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Spotlight on Markets – November & December 2025

ESMA WELCOMES COMMISSION'S AMBITIOUS PROPOSAL ON MARKET INTEGRATION

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ESMA welcomes Commission's ambitious proposal on market integration

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, welcomes the European Commission's legislative proposal on market integration and supervision published today. The package represents a major step towards deeper and more efficient EU capital markets and reflects many of the recommendations set out in ESMA's 2024 Position Paper on building more effective and attractive capital markets in the EU.

The proposal directly addresses fragmentation stemming from divergent national rules and supervisory practices. By removing barriers in trading, post-trading and asset management, and by enabling more harmonised supervision, the package will help market participants operate more seamlessly across the Single Market and support scale, efficiency and better outcomes for investors and businesses. We also welcome the strong focus on streamlining regulatory requirements, reducing administrative burden, and facilitating innovation. All of this will enhance the competitiveness and agility of EU capital markets.

A key element of the package is the proposed transfer of direct supervision of certain significant cross-border infrastructures and crypto-asset service providers to the EU level. ESMA stands ready to take on these specific responsibilities, drawing on almost 15 years of growing experience supervising diverse and selective parts of our capital markets.

Read here our Position paper on EU capital markets - Building more effective and attractive capital markets in the EU

This proposal represents a shift in supervision for a limited subset of our capital markets, in which ESMA would work hand in hand with the National Competent Authorities (NCAs) to develop the capacity and expertise to take on such new responsibilities. At the same time, for the broader market that remains under national supervision, coordinating supervisory standards and achieving aligned outcomes across the EU remains a key priority. This would be reinforced for example by giving ESMA an enhanced convergence role for large cross-border asset management groups.

Today's proposal forms a central pillar of the Commission's Savings and Investments Union (SIU) strategy. ESMA looks forward to working with the co-legislators as they advance this important initiative to build deeper and more integrated EU capital markets.

ESMA to launch Common Supervisory Action on MiFID II conflicts of interest requirements

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, will launch a Common Supervisory Action (CSA) with National Competent Authorities (NCAs) on conflicts of interest in the distribution of financial instruments.

The CSA will assess how firms comply with their obligations under MiFID II to identify, prevent, and manage conflicts of interest when offering investment products to retail clients.

The CSA will focus on:

- The possible impact of staff remuneration and inducements on what products are offered to investors.
- The role of digital platforms in directing investors towards certain products, and whether this serves their best interests.
- The ways firms manage potential conflicts between their own profits and the needs of retail investors.

ESMA expects that this initiative, together with the exchange of practices among NCAs, will contribute to the consistent application of EU rules and strengthen investor protection in line with its objectives.

Next steps

ESMA and the NCAs will carry out the CSA during 2026.

The European Supervisory Authorities designate critical ICT third-party providers under the Digital Operational Resilience Act

The European Supervisory Authorities (EBA, EIOPA, and ESMA – the ESAs) publish today the list of designated critical ICT third-party providers (CTPPs) under the Digital Operational Resilience Act (DORA). This designation marks a crucial step in the implementation of the DORA oversight framework.

The list of the CTPP designated by the ESAs is accessible through this **link.**

The designation process followed the methodology mandated by DORA.

The designation process followed the methodology mandated by DORA.

First, the ESAs collected data from the Registers of Information maintained by financial entities, which detail their contractual arrangements for ICT services.

Second, the ESAs conducted a detailed criticality assessment in cooperation with the Competent Authorities (CAs) across the EU from the banking, insurance and pensions, and securities and markets sectors. This assessment was carried out in line with the multifaceted criteria set out in DORA, which required a complete evaluation of a provider's systemic importance, its role in supporting critical or important functions for financial entities, and the level of substitutability of its services.

Third, ICT third-party providers assessed as critical were formally notified, after which they benefitted from their right to be heard by providing a reasoned statement. The final designation decisions were adopted following a careful review of all relevant information, ensuring the integrity of the process.

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The designated CTPPs provide a range of ICT services (e.g. from core infrastructure to business and data services) to financial entities of all types and sizes across the European Union, reflecting their pivotal role within the financial ecosystem.

The objective of the DORA Oversight Framework, mandated to the ESAs, is to promote the sound management of ICT risk by the critical providers. Through direct oversight engagement, the ESAs will assess whether CTPPs have appropriate risk management and governance frameworks in place to ensure the resilience of the services they deliver to financial entities. This serves to mitigate risks that could impact the operational resilience of the financial sector of the EU.

The ESAs will keep engaging with CTPPs in the course of upcoming examination activities.

List of designated CTPPs

ESMA finds that distribution costs account for almost half of the total costs paid to invest in UCITS

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has published its report on total costs of investing in UCITS and AIFs. This is the first comprehensive assessment of the total costs charged to investors in EEA investment funds.

