

Regulatory Update Banking, finance and insurance

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Banks, Investment Firms, Asset Managers and
non-bank financial institutions

I. European regulation

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- ✓ **CRR:** Regulation (EU) 2024/3117 published in the Official Journal
- ✓ **MIFID:** ESMA published Final Report on transparency of financial instruments
- ✓ **MIFIR:** ESMA published Final Report on CTPs and DRSPs
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- ✓ **MICAR:** ESMA Published final package of regulatory technical standards and guidelines

II. Italian regulation

- ✓ **CRR3:** Banca d'Italia published a consultation paper on the exercise of national discretions
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I. European regulation

- ✓ **DORA:** EIOPA withdraws previously issued guidelines to avoid duplications with the Digital Operational Resilience Act (DORA)

II. Italian regulation

- ✓ **CAP:** IVASS launches public consultation on draft Provision No. 9/2024 on the right to oncological oblivion

Banks, Investment Firms, Asset managers and non-bank financial institutions

I. European regulation

✓ CRR3: EBA PUBLISHED FINAL REPORT ON EXEMPTIONS FROM FUND REQUIREMENTS FOR CERTAIN TYPES OF HEDGES

On 17 December 2024, the EBA published a [Final Report](#) containing draft Regulatory Technical Standards (RTS) on exemption from the additional component of residual risk (RRAO) from capital requirement for certain types of instruments involving residual risks that are, in turn, used to hedge instruments involving residual risks.

In particular, the new RTS specify when an instrument qualifies as a hedge for the purposes of exemption and when it does not. Furthermore, the new RTS require institutions to clarify whether the RRAO for which they seek exemption relates to a risk factor that was not subject to a shock in the application of the sensitivity-based method ((i.e. non-SbM risk factor) or whether it is due to other reasons.

Given the importance of the above mentioned exemption in terms of capital requirements, the RTS also include a requirement for verification by an independent auditor of the fulfilment of the conditions set out in the RTS.

In accordance with Delegated Regulation (EU) 2024/2795 - amending Regulation (EU) No. 575/2013 concerning the date of application of the own funds requirements for market risk - which postpones by one year the entry into force of the new rules regarding the in-depth review of the trading book (FRTB), institutions are required to apply the CRR2 version of the FRTB requirements. Therefore, the RRAO exemption under the mentioned RTS will only be applicable once the CRR3 FRTB will be applicable.

✓ CRR: REGULATION (EU) 2024/3117 PUBLISHED IN THE OFFICIAL JOURNAL

On 27 December 2024, was published in the Official Journal the Commission [Regulation \(EU\) 2024/3117](#) of 29 November 2024 laying down implementing technical standards (ITS) for the application of Regulation (EU) No 575/2013 (CRR) - as amended by Regulation (EU) 2024/1623 (CRR3) - with regard to reporting by institutions for supervisory purposes. This Regulation repeals Commission Implementing Regulation (EU) 2021/451.

In particular, the Regulation establishes uniform reporting schemes, frequency and reference dates for reporting on own funds and own funds requirements (output floor, credit and counterparty risk, credit valuation adjustments, market risk, operational risk, loss coverage of impaired exposures and crypto-assets), information on losses from loans secured by real estate and information on the leverage ratio, which must be provided by institutions to their Competent Authorities in accordance with articles 415 paragraph 3-*bis*, third subparagraph and 430 paragraph 9, fifth subparagraph of the CRR (as amended by CRR3).

The Regulation applies starting on 28 June 2025.

✓ MIFID: ESMA PUBLISHED FINAL REPORT ON TRANSPARENCY OF FINANCIAL INSTRUMENTS

On 16 December 2024, ESMA published a [Final Report](#) containing proposed amendments to the provisions of L2 specifying requirements for share transparency as well as technical advice to the European Commission (TA) and changes to the RTS on equity transparency under Directive (EU) 2014/65 (MIFID II).

Specifically, the Final Report relates to

- a proposal for a technical opinion on the definition of a liquid market for equity instruments and share-like instruments provided for in Regulation 2017/567;
- the specification of information to be disclosed for pre-trade transparency purposes;
- the review of the pre-trade transparency requirements for systematic internalisers;
- the post-trade transparency reports;
- the change of the data source to be used for the performance of the transparency calculations and the related effects to annex IV of RTS 1.

