credit risk policies, covering the granting and monitoring of such credit facilities.

4. **Consumer Protection.** Applicable to: distributors and manufacturers of retail investment products (ESMA) and insurance-based investment products (EIOPA). Already applicable under MiFID II and IDD. Review product governance frameworks for value for money. Enhance consumer complaint handling processes. Prepare for intensified conduct supervision, including potential mystery shopping exercises. Supervisory expectation: documented analysis of costs versus benefits, target market alignment, and effective challenge at management-body level.

5. **AML/CFT**. Firms should monitor AMLA's risk methodology and selection criteria, assess whether they could fall within the directly supervised population and continue to engage through their competent national authority unless direct AMLA engagement becomes applicable. Review ML/TF risk assessments against the new unified EU risk assessment methodology. The EU's new AML/CFT Single Rulebook comprising the AMLR (Regulation No 2024/1624), AMLD VI (Directive No 2024/1640) and the AMLA-R (Regulation No 2024/1620) delivers the most comprehensive overhaul of EU financial crime rules to date, raising the standard to a much tougher level of uniformity in rules, interpretation and application. Core elements include: (a) risk-based customer due diligence (CDD) at onboarding and throughout the relationship lifecycle, including identification and verification of customers and beneficial owners using harmonised EU definitions and methodologies; (b) enhanced due diligence for high-risk customers (including PEPs, HNWIs, correspondent relationships), products and geographies; (c) beneficial ownership transparency with legal entities required to report and update beneficial ownership information to central registers within 28 days of creation or change; (d) the Travel Rule extended to crypto-asset transfers via the recast Wire Transfer Regulation; and (e) suspicious transaction reporting using harmonised templates to FIUs, with response deadlines of five working days (or 24 hours in urgent cases). AMLA's designation of crypto-asset service providers (**CASPs**) as a priority high-risk area signals intensified AML/CFT supervision before operational volumes mature - firms should embed compliance by design into operating models from the outset.

6. **Data Quality and Reporting.** Assess reporting systems against DPM 2.0 and updated reporting frameworks. Budget for IT upgrades to meet enhanced data quality requirements. Engage with industry working groups on data standards development.

7. **Governance.** Review internal governance arrangements against updated EBA guidelines. Prepare for enhanced fit and proper scrutiny, particularly regarding time commitment, experience, and conflicts of interest. Ensure robust whistleblowing mechanisms.

8. **Deferred Work.** Significant work deferred into 2026 includes certain CRR III reporting mandates and Climate Transition Plan frameworks. The Joint Guidelines on ESG stress testing were finalised in January 2026, with implementation continuing. The ECB-SSM's review of supervisory guides and streamlining programme are underway as at 13 July 2026. The EBA's 82% on-time delivery rate confirms regulatory timetables remain subject to absorption capacity and sequencing dependencies.

Implications for Third-Country Market Participants

Firms with third-country elements should note the following implications from the 2025 annual reports:

- **Equivalence and Third-Country Assessments.** The EBA completed confidentiality assessments for Australia, Montenegro, Serbia and Peru under various directives. The ESAs confirmed the equivalence of the relevant United Kingdom confidentiality and professional-secrecy arrangements for the purposes of DORA oversight cooperation; **this assessment concerns supervisory cooperation arrangements only and does not provide market-access equivalence or mutual recognition of UK regulatory requirements**. UK firms cannot passport services into the EU under DORA on this basis, and this distinction is frequently misunderstood. Third-country CCPs should monitor whether ESMA's enhanced capacity affects tiered recognition engagement.

- **Third-Country Banks and Financial Institutions.** Third-country firms should note enhanced supervisory focus on reputation and AML/CFT compliance in licensing. Some ECB-SSM licensing applications required focused assessments on these criteria.

- **Cross-Border Insurance Business.** EIOPA's collaboration platforms may intensify engagement with third-country insurers. Cases involving FWU Life Insurance (Luxembourg), Novis Insurance Company, and ZAD DallBogg demonstrate EIOPA's capacity for swift cross-border supervisory responses.

- **DORA and ICT Service Providers.** Third-country ICT service providers designated as critical CTPPs will be subject to the ESAs' oversight framework. Firms should monitor the CTPP designation criteria and the Oversight Forum's activities.

- **MiCAR and Digital Assets**. The EBA continued MiCAR implementation including the white labelling thematic report. Third-country CASPs should monitor evolving approaches to white labelling arrangements and crypto-asset exposure requirements.[6] The Commission's scheduled statutory review (**'MiCAR 2.0**') will assess the appropriateness of introducing such a regime.[7] In practice, persons located outside the EU are currently deprived of promoting their services to clients located in the EU unless 'reverse solicitation' can legitimately be relied upon, which ESMA has emphasised should be construed as a very narrowly framed, time-bound exemption that should not be used to circumvent MiCAR.[8]

Internal readiness

The supervisory changes may require corresponding adjustments to firms' internal operating models:

- **Supervisory Engagement.** The reports confirm that supervisory engagement has intensified across all authorities. Firms should consider: (i) reviewing their supervisory relationship management frameworks; (ii) preparing for enhanced inspection and investigation activity; (iii) ensuring governance structures support timely and complete responses to supervisory requests; and (iv) monitoring the development of Union Strategic Supervisory Priorities (**USSPs**) for 2026 and beyond.