Notably, the report provides an innovative analysis on distribution costs, which account for 48% of total costs for UCITS. These high costs are primarily driven by the traditional and dominant role of credit institutions and investment firms in the distribution chain across many Member States. In contrast, digital platforms - such as neo-brokers offering execution-only services - are less expensive.

The report also confirms that inducements play a central role for ongoing costs. When there are inducement agreements between the distributor and the manufacturer of a UCITS (non-independent advice), these payments account for up to 45% of the ongoing costs.

Next steps

This analysis was enabled by an ad-hoc data collection exercise and provides a useful contribution to the ongoing SIU debate, especially in relation to retail participation.

Read here the Factsheet: Total fund costs - Key elements you need to know before investing

ESMA Chair Verena Ross to step down at the end of her current term

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, today announces that its Chair, Verena Ross, has decided to not renew her term as Chair for a second mandate.

She will remain fully committed to ESMA and continue her work as ESMA's Chair until the end of her contract on 31 October 2026.

ESMA will now launch the process for selecting a new Chair.

ESMA appoints Marie-Anne Barbat-Layani and Christopher P. Buttigieg as the new members of its Management Board and renews Armi Taipale's mandate

The European Securities and Markets Authority (ESMA), the European Union's financial markets regulator and supervisor, has appointed Marie-Anne Barbat- Layani of Autorité Des Marchés Financiers (AMF), France and Christopher P. Buttigieg of Financial Services Authority (MFSA) Malta, as the new members of its Management Board. The Board of Supervisors has reappointed Armi Taipale of Finanssivalvonta (FIN-FSA) Finland, for a second mandate.

The new members are replacing Vasiliki Lazarakou of Ελληνική Επιτροπή Κεφαλαιαγοράς (HCMC) Greece, and Jos Heuvelman of Autoriteit Financiële Markten (AFM), the Netherlands whose mandates are ending on 31 December 2025. .

The election took place at the Board of Supervisors meeting on 10 December 2025.

From 1 January 2026, the Management Board will consist of:

- Verena Ross, European Securities and Markets Authority (ESMA);
- Ante Žigman, Hrvatska agencija za nadzor financijskih usluga (HANFA), Croatia
- Armi Taipale, Finanssivalvonta (FIN-FSA), Finland
- Marie-Anne Barbat- Layani, Autorité Des Marchés Financiers (AMF), France
- Thorsten Pötzsch, Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Germany
- Carlo Comporti, Commissione Nazionale per le Società e la Borsa (CONSOB), Italy
- Christopher P. Buttigieg Financial Services Authority (MFSA), Malta
- Natasha Cazenave, ESMA Executive Director (non-voting member)
- Vojtěch Belling, ESMA Vice-Chair (observer)
- European Commission representative (non-voting member).

The Management Board, chaired by Verena Ross, Chair of ESMA, is responsible for ensuring that the Authority carries out its mission and performs the tasks assigned to it under its founding Regulation.

Read more about ESMA's Management board here

Natasha Cazenave's mandate as ESMA Executive Director renewed

The Board of Supervisors of the European Securities and Markets Authority (ESMA) has renewed the mandate of Natasha Cazenave as ESMA's Executive Director for a second five-year term, until end-May 2031.

"I am honoured by the continued trust from ESMA's Board of Supervisors and our Chair Verena Ross. It is a privilege to lead this organisation, and I look forward to building on the solid foundations we have created, together with a strong management team and highly skilled staff.

There is still much to accomplish, and I am confident that we will collectively rise to the occasion to meet the high expectations in the years ahead."

Natasha Cazenave, ***Executive Director***

Bio available here

“I would like to congratulate Natasha on the renewal of her mandate. This decision reflects the strong leadership, vision, and dedication she has consistently demonstrated since the beginning of her term. I look forward to our continued collaboration in taking ESMA forward."

*Verena Ross, **Chair***

The decision to renew the mandate of Ms Cazenave took place during the meeting of the Board of Supervisors on 7 October 2025 and was based on the evaluation of her work during her first term of office, as well as her contribution to the Authority’s future opportunities and challenges. Following the renewal of her mandate, Ms Cazenave had the pleasure of presenting her vision for ESMA’s next five years to the ECON committee of the European Parliament, on 17 November 2025.

ESMA maintains recognition of two UK central counterparties under EMIR

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, confirmed it will maintain the recognition of LCH Limited and LME Clear Limited, two central counterparties (CCPs) established in the United Kingdom (UK).

This decision is taken under Article 25(5)(b) of the European Market Infrastructure Regulation (EMIR), that requires ESMA to assess if the conditions under which LCH Limited and LME Clear Limited were originally recognised continue to be met, considering recent regulatory, market, and business developments.