✓ MiFIR: ESMA PUBLISHED FINAL REPORT ON CTPs AND OTHER DRSPs

On 16 December 2024, ESMA published a [Final Report](#) containing both new and amended Regulatory Technical Standards (RTS) for Consolidated Tape Providers (CTPs) and other Data Reporting Services Providers (DRSPs).

The latest amendments to the Regulation (EU) 600/2014 on Markets in Financial Instruments (MiFIR) which was published in the Official Journal of the European Union on 8 March 2024 and entered into force on 28 March 2024, did, in fact, amend the provisions related to the establishment of CTPs and for DRSPs. The aforementioned revision contained a request to ESMA to prepare new RTSs and to revise existing ones.

The technical standards outlined in the Final Report concern:

- RTS on input/output data, as per mandate mentioned in Article 22b of MiFIR, requiring ESMA to specify (a) the minimum requirements for the quality of transmission protocols, (b) the data to be disseminated by the CTP, (c) what constitutes time as close as possible to real time, and (d) the data to be transmitted to the CTP;
- RTS on the revenue redistribution scheme, as per mandate mentioned in Article 27h of MiFIR, requiring ESMA to specify the methodology used by Equity CTP to redistribute revenue to data contributors;
- RTS on the synchronisation of market infrastructure corporate clocks, as per mandate mentioned in Article 22c of MiFIR, which transposes the clock synchronisation requirement previously set out in MiFID II;
- Technical Standards on the authorisation of DRSPs, as per mandate mentioned in Articles 27d and 27db of MiFIR.

✓ MiFIR: ESMA PUBLISHED FINAL REPORT ON BOND TRANSPARENCY AND REASONABLE COMMERCIAL BASIS

On 16 December 2024, ESMA published a [Final Report](#) containing Regulatory Technical Standards (RTS) provided for in the revision to Regulation (EU) 600/2014 on Markets in Financial Instruments (MiFIR), bond transparency and reasonable commercial basis (RCB).

The Final Report includes proposals to amend Level 2 provisions specifying transparency requirements for bonds, structured finance products and emission allowances, and regulatory technical standards (RTS) on a reasonable commercial basis (RCB).

The Final Report is divided into two different sections, each dealing with a draft technical standard:

- (1) the amendment of Delegated Regulation (EU) 2017/583 supplementing Regulation (EU) No 600/2014 (RTS 2) in relation to non-equity transparency;
- (2) the RTS project on RCB.

✓ MiCAR: ESMA PUBLISHED FINAL PACKAGE OF REGULATORY TECHNICAL STANDARDS AND GUIDELINES

On 17 December 2024, ESMA published the last package of final reports containing regulatory technical standards and guidelines ahead of the full entry into application of the Regulation (EU) 2023/1114 on Markets in Crypto Assets (MiCAR).

Specifically, the newly published package includes.

- [Regulatory Technical Standards on market abuse](#) that specify systems and procedures to prevent and detect market abuse in crypto-assets, the template for reporting suspected market abuse in crypto-assets as well as coordination procedures between competent authorities for the detection and sanctioning of cross-border market abuse situations. These rules will enable supervisors to address suspicions of market abuse and follow up with enforcement actions where necessary;
- [Guidelines on reverse solicitation](#) that confirm ESMA's previous message that the reverse solicitation exemption should be understood as very narrowly framed and should be regarded as the exception and not be used to circumvent MiCA requirements. This exemption only applies to cases where the client is the exclusive initiator of the service. Guidance is provided on the limited circumstances where this may be the case;
- [guidelines](#) concerning, on the one hand, suitability requirements that specify how crypto asset service providers (CASPs) providing advice on crypto assets or crypto asset portfolio management must provide appropriate recommendations to their clients or make appropriate investment decisions on their behalf. These rules are aligned with MiFID II requirements so that CASPs providing advice under both MiFID II and MiCAR are subject to similar requirements. On the other hand, these guidelines cover cryptocurrency transfer services, which aim to ensure investor protection for cryptocurrency transfer clients by specifying the policies and procedures that CASPs should adopt;
- [Guidelines on qualification of crypto-assets as financial instruments](#) who provide conditions and criteria for the qualification of crypto-assets as financial instruments. The guidelines aim to provide more clarity about the delineation between the respective scopes of application of MiCA and other sectoral regulatory frameworks (notably MiFID II);
- [Guidelines on the maintenance of systems and security access protocols](#) that apply to offerors and persons seeking admission to trading who are not subject to the same operational resilience standards under MiCA and DORA as their CASP and issuer counterparts. Therefore, the guidelines provide for a streamlined set of principles for entities in scope to manage their ICT risks.