- **Data and Reporting Systems.** The emphasis on data quality and reporting simplification across all ESAs confirms that data infrastructure investments should be prioritised. Beyond the actions outlined above, firms should: (i) prepare for the integrated reporting approach under the Joint Bank Reporting Committee (JBRC); and (ii) monitor the development of cross-regime data reconciliation requirements.

- **ESG Integration.** Cross-sectoral ESG priorities signal continued focus on climate risks and sustainability disclosures. Beyond the actions outlined above, firms should monitor the interplay between the Omnibus simplification proposals and continuing supervisory expectations.

Outlook

The 2025 annual reports demonstrate that EU financial supervision has entered a new phase. Completion of major legislative mandates (Basel III/CRR III, DORA, MiCAR) has shifted focus from framework development to operational implementation, enforcement readiness and data-driven supervision. The thirteen cross-cutting themes provide a framework for understanding direction of travel across banking, securities, insurance and resolution.

- **2026:** USSPs for 2026 published. Continuing implementation of the Joint Guidelines on ESG stress testing published in January 2026. Deferred items including certain CRR III reporting mandates and Climate Transition Plan frameworks scheduled for completion.

- **2026-2027:** CTPP oversight framework becomes fully operational. First complete RoI collections analysed. TLPT implementation progresses.

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[6] MiCAR (Regulation No 2023/1114) provides a harmonised and EU-wide licensing regime plus a single set of conduct of business rules for crypto-assets that are not classified as financial instruments. The regulated activity and services governed by MiCAR are largely similar to those falling under the currently applicable body of EU financial regulation (notably MiFID II as amended by IFR/IFD) and trigger a licensing requirement both for CASPs and crypto-asset issuers (CAIs). CASPs are subject to generally applicable requirements as well as service-specific tailored requirements — the general requirements cover authorisation and supervision as well as prudential and governance requirements. Anyone wishing to apply to become a CASP must have a registered office in an EU Member State and have obtained an authorisation to provide one or more regulated crypto-asset services from an NCA. CASPs with more than 15 million active users in the EU on average over 12 months will be classified as "significant CASPs". Although (currently) supervisory responsibility continues to be held by the relevant NCA, ESMA must be kept informed on an ongoing basis about key supervisory developments. The EBA is the lead regulator for any significant asset-referenced token or e-money token issuers. MiCAR does not provide for a third-country equivalence regime, meaning third-country CASPs must establish an EU presence rather than relying on equivalence-based market access.

[7] See our dedicated coverage on MiCAR 2.0 available here.

[8] See our dedicated coverage on cliff-edge effects after the MiCAR 1.0 deadline available here.

- **2027:** MISP legislative process continues. Monitor developments affecting ESA governance and supervisory powers.

- **ESG and Climate.** The Joint Guidelines on ESG stress testing were finalised in January 2026, with implementation and incorporation into supervisory methodologies continuing. Climate Transition Plan frameworks remain pending. Anticipate enhanced scrutiny of climate disclosures and transition planning.

- **Consumer Protection.** Intensified focus on value for money, conduct supervision and complaint handling across ESMA and EIOPA signals retail investor and policyholder protection remains a standing priority.

Given the breadth of 2025 supervisory priorities, early engagement is advisable. Firms should prioritise: (i) DORA compliance including RoI submissions and incident reporting; (ii) CRR III/Basel III implementation including supervisory dialogue on permissions; (iii) ESG integration including materiality assessments and transition planning; (iv) data quality and reporting upgrades; and (v) governance and internal controls enhancement.

The 2025 annual reports confirm EU supervision has entered an operational phase characterised by intensive implementation monitoring and enforcement readiness. The question is no longer whether a firm has implemented rules, but whether it can demonstrate peer-comparable outcomes. Rules may become simpler, but supervision of material risks is likely to become faster, more comparative and more difficult to avoid. Firms will be judged less by documentation volume and more by the consistency and operational credibility of their controls. As discussed in **Navigating 2026**, firms engaging now with this direction of travel are better positioned to absorb the emerging supervisory operating model.

About us

PwC Legal is assisting a number of financial services firms and market participants in forward planning for changes stemming from relevant related developments. We have assembled a multi-disciplinary and multi-jurisdictional team of sector experts to support clients navigate challenges and seize opportunities as well as to proactively engage with their market stakeholders and regulators.

Moreover, we have developed a number of RegTech and SupTech tools for supervised firms, including PwC Legal's Rule Scanner tool, backed by a trusted set of managed solutions from PwC Legal Business Solutions, allowing for horizon scanning and risk mapping of all legislative and regulatory developments as well as sanctions and fines from more than 2,500 legislative and regulatory policymakers and other industry voices in over 170 jurisdictions impacting financial services firms and their business.

Equally, in leveraging our Rule Scanner technology, we offer a further solution for clients to digitise financial services firms' relevant internal policies and procedures, create a comprehensive documentation inventory with an established documentation hierarchy and embedded glossary that has version control over a defined backward plus forward looking timeline to be able to ensure changes in one policy are carried through over to other policy and procedure documents, critical path dependencies are mapped and legislative and regulatory developments are flagged where these may require actions to be taken in such policies and procedures.

The PwC Legal Team behind Rule Scanner are proud recipients of ALM Law.com's coveted "2024 Disruptive Technology of the Year Award" and the "2025 Regulatory, Governance and Compliance Technology Award in 2025".

If you would like to discuss any of the developments mentioned above, or how they may affect your business more generally, please contact any of our key contacts or PwC Legal's RegCORE Team via de_regcore@pwc.com or our website.

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