Following its review, ESMA determined that maintaining the recognition of LCH Limited as Tier 2 CCP and LME Clear Limited as Tier 1 CCP is appropriate.

The decisions of ESMA regarding the determination of tiering and recognition of LCH Limited and LME Clear Limited remain applicable until **30 June 2028.**

Background

ICE Clear Europe Limited was not within the scope of this review, as its tiering and recognition were reviewed and confirmed in 2023.

List of third-country CCPs recognised to offer services and activities in the Union

ESMA reviews impact of Guidelines on ESG or sustainability related terms in fund names

The European Securities and Markets Authority (ESMA), the EU's financial market regulator and supervisor, released research today assessing the impact of its fund naming guidelines on ESG and sustainability-related terms.

The study found that ESMA's Guidelines have:

- Improved consistency in the use of ESG terms by increasing alignment of fund names and their actual investment strategies.
- Enhanced investor protection by reducing greenwashing risks.

Drawing on nearly 1,000 shareholder notifications in reaction to the guidelines from the 25 largest EU asset managers with EUR 7.5 trillion in assets under management, the study found that:

- 64% of the funds mentioned in shareholder notifications changed their name, in most cases to avoid the use of ESG related terminology.
- 56% updated their investment policies to strengthen their sustainability focus.

The study then focuses on the impact of the fossil-fuel related exclusions on 4,000 EU funds using ESG terminology in their names, with EUR 2 trillion in assets under management. The analysis shows that:

- Funds with higher fossil fuel exposures were more likely to remove ESG terms from their names, underscoring how portfolio composition influences compliance choices.
- Since the publication of the guidelines, funds retaining ESG terms in their names have reduced their portfolio share of fossil fuel holdings more than all other funds, suggesting efforts to green their portfolios.

Next steps

BA webinar to present the findings will take place on **20 January at 10.00**. Please register by 19 January at 12:00.

ESMA remains committed to monitoring fund naming trends and tracking how the market evolves in response to its Guidelines, while engaging with the European Commission to support evidence-based policymaking on ESG and sustainable finance regulation.

Bio available here

ESMA selects EuroCTP to become the first Consolidated Tape Provider for shares and ETFs

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has selected EuroCTP as the first Consolidated Tape Provider (CTP) for shares and exchange-traded funds (ETFs) in the EU, in a step forward for the transparency of equity markets in the EU.

"Today's announcement is a major milestone for the attractiveness of equity markets in the EU, as the CTP will provide a consolidated view of market activity in shares and ETFs for retail and institutional investors across Europe.
As a long-standing supporter of European consolidated tapes, and after the selection of the CTP for bonds, ESMA is confident that this new step will contribute to advancing the Savings and Investment Union (SIU), benefitting all market participants."

Natasha Cazenave, ***Executive Director***

ESMA has decided to select EuroCTP following an in-depth assessment of its offer against the criteria listed in the Markets in Financial Instruments Regulation (MiFIR). EuroCTP has met all the selection criteria and has demonstrated a solid approach towards ESMA's overall expectations for the award criteria.

EuroCTP is a joint venture based in the Netherlands, with 15 European exchange groups as current shareholders.

Next steps

ESMA is now inviting EuroCTP to apply for authorisation without delay. Following the authorisation, EuroCTP would operate the CTP for shares and ETFs for a period of five years under ESMA's direct supervision in line with the MiFIR provisions currently in force.

ESMA publishes 2024 data on cross-border investment activity of firms

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, in cooperation with National Competent Authorities (NCAs), completed an analysis of the cross-border provision of investment services in 2024.

Data was gathered from investment firms across 30 jurisdictions in the EU/EEA. The main findings include:

- Around 370 financial firms provided cross-border services to retail clients.
- Approximately 10.5 million clients in the EU/EEA received investment services from firms located in other Member States.
- Compared to 2023:
  - The number of firms decreased by 4%.
  - The number of retail clients rose by 32%.
  - Complaints increased by 46%.
- Cyprus leads as the primary location for firms providing cross-border investment services in the EU/EEA, accounting for 21% of passporting firms, followed by Luxembourg (15%) and Germany (13%).
- Germany, France, Spain, and Italy are the most significant destinations for retail clients receiving cross-border services in other Member States.

These insights will allow ESMA and the NCAs to better understand and monitor cross-border investment services provided by firms in the EU/EEA.

Next steps

ESMA will perform the next data collection in 2026.

Consultations

Click on the consultation

Closing date

05 Jan	**Consultation on the EMIR 3 draft RTS on Participation Requirements**

Events

Click on the event

Date

20 Jan	**Webinar: impact of ESMA guidelines on the use of ESG or sustainability-related terms in fund name**

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