The above guidelines are to be translated into the official languages of the EU, subsequently published on ESMA's website, and will be applicable from three months after the publication of the relevant translations.

II. Italian regulation

✓ CRR3: BANCA D'ITALIA PUBLISHED A CONSULTATION PAPER ON THE EXERCISE OF NATIONAL DISCRETIONS

On 18 December 2024, the Bank of Italy put out for [consultation](#) a document concerning the exercise of the discretion provided for in Article 129(3) of Regulation (EU) 575/2013 ('CRR') as

amended by Regulation (EU) 2024/1623 (CRR3), regarding covered bonds issuance programmes.

The document aims to obtain qualitative and quantitative elements from banks and other stakeholders that are useful in defining how the discretion should be exercised, with particular reference to the impact on the cover pool (e.g. in terms of any integration needs of the same) if the discretion is not exercised and thus of applying the new valuation methods to the real estate pledged as collateral for the issuance programmes.

Furthermore, banks were asked to provide the Bank of Italy with any comments regarding the discretion under Article 465 (5) and (12) of the CRR, as amended by CRR3, according to which Member States may allow banks to apply a favourable transitional regime for exposures secured by residential real estate for the purposes of calculating the output floor, although, in this case, discretion is given to the Member State, with this consultation the Bank of Italy intends to acquire useful information, where necessary, to support the legislator

The deadline for comments and observations is 3 February 2025.

✓ CAPITAL LAW: CONSOB LAUNCHED A PUBLIC CONSULTATION

On 19 December 2024, Consob launched a [new consultation](#) with the financial market on the content of the implementing provisions to be adopted by the Authority with regard to the list of outgoing Boards of Directors (BoD), in accordance with the delegation of authority provided for in Law No. 21 of 5 March 2024 (Capital Law).

In light of the results of the preliminary consultation concluded on 5 December 2024, as briefly outlined by Consob, the Authority has submitted a new consultation on the proposals to amend the Regulation adopted by Resolution no. 11971/1999 (Issuers' Regulation), which aims to implement the new Article 147-ter.1 of the Consolidated Law on Finance (TUF).

In particular, the proposals relate to (i) the second individual vote for each candidate and (ii) the allocation of seats on the BoD if the list obtaining the highest number of votes and the sum of the votes obtained by the first two minority lists exceeds 20% of the votes cast at the Shareholders' Meeting in relation to the methods for calculating the proportion of members of the Board of Directors "belonging to minorities" pursuant to Article 147-ter.1, paragraph 3, letter b) no. 2 of the Consolidated Law on Finance.

The deadline for submitting comments is 15 January 2025, with the aim of completing the regulatory process in time for the procedures for the renewal of corporate bodies scheduled for 2025.

✓ CRR/BRRD: LEGISLATIVE DECREE NO. 195 OF 2 DECEMBER 2024 PUBLISHED IN THE ITALIAN OFFICIAL JOURNAL

On 18 December 2024, [Legislative Decree No. 195](#) of 2 December 2024 was published in the Italian Official Journal.

The purpose of the Legislative Decree is to bring the national legislation in line with the provisions of Regulation (EU) 2022/2036, amending Regulation (EU) No. 575/2013 and Directive 2014/59/EU with regard to the prudential treatment of global systemically important institutions with a multiple-start point resolution strategy and indirect underwriting methods of eligible instruments for the fulfilment of the minimum requirement of own funds and eligible liabilities.

The Decree enters into force on 19 December 2024.

✓ BORSA ITALIANA: AMENDMENTS TO THE EURONEXT GROWTH MILAN MARKET RULES

On 17 December 2024, with [Notice n. 53037](#) Borsa Italiana published some amendments to the Euronext Growth Milan Market Rules (the “Rules”).

In particular, - in line with the provisions already in place in the regulated markets of Borsa Italiana – it has been introduced the possibility of using the market infrastructure for the execution of the placement at the time of listing on the Euronext Growth Milan market. This procedure is aimed at facilitating operational activities by market participants by giving them access to the electronic methods available to the market for managing the current preparation processes prior to the start of trading.

The above mentioned amendments will enter into force on 2 January 2025.

✓ SUSTAINABILITY REPORTING: PUBLISHED A CALL FOR ATTENTION

On 20 December 2024, Consob published a [Call for attention](#) on the subject of climate disclosure to be included in the financial statements, in consideration of the results that emerged from the analyses carried out on the subject and in view of the forthcoming entry into force of the sustainability reporting obligations required by Legislative Decree No. 125 of 6 September 2024 (hereinafter, the “D.Lgs. no. 125/2024”).

