



MAPLES  
GROUP

# Funds & Investment Management Update – Ireland and Luxembourg

**Quarterly Update | January – March 2025**

# Table of Contents

<b>1</b>	<b>Legal &amp; Regulatory .....</b>	<b>3</b>
1.1	UCITS and AIFMD Update .....	3
1.2	Sustainable Finance Update.....	4
1.3	AML/CTF Developments.....	5
1.4	Consumer Protection Code 2025 .....	6
1.5	EMIR Update.....	6
1.6	Central Bank Regulatory and Supervisory Outlook 2025.....	7
1.7	Corporate Sustainability Directives - Omnibus Packages.....	7
1.8	MiCA Update.....	8
1.9	DORA Implementation .....	8
1.10	GDPR - Broad Interpretation of "Personal Data Breach" .....	10
1.11	Evolution in the Electronic Visa Stamp Procedure for Prospectuses.....	10
1.12	New eDesk Self-Assessment Questionnaire for PDAOFI .....	11
1.13	CSSF FAQ on the Swing Pricing Mechanism .....	11
1.14	ESMA Market Report: Costs and Performance of EU Retail Investment Products 2024.....	11
1.15	Updated Stress Test Scenario Guidelines under MMF Regulation and ESRB Report .....	11
1.16	ESRB Report: Monitoring Framework for Systemic Liquidity Risks .....	12
1.17	Commission 2025 Work Programme and Communication on Simplification.....	12
1.18	IFR and IFD Update .....	12
1.19	Savings and Investments Union .....	12
1.20	ESMA 2026-2028 Programme.....	13
1.21	Impact of AI on EU Investment Funds – ESMA Report.....	13
1.22	Benchmark Regulation Update .....	14
1.23	CSDR Update, Shortened Settlement Cycle in the EU and Consultation.....	14
1.24	MiFID / MiFIR Update .....	15
1.25	EU Securitisation Regulation .....	16
1.26	Investment Fund Statistics.....	16
<b>2</b>	<b>Cross Border Marketing .....</b>	<b>17</b>
<b>3</b>	<b>Tax.....</b>	<b>17</b>
3.1	Irish Department of Finance Consultation on the Tax Treatment of Interest in Ireland .....	17
3.2	Updated Tax Circular on Shareholder Current Accounts.....	17
3.3	Luxembourg Action Plan to Propel Start-ups and Scale-ups including Tax Incentives .....	17
	<b>Contacts .....</b>	<b>18</b>
	<b>About the Maples Group.....</b>	<b>20</b>

# 1 Legal & Regulatory

## 1.1 UCITS and AIFMD Update

Directive (EU) 2024/927 amending AIFMD 2011/61/EU and the UCITS Directive 2009/65/EC relating to delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services, and loan origination by alternative investment funds ("AIFs") ("AIFMD II") has to be transposed into national law by EU member states by 16 April 2026. The changes introduced aim to strengthen investor protection, improve access to finance from sources other than banks, tackle greenwashing, and help complete the capital markets union by limiting differing national approaches when it comes to marketing AIFs. One of the major changes introduced by AIFMD II is the introduction of a pan-European loan origination regime for AIFs.

### Ireland

On 7 March 2025, the Central Bank of Ireland ("Central Bank") published the [Fiftieth Edition](#) of its AIFMD Q&A.

It clarifies the application of the prohibition on AIFs acting as guarantors for third parties. Q&A ID 1160 confirms that guarantees are permissible in respect of investments and/or intermediate vehicles for such investments in which the QIAIF has a direct or indirect economic interest subject to several important safeguards and investor disclosures.

Q&A ID 1161 confirms that the definition of financial institution in the AIF Rulebook is aligned with that set out in the revised AIFMD loan origination rules which cross refers to Solvency II Directive 2009/138/EC that is transposed into Irish law through the European Union (Insurance and Reinsurance) Regulations 2015.

Q&A ID 1162 clarifies that while the prohibition on lending to persons intending to invest in equities or other traded investments of commodities applies where the borrower intends to use the proceeds to facilitate a trading or speculative investment strategy, it does not prevent lending to a borrower with the intention of acquiring a controlling interest in a target company.

### EU

On 10 January 2025, the European Securities and Markets Authority ("ESMA") updated its [AIFMD Q&A](#). In Question 2229 it clarified that alternative investment fund managers ("AIFMs") are not allowed to delegate portfolio or risk management to non-supervised undertakings established outside of the EU; and in Question 2230 it confirmed that that AIFMD II does not change the position as regards AIFMs not being permitted to safekeep clients' money.

On 14 February 2025, ESMA [announced](#) the launch of a common supervisory action ("CSA") with national competent authorities ("NCAs") on the compliance and internal audit functions of UCITS management companies and AIFMs across the EU.

The CSA will be conducted throughout 2025 and will assess the extent to which UCITS management companies and AIFMs have established effective compliance and internal audit functions with adequate staffing, authority, knowledge and expertise to perform their duties under the AIFM and UCITS frameworks. During 2025, NCAs will share knowledge through ESMA as to how they supervise the compliance of UCITS management companies and AIFMs. ESMA will publish the results in 2026.

On 12 March 2024, ESMA's [consultation](#) on draft regulatory technical standards ("RTS") on open-ended loan-originating alternative investment funds ("LO AIFs") under AIFMD II closed. ESMA expects to publish a final report and submit the final draft RTS to the European Commission by Q3-Q4 2025.

For more information see [AIFMD 2.0 – ESMA consults on open-ended loan originating AIFs](#)

## 1.2 Sustainable Finance Update

On 16 January 2025, the European Banking Authority ("EBA") published a [consultation](#) on draft guidelines on ESG scenario analysis which closes on 16 April 2025.

On 23 January 2025, the EU Platform on Sustainable Finance ("PSF") published a [report](#) providing advice to the European Commission on the development and assessment of corporate transition plans.

On 5 February 2025, the feedback request on the PSF January 2025 [draft report](#) on activities and technical screening criteria to be updated or included in the EU taxonomy closed. The draft report was prepared by the PSF's technical working group and must delivered in accordance with the PSF's mandate under the Taxonomy Regulation (EU) 2020/852.

On 5 February 2025, the PSF published a [report](#) with recommendations to the European Commission to simplify the effectiveness of taxonomy reporting.

On 26 February 2025, the European Commission proposed an omnibus package on sustainability, for more information see "Corporate Sustainability Directives - Omnibus Packages" below.

On 5 March 2024, a European Commission [notice](#) on the interpretation of certain legal provisions of the Taxonomy Environmental Delegated Act (EU) 2023/2486, the Taxonomy Climate Delegated Act (EU) 2021/2139 and the Taxonomy Disclosures Delegated Act (EU) 2021/2178) was published in the Official Journal of the EU ("OJ"). It contains technical clarifications responding to FAQs on:

- The objectives of climate change mitigation and climate change adaptation in Annexes I and II to the Taxonomy Climate Delegated Act.
- The objectives of water and marine resources, the transition to a circular economy, pollution prevention and control, and biodiversity and ecosystems in Annexes I to IV of the Taxonomy Environmental Delegated Act.
- The generic DNSH criteria for climate change adaptation, for pollution prevention and control and for the protection and restoration of biodiversity and ecosystems.
- The Taxonomy Disclosures Delegated Act.

On 26 March 2025, the European Commission's February 2025 [call for evidence](#) ("CFE") on a draft Delegated Regulation amending the Taxonomy Disclosures Delegated Act closed. Amendments are also proposed to the Taxonomy Climate Delegated Act and the Taxonomy Environmental Delegated Act. The draft amendments form part of the Commission's proposed omnibus package and include:

- The introduction of a 10% de minimis compliance threshold. This would exempt large undertakings with a wide variety of activities from assessing the compliance with the technical screening criteria of non-material economic activities.
- To ensure the accuracy of the KPIs of financial undertakings, exposures of financial institutions to undertakings (that are not large undertakings) that exceed the average number of 1,000 employees during the financial year will be excluded from the denominator of the applicable KPIs until the Commission has finalised its Taxonomy Disclosures Delegated Act review.
- Proposals to simplify certain templates.

On 26 March 2025, the PSF published its [response](#) to the European Commission's CFE.

On 28 March 2025, the PSF published an [updated handbook](#) on climate transition benchmarks and Paris-aligned benchmarks. Among other things, it covers: the reduction trajectory; terminology and related classifications; anti-greenwashing measures; and ESG disclosures.

### 1.3 AML/CTF Developments

#### Ireland

The [Criminal Justice \(Terrorist Offences\) Act 2005 \(Section 42\) \(Restrictive Measures concerning Certain Persons and Entities with a view to Combating Terrorism\) Regulations 2025](#) came into force on 6 February 2025 and implements Council Regulation (EC) No. 2580/2001 as amended which imposes stringent measures to freeze assets and restrict financial transactions, while also providing mechanisms for exceptions and ensuring cooperation among Member States.

#### Luxembourg

On 28 January 2025, the Commission de Surveillance du Secteur Financier ("CSSF") [published](#) a Circular Letter on Financial Crime to a number of supervised entities, reminding them to complete the CSSF's financial crime questionnaire and file it with the CSSF by 4 April 2025. It collects standardised key information on money laundering and terrorist financing risks faced by supervised entities and the measures taken to mitigate such risks.

On 24 February 2025, the CSSF updated its [money laundering/terrorist financing sub-sector risk assessment](#) ("SSRA") on the Luxembourg collective investment sector. It builds on the CSSF's initial money laundering ("ML") / terrorist financing ("TF") sub-sector risk assessments for the collective investment sector published in January 2020 and updated in [May 2022](#).

#### EU

On 6 February 2025, the EBA published a [peer review report](#) assessing the effectiveness and degree of supervisory convergence of issues relating to tax integrity and dividend arbitrage trading schemes following the implementation of its 2020 action plan on dividend arbitrage trading schemes. The review, carried out in 2024, sampled six national prudential authorities and supervisors on anti-money laundering and countering the financing of terrorism ("AML/CFT") to see how they integrated tax integrity into their risk-based supervisory work. As the EBA's AML and CFT responsibilities will transfer to the EU's Anti-Money Laundering Authority ("AMLA") at the end of 2025, AMLA will decide on any follow-up of the implementation of the report.

On 24 February 2025, the Financial Action Task Force ("FATF") held a second [public consultation](#) on revisions to Recommendation 16 on Payment Transparency, its interpretive note and the related glossary to adapt them to the changes in payment business models and messaging standards. The revisions adapt the FATF standards to changes in payment business models and messaging standards, as well as to the evolving risks and vulnerabilities. Responses are requested by 18 April 2025.

On 25 February 2025, FATF published a [revised version](#) of its AML/CFT standards to better promote financial inclusion with an increased focus on proportionality and simplified measures in a risk-based approach. They amend recommendation 1 (assessing risks and applying a risk-based approach) and its interpretative note, and the interpretative notes to recommendations 10 (customer due diligence) and 15 (new technologies). FATF also launched a [consultation](#) on updated guidance on AML/CFT measures and financial inclusion until 4 April 2025.

On 6 March 2025, the EBA launched a [public consultation](#) on four draft RTS that will be part of the EBA's response to the European Commission's call for advice relating to RTS and guidelines under the new AML/CFT framework. The draft RTS cover: assessment and classification of the inherent and residual risk profile of obliged entities; risk assessment for the purpose of selection for direct supervision; customer due diligence; and sanctions, administrative measures and periodic penalty payments. These standards will shape how institutions and supervisors will comply with their AML/CFT obligations. The consultation runs until 6 June 2025.

On 21 March 2025, FATF's February 2025 [consultation](#) to inform a future report on complex proliferation financing and sanctions evasion schemes closed. The consultation sought information on best practices in mitigating proliferation financing risk.

## 1.4 Consumer Protection Code 2025

On 24 March 2025, the Central Bank published its updated [Consumer Protection Code](#), following a three-year review. The Code applies to regulated entities operating in Ireland or providing services to persons in Ireland. However, there are certain exemptions, including for firms providing MiFID services. In scope firms have a year to implement the Code with which will apply from 24 March 2026.

Two sets of regulations will give effect to the Code: the (Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Consumer Protection) Regulations); and the Central Bank Reform Act 2010 (Section 17A) (Standards for Business) Regulations 2025. The new Code introduces enhanced consumer protections; including clearer information disclosure (a move from requiring firms to disclose information, to informing effectively); stronger safeguards against fraud; and an updated definition of "vulnerability" to protect consumers in vulnerable circumstances

It is complemented by various guidance issued by the Central Bank designed to support firms to effectively implement their consumer protection obligations.

For more information please see [New Consumer Protection Code – Recommended Steps for Firms to Comply](#)

## 1.5 EMIR Update

The Regulation on over the counter ("OTC") derivative transactions, central counterparties ("CCPs") and trade repositories ("TRs") ([EU](#) 648/2012 ("EMIR")) is relevant to all Irish and Luxembourg funds trading in financial derivative instruments whether on an exchange or otherwise. UCITS and AIFs are financial counterparties for EMIR purposes and are subject to the full scope of EMIR obligations.

Regulation ([EU](#) 2024/2987 amending EMIR as regards measures to mitigate excessive exposures to third-country CCPs and improve the efficiency of Union clearing markets ("EMIR 3") has applied since 24 December 2024, subject to provisions which will not apply until the date of entry into force of certain technical standards.

On 10 January 2025, ESMA updated Question 2010 in its EMIR [Q&A](#) as regards calibration of the confidence interval for CCP margin requirements.

On 28 January 2025, ESMA published its [final report](#) containing draft RTS relating to colleges for CCPs under EMIR 3.

On 29 January 2025, Klaus Löber, Chair of the ESMA CCP Supervisory Committee [set out](#) ESMA's approach as regards producing 28 sets of RTS and implementing technical standards ("ITS"), as well as guidance under EMIR 3 in 2025.

On 31 January 2025, the European Central Bank published [FAQs](#) on initial margin ("IM") models under EMIR 3.

On 1 February 2025, Commission Implementing Decision ([EU](#) 2025/215 (further extending the time that the regulatory framework applicable to CCPs in the UK is equivalent to EMIR) came into force. It will apply from 1 July 2025 until 30 June 2028.

On 7 February 2025, ESMA published two consultations on CCP authorisations, extensions and validations under EMIR. The deadline for comments on both is 7 April 2025. ESMA will submit the final draft technical standards to the European Commission by 25 December 2025.

On 21 February 2025, ESMA updated its EMIR [Q&A](#) on assessment of significance for the purpose of the error and omission notifications (Q2441) and reporting of settlement rate options (Q2442) as



regards how the settlement rate option be reported for FX products, such as FX non-deliverable forwards or FX non-deliverable options.

On 5 March 2025, the EBA published a [discussion paper](#) on fees for validation of pro-forma models under EMIR.

On 13 March 2025, ESMA published a [table](#) setting out the consultation papers it plans to publish in 2025 including EMIR 3: consultation papers in Q2 and Q4 on six sets of RTS on simulation tools and transparency, client clearing fees and cost of clearing, CCP admission criteria, clearing thresholds, interoperability links to derivatives, and post-trade risk reduction services. In Q3 2025 (timing subject to confirmation), a consultation on CCP requirements.

## 1.6 Central Bank Regulatory and Supervisory Outlook 2025

On 28 February 2025, the Central Bank [published](#) its Regulatory and Supervisory Outlook Report ("Report"), a [letter](#) from Governor Makhlouf to the Minister for Finance setting out financial regulation priorities and a [Dear CEO Letter](#). The Dear CEO Letter highlights the Central Bank's new supervisory approach and summarises those priorities and the main regulatory initiatives set out in the Report.

The regulatory priorities include:

- finalising the revised Consumer Protection Code.
- embedding the Enria review recommendations into the fitness and probity regime.
- implementing the Markets in Crypto Assets Regulation.
- delivering the first Innovation Sandbox Programme.
- ensuring firms continue to implement the Individual Accountability Framework.
- contributing to the establishment of AMLA and preparing for the new approach to AML/CFT supervision.
- ensuring that firms' risk management capabilities and practices are fit for purpose.
- enhancing operational and cyber-related resilience across the financial sector.

The Report also highlights 11 key risk areas and contains three spotlight chapters on consumer protection, artificial intelligence and geopolitical risk.

In relation to the funds sector the Report identifies several risks that are set out under the headings of liquidity and leverage risks; asset valuation and market risks; operational risk and resilience; climate and other environmental-related risks; data, AI and modelling risks; and strategic risk and risks arising from the growth in demand for complex investments.

The priorities for the funds' sector include: risk-based review of applications regarding funds and fund service providers; sectoral and thematic assessments (including the completion of the ESMA CSA on compliance and internal audit functions); continuing focus on delegation and outsourcing arrangements in fund management companies; and implementation of DORA.

## 1.7 Corporate Sustainability Directives - Omnibus Packages

The Corporate Sustainability Reporting Directive ([EU](#)) [2022/2464](#) ("CSRD") applies to in-scope entities on a phased basis with the first entities in scope applying the new rules for the 2024 financial year, for reports published in 2025. CSRD requires in-scope entities to report annually on environmental, social, human rights and governance matters.

On 26 February 2025, the European Commission published an [omnibus package](#) on sustainability and due diligence which consists of two directives:

- A Directive delaying the application of CSRD and the Corporate Sustainability Due Diligence Directive (EU) 2024/1760 ("CSDDD"). It sets out a two-year postponement of sustainability reporting requirements for all companies that are required to comply from financial year 2025 or 2026 depending on size. It also postpones transposition and application of the CSDDD for the first group of in-scope companies by one year. The Commission estimates that the number of companies in scope will be reduced by about 80%.
- A Directive to amend the CSRD, the CSDDD, the Accounting Directive (EU) 2013/34 and the Statutory Audit Directive 2006/43/EC as regards certain corporate sustainability reporting and due diligence requirements. Although this Directive does not directly amend the Taxonomy Regulation (EU) 2020/852, proposed amendments to the Accounting Directive include provisions that would allow certain companies to disclose information under the Taxonomy Regulation in a more flexible way.

## 1.8 MiCA Update

The Markets in Cryptoassets Regulation (EU) 2023/1114 ("MiCA") is the first European-level legislation introducing a harmonised and comprehensive framework for cryptoassets, covering issues from the offering to the public of cryptoassets to preventing market abuse in cryptoasset markets. On 31 January 2025, ESMA published a [supervisory briefing](#) with guidance on the expectations on applicant CASPs and NCAs when they are processing authorisation requests under MiCA.

For more information please see [Crypto-Asset EU Regulation: Key Irish Developments](#)

## 1.9 DORA Implementation

Regulation (EU) 2022/2554 known as the Digital Operational Resilience Act ("DORA") applies from 17 January 2025 and aims to strengthen the IT security of financial entities such as banks, insurance companies and investment firms.

### Ireland implementation

The [European Union \(Digital Operational Resilience\) Regulations 2025](#) came into operation on 17 January 2025 and give effect to DORA. They introduce several significant amendments to seven existing regulations to enhance digital operational resilience in the financial sector including the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011; the European Union (Alternative Investment Fund Managers) Regulations 2013; and the European Union (Markets in Financial Instruments) Regulations 2017. The [European Union \(Digital Operational Resilience\) \(No. 2\) Regulations 2025](#) which came into operation in February 2025 designate the Central Bank as competent authority for the purposes of DORA and set out the powers and the sanctions it can impose under DORA.

### Luxembourg implementation

The [law of 1 July 2024](#) entered into force on 17 January 2025 and designates the CSSF and the Commissariat aux Assurances ("CAA") as the competent national authorities responsible for ensuring the application of DORA.

### EU

On 10 January 2025, ESMA updated its DORA [Q&A](#) on Question 2219 on Microenterprises and RMF (2219) and published new ones on:

- ICT-related incidents (management / classification / reporting) - Critical Services Affected
- ICT-related incidents (management / classification / reporting) - Duplicate ICT Incident Reporting



- Oversight framework of CTPPs - Exemption for Non-EU ICT Intra-group Service Providers

On 17 January 2025, the Joint Committee of the European Supervisory Authorities ("ESAs") (that is, ESMA, EIOPA and the EBA) published a [joint report](#) on the feasibility of further centralisation of reporting of major ICT-related incidents by financial entities under DORA. It considers three different reporting models: the baseline model; a model with enhanced data sharing arrangements; and a fully centralised model. It has been submitted to the European Parliament, the Council of the EU and the European Commission for consideration.

On 22 January 2025, the European Commission published [guidance](#) on how to determine whether a service received from a financial entity should be classified as an ICT service within the meaning of DORA. It confirmed that the regulated nature of a financial service with an ICT component performed by a financial entity means it will not qualify as an ICT service under DORA. Only if the service is unrelated or is independent from the regulated activities of the financial entity, the regulated service with an ICT component will qualify as an ICT service under DORA (and therefore must comply with the comprehensive ICT third-party risk management under DORA).

On 27 January 2025, the ESAs published the [terms of reference](#) for the EU-SCICF Forum (a pan-European systemic cyber incident co-ordination framework) established under DORA.

On 11 February 2025, the EBA published a [final report](#) containing guidelines amending its guidelines on ICT and security risk management. This is due to the overlap between some entities subject to DORA and the related RTS on risk management framework ("RMF") and some entities subject to the guidelines. They will be translated into the official EU languages and published on the EBA website and will apply two months after publication of the translations.

On 11 February 2025, the European Central Bank ("ECB") published an [updated version](#) of the TIBOR-EU framework that aligns with the DORA RTS on threat-led penetration testing ("TLPT"). The TIBOR-EU framework provides guidance on how authorities, entities, threat intelligence providers and red-team testers should work together to test and improve the cyber resilience of entities by carrying out controlled cyberattacks. On 13 February 2025, the European Commission adopted a [Delegated Regulation](#) supplementing DORA in relation to RTS on TLPT. It will enter into force and apply 20 days after its publication in the OJ.

On 18 February 2025, the ESAs published a [roadmap](#) for the designation of critical ICT third-party service providers ("CTPPs") under DORA.

On 7 March 2025, the Joint Committee of the ESAs published an [opinion](#) on the European Commission's rejection of its draft RTS in January 2025 on the elements a financial entity needs to determine and assess when sub-contracting ICT services supporting critical or important functions under DORA. The Commission considered that the requirements introduced by Article 5 of the draft RTS went beyond the mandate given to the ESAs by Article 30(5) of DORA, as they introduced requirements not specifically linked to the conditions for sub-contracting and that Article 5, and the related recital 5, should be removed from the draft RTS. It stated it would adopt the RTS once the ESAs made the necessary modifications.

In the opinion, the ESAs acknowledge that the Commission's amendments do not recommend changes to those proposed amendments. It notes that financial entities are expected to adhere to the provisions on subcontractors in Article 29(2) of DORA and Article 3(6) of Commission Implementing Regulation (EU) 2024/2956, which contains ITS on the register of information.

On 12 March 2025, two Commission Regulations supplementing DORA came into force:

- Commission Delegated Regulation [\(EU\) 2025/301](#) specifying the content and time limits for the initial notification of, and intermediate and final report on, major ICT-related incidents, and the content of the voluntary notification for significant cyber threats.

- Commission Implementing Regulation [\(EU\) 2025/302](#) relating to standard forms, templates and procedures for financial entities to report a major ICT-related incident and notify a significant cyber threat.

On 18 March 2025, ESMA published [official translations](#) of the ESAs joint guidelines on the estimation of aggregated annual costs and losses caused by major ICT-related incidents under DORA which will apply from 19 May 2025. Competent authorities must notify the relevant ESA whether they comply, intend to comply or reasons for non-compliance, by this date.

On 24 March 2025, Commission Delegated Regulation [\(EU\) 2025/420](#) supplementing DORA regarding RTS to specify the criteria for determining the composition of the joint examination team was published in the OJ and will come into force on 13 April 2025.

On 24 March 2025, the European Commission adopted a [Delegated Regulation](#) supplementing DORA with regard to RTS specifying the elements that a financial entity has to determine and assess when sub-contracting ICT services supporting critical or important functions. The RTS set out requirements when the use of sub-contracted ICT services supporting critical or important functions (or material parts of such functions) by ICT third-party service providers is permitted by financial entities. It will enter into force on the 20th day after its publication in the OJ.

### 1.10 GDPR - Broad Interpretation of "Personal Data Breach"

The Irish Data Protection Commission ("DPC") in September 2024 [imposed](#) a €91 million fine on Meta Platforms Ireland Limited ("MPIL") for General Data Protection Regulation ("GDPR") breaches following an inquiry. The inquiry was initiated due to the unintentional logging of user passwords in plaintext on its internal systems which raised significant data security concerns. Article 4(12) defines a "personal data breach" as "a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data transmitted, stored or otherwise processed."

The DPC decided that the storage and availability of user passwords in plaintext was a "personal data breach" under Article 4(12) on the basis that:

- It was information relating to an identified or identifiable natural person.
- A breach of security had occurred as the storage had made the passwords available to MPIL employees that could then link user accounts with unencrypted passwords and it was in breach of MPIL's internal security policy (which required encrypted passwords).
- The breach of security led to an "unauthorised disclosure of, or access to" personal data as the plaintext passwords could be accessed by unauthorised MPIL employees which meant that the passwords were not stored confidentially.
- A "loss" arose when the data controller lost control of personal data in its own internal processing operations.

Additionally, MPIL failed to notify the DPC of the personal data breach within the required 72-hour timeframe. The DPC also found that MPIL did not document the breach as required under Article 33(5), GDPR nor did it implement appropriate technical and organisational measures to ensure the security of personal data as required by Articles 5(1)(f) and 32(1). MPIL are appealing the decision.

### 1.11 Evolution in the Electronic Visa Stamp Procedure for Prospectuses

On 6 March 2025, the CSSF issued a [press release](#) announcing a new 'e-identification' system which replaced the visa-stamp procedure on 1 April 2025. Changes to the prospectuses of UCITS, Part II UCIs, SICARs and SIFs must now be submitted via the [eDesk](#) platform.

The CSSF also introduced a list of prospectus amendments that no longer require prior approval and/or prior review by the CSSF and these are detailed in Appendix 2 of the [guide on the e-Identification procedure](#). This procedure also applies to the creation of new share classes in the [maples.com](#)

prospectus as detailed in our client update "[CSSF – Simplified Procedure for Creating New Share Classes](#)". The CSSF may, in its sole discretion, request documents to conduct an ex-post analysis of any changes that have not been subject to its prior review.

### 1.12 New eDesk Self-Assessment Questionnaire for PDAOFI

On 14 February 2025, the CSSF issued a [press release](#) on the new eDesk self-assessment questionnaire that must be submitted annually by professional depositaries of assets other than financial instruments ("**PDAOFI**") for Luxembourg domiciled UCIs. It replaces the previous obligation to maintain and annually provide a list of information on the depositary function to the CSSF, as detailed in Annex 1 of CSSF [circular 18/697](#). Under the new system, reporting must be transmitted to the CSSF annually in electronic form. A [user guide](#) is also available.

### 1.13 CSSF FAQ on the Swing Pricing Mechanism

On 8 January 2025, the CSSF updated its [FAQ on swing pricing](#) by removing the FAQ on applying Circular 02/77 to administrative errors related to the swing price mechanism. This FAQ was deleted as Circular 02/77 has been repealed and replaced by Circular 24/856. For more information on Circular 24/856, see our [Q4 2024 quarterly update](#).

### 1.14 ESMA Market Report: Costs and Performance of EU Retail Investment Products 2024

On 14 January 2025, ESMA publishes its [seventh market report](#) on the costs and performance of EU retail investment products, showing a decline in the costs of investing in key financial products. The main findings are:

- UCITS costs have declined gradually, from high levels and performance has slightly improved.
- ESG UCITS generally have lower costs and higher performance than non-ESG UCITS.
- AIFs are less in demand with retail investors.
- Structured retail product costs have improved but remain difficult for clients to assess.

### 1.15 Updated Stress Test Scenario Guidelines under MMF Regulation and ESRB Report

On 7 January 2025, ESMA published its [final report](#) on guidelines on stress test scenarios under Article 28 of the Regulation on money market funds (EU) 2017/1131 ("MMF Regulation"). Section 4.8.5 on macro systemic shocks and section 5 on the calibration of the guidelines have been updated.

On 12 February 2025, the European Systemic Risk Board ("ESRB") published a [compliance report](#) on the implementation of its recommendation on the reform of MMFs. It reflects the implementation status at 31 December 2023. The ESRB has assessed the Commission as materially non-compliant since three of its four recommendations were not implemented and the Commission's justifications were not considered adequate. These recommendations related to:

- Requiring low-volatility net asset value ("LVNAV") MMFs to have a fluctuating net asset value ("NAV") and repealing the regulatory thresholds set out in Article 34(1)(a) and (b) of the MMF Regulation.
- Reducing liquidity transformation by incorporating new liquidity requirements intended to diversify asset portfolios and introducing obligations on MMF managers to hold public debt assets.
- Enhancing monitoring and stress testing.

The Commission had implemented the recommendation relating to imposing on redeeming and subscribing investors the cost of their redemptions and subscriptions.

### 1.16 ESRB Report: Monitoring Framework for Systemic Liquidity Risks

On 3 February 2025, the ESRB published a [report](#) on a monitoring framework for systemic liquidity risks in financial system which outlines a monitoring framework and proposes three composite indicators to capture systemic liquidity risks, namely funding liquidity risks, market liquidity risks, and contagion and amplification risks. It also expands the scope of existing frameworks and suggests that, in the euro area, investment funds, banks, insurance corporations and pension funds are key entities for systemic liquidity.

### 1.17 Commission 2025 Work Programme and Communication on Simplification

On 11 February 2025, the European Commission published its [2025 work programme](#) and a communication on implementation and simplification and a related factsheet. The Commission had already published its Competitiveness Compass on 30 January 2025 in which it signposted three planned omnibus packages.

The first Omnibus (published on 26 February 2025 see "Corporate Sustainability Directives - Omnibus Packages" above) put forward far-reaching simplification, notably in the fields of sustainable finance reporting, sustainability due diligence and taxonomy. A legislative proposal to amend the EU Securitisation Regulation is planned for Q2 2025, following the Commission's consultation in Q4 2024. A proposal to amend the Sustainable Finance Disclosure Regulation is also planned for Q4 2025.

### 1.18 IFR and IFD Update

The Investment Firms Directive ([EU](#) 2019/2034 ("IFD")) and the Investment Firms Regulation ([EU](#) 2019/2033 ("IFR")) governs the prudential regime for MiFID investment firms across the EU.

The [European Union \(Investment Firms\) \(Amendment\) Regulations 2025](#) of 6 February 2025 further implement the IFD by amending to Regulation 11 of the European Union (Investment Firms) Regulations 2021 by adding a new paragraph (9) which mandates that when the State is the home Member State of an investment firm, the Central Bank must notify the competent authority of a host Member State before using its powers under Part 3 of the Central Bank (Supervision and Enforcement) Act 2013. This includes conducting necessary inspections at the business premises of legal persons and other undertakings involved in the group capital test supervision, where the Bank acts as the group supervisor.

They also amend Regulation 74 of the European Union (Capital Requirements) Regulations 2014 to ensure that liquidity recovery plans can be implemented immediately, subject to paragraph (11).

### 1.19 Savings and Investments Union

On 3 March 2025, the European Commission's month long [call for evidence](#) on the Savings and Investments Union ("SIU") closed. The SIU will consist of several initiatives intended to foster the development of capital and banking markets, building on initiatives already undertaken relating to the Capital Markets Union and the Banking Union. The purpose of the SIU is to improve links between savings and investments to enable EU companies to meet their capital needs and to increase returns for EU citizens on their long-term savings. The Commission plans to adopt a communication on the strategy for the SIU in Q1 2025.

On 19 March 2025, the European Commission published a [communication](#) on the SIU. It details measures that it intends to take to establish the SIU relating to:

- Citizens and savings. The Commission's proposals include creating a European blueprint for savings and investments accounts or products and exploring how to increase opportunities for retail investors to access suitable financial products.

- Investments and financing. The Commission's proposals include reforms to the bank and insurance prudential framework intended to stimulate equity investments by institutional investors and upgrading the European Venture Capital Funds Regulation (EuVECA Regulation) to make the EuVECA label more attractive.
- Integration and scale. The Commission's proposals include reforms intended to address barriers to more integrated trading and post-trading infrastructures and measures to remove barriers to the distribution of EU-authorized funds.
- Efficient supervision in the single market. The Commission's proposals include measures to strengthen supervisory convergence tools and to achieve more unified supervision of capital markets, including by transferring certain tasks to the EU level.

The Commission intends to publish a mid-term review for the SIU by Q2 2027 that will give a state of play on overall progress and reflect input received from stakeholders on the initial proposals for the SIU.

## 1.20 ESMA 2026-2028 Programme

- On 31 January 2025, ESMA published its [2026-2028 programme](#) which sets out its plans to:
- Develop the new SIU.
- Increase the competitiveness of the European financial sector.
- Implement New supervisory mandates, such as those relating to DORA.
- Take actions against the risk of greenwashing and enhancing its regulatory framework to support the EU's green transition.
- Monitor developments on blockchain and AI, reassessing its rulebook to ensure its relevance and exploring the potential of these technologies for supervisory purposes
- Implement legislative files including the reviews of MiFID II, EMIR 3, CSDR Refit, AIFMD, the UCITS Directive and the ELTIF Regulation
- Shorten the settlement cycle (T+1) by Q4 2027.

On 6 March 2025, ESMA published a [letter](#) from Verena Ross, ESMA Chair, identifying a number of Commission deliverables for 2025 that could be deprioritised or postponed. They consist mainly of RTS, ITS and guidelines relating to the reviews of MiFIR and AIFMD; CSDR Refit; and EMIR 3.

## 1.21 Impact of AI on EU Investment Funds – ESMA Report

On 25 February 2025, ESMA Issued a [report](#) on Artificial Intelligence in EU investment funds: adoption, strategies and portfolio exposures which evaluates the impact of artificial intelligence ("AI") on the EU investment management industry, focusing on both the operational use of AI by fund managers and the portfolio investments in AI-related companies. The report notes that while AI tools are increasingly used to support human-driven investment decisions, fully AI-based investment processes remain marginal, and funds promoting AI use have had mixed success without significantly outperforming their peers. Actively managed equity funds have notably increased their exposure to AI-driven companies since 2023, raising potential risks due to the concentration in this rapidly evolving sector. The report also highlights the diversity in AI-focused indices, reflecting differing views on which companies will benefit most from AI advancements, and underscores the need for vigilant risk management and diversification strategies to mitigate potential downsides.



## 1.22 Benchmark Regulation Update

On 24 March 2025, the Council of the EU adopted the [proposed Regulation](#) amending the Benchmarks Regulation (EU) 2016/1011 ("BMR") as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country and certain reporting requirements. Points to note:

- Administrators of benchmarks defined as non-significant in the EU will be removed from the scope of the amended BMR. However, it will be possible for administrators to request the voluntary application of the legislation if certain conditions are met. Administrators of EU climate transition benchmarks and EU Paris-aligned benchmarks must be registered, authorised, recognised, or endorsed to ensure regulatory oversight and prevent misleading ESG claims.
- Only critical or significant benchmarks will be within scope of the amended BMR.
- There will be a specific exemption regime for spot foreign exchange benchmarks.
- ESMA will be granted extended competence.

The regulation needs to be adopted by the European Parliament at second reading before it can be published in the OJ. It will apply from 1 January 2026.

## 1.23 CSDR Update, Shortened Settlement Cycle in the EU and Consultation

On 10 January 2025, ESMA updated Question 714 in its Central Securities Depositories Regulation (EU) 909/2014 ("CSDR") [Q&A](#) clarifying that changes in the beneficial ownership on a client account (irrespective of how this is done technically) be reported under Article 9 of CSDR.

On 22 January 2025, ESMA, the European Commission and the ECB [launched](#) a new governance structure to support the transition to the T+1 settlement cycle in the EU. On 12 February 2025, the European Commission published a legislative proposal it has adopted for a Regulation to shorten the settlement period for EU transactions in transferable securities from two business days to one through an amendment to Article 5(2) of CSDR. The proposed Regulation amends the maximum settlement cycle on transferable securities from two business days after trading takes place ("T+2") to one business day ("T+1").

Following adoption by the European Parliament and the Council, it will enter into force 20 days following publication in the OJ.

On 13 February 2025, ESMA published a [consultation](#) on a set of proposals to amend the technical standards on settlement discipline that include:

- reduced timeframes for allocations and confirmations;
- the use of electronic, machine-readable allocations and confirmations according to international standards; and
- the implementation of hold & release and partial settlement by all central securities depositories.

ESMA also wants to gather stakeholders' views on additional measures that could potentially enhance settlement efficiency, for which there are no specific policy proposals yet.

This consultation considers the transition to T+1 in the EU and the proposal published by the Commission on 12 February 2025. The consultation closes on 14 April 2025. ESMA expects to publish a final report and submit the draft RTS to the European Commission by October 2025.



On 20 February 2025, ESMA published the following draft technical standards to recalibrate and clarify the framework CSDR in line with the changes made by the Regulation amending CSDR (EU) 2023/2845 ("CSDR Refit"):

- [Final report](#) containing draft RTS on the substantial importance of central securities depositories ("CSDs") under Article 24a(13) of CSDR. These set out the criteria under which the activities of an EU CSD in a host member state could be considered of substantial importance for the functioning of the securities markets and the protection of investors.
- [Final report](#) containing draft RTS and ITS amending Regulation (EU) 2017/392 and Regulation (EU) 2017/394 under the CSDR on review and evaluation.
- [Final report](#) containing draft RTS on the information notified by third-country CSDs. ESMA proposes to streamline the information to be notified.

ESMA has submitted them to the European Commission for adoption.

On 14 March 2025, the EBA published a [consultation](#) on draft RTS on the threshold relevant to credit institutions and CSDs providing banking-type ancillary services designated under Article 54 of CSDR which closes on 16 June 2025.

On 14 March 2025, ESMA published a [public statement](#) on the treatment of settlement fails with respect to the penalty mechanism under CSDR following an incident that affected T2S and T2 in February 2025. In it, ESMA states that NCAs do not expect CSDs to