In particular, Consob draws the attention of issuers to the following key elements that are considered worthy of careful consideration by issuers:

- (1) facilitate investors in identifying information on climate aspects;
- (2) promote consistency between financial and sustainability disclosures;
- (3) provide clear disclosure on considerations of the impacts of climate factors.

Consob points out that the aforementioned Cautionary Notice does not introduce any new disclosure requirements, but emphasises requirements that are already in force, in order to promote the transparency of the information provided, to ensure its compliance with international accounting standards and to discourage occurrences of *greenwashing*.

✓ DISTRIBUTION OF INSURANCE PRODUCTS: CONSOB AND IVASS SIGNED THREE MEMORANDUMS OF UNDERSTANDING

On 20 December 2024, Consob and IVASS signed [three Memorandums of Understanding](#) (Protocolli d'intesa) to strengthen cooperation and coordination in the supervision of issuers supervised by Consob that fall within the supervisory perimeter of IVASS on the distribution of insurance investment products (so-called IBIPs, Investment Based Insurance Products) and on PRIIPs (Packaged Retail and Insurance-based Investment Products) limited to IBIPs.

The Memorandums identify a set of information, data and documents that the two Authorities will exchange on a regular basis or upon the occurrence of certain events or on request.

✓ DORA: BANCA D'ITALIA PUBLISHES A COMMUNICATION TO THE MARKET

On 23 December 2024, the Bank of Italy published a [communication](#) to the market on ICT security, drawing the attention of directly supervised intermediaries to the profiles of digital operational resilience and ICT risk.

In particular - in view of the entry into force of Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA) - intermediaries directly supervised by the Bank of Italy, on a consolidated basis for groups and on an individual basis for non-group entities, are invited to assess their positioning with respect to the mentioned DORA Regulation with particular reference to the following areas: i) strategies on third-party risk, renewal of supply contracts and



transmission to the Information Registry Authority; ii) adaptation of internal safeguards and policies; iii) digital operational resilience testing activities and programmes.

Furthermore, intermediaries are encouraged to conduct a self-assessment of their ICT risk management system to ensure that their ICT risk policies, procedures, protocols and tools are adequate to: i) prevent, or detect in a timely manner, breaches of the confidentiality of data and/or services provided; ii) reduce the risk arising from ICT changes.

The board of directors must approve the self-assessment, conducted with the involvement of the second- and third-level control functions, and submit it to the Bank of Italy by 30 April 2025.



Insurance Companies

I. European Regulation

- ✓ DORA: EIOPA WITHDRAWS PREVIOUS GUIDELINES TO AVOID DUPLICATIONS WITH THE DIGITAL OPERATIONAL RESILIENCE ACT (DORA)

On 19 December 2024, EIOPA has published its decision to

- withdraw the [Guidelines on information and communication technology security and governance - EIOPA](#) issued in the context of the “Solvency II” Directive and applicable since 1 July 2021
- withdraw the [Guidelines on outsourcing to cloud service providers - EIOPA](#) issued in the context of the “Solvency II” Directive and applicable since 1 July 2021
- modify the [Opinion on the supervision of the management of operational risks faced by IORPs - EIOPA](#) issued in the context of the EPAP II Directive by eliminating the section that regulates cyber risks.

EIOPA’s initiative aims at eliminating overlaps and normative duplications with regard to the coming into force of the DORA.

The national surveillance authorities will have to transfer the changes into the national regulations.

The modifications will come into force as from 17 January 2025.

II. Italian Regulation

- ✓ CAP: IVASS LAUNCHES PUBLIC CONSULTATION ON DRAFT PROVISION No. 9/2024 ON THE RIGHT TO ONCOLOGICAL OBLIVION

On 18 December 2024, IVASS launched a consultation on the [draft Provision](#) on the right to oncological oblivion. The consultation document concerns amendments and additions to:

- IVASS Regulation No. 40 of 2 August 2018, laying down provisions on insurance and reinsurance distribution referred to in Title IX (general provisions on distribution) of Legislative Decree No. 209 of 7 September 2005 – CAP;
- IVASS Regulation No. 41 of 2 August 2018, laying down provisions on information, advertising and implementation of insurance products pursuant to Legislative Decree No. 209 of 7 September 2005 - CAP.

The deadline for submitting comments and observations is 3 February 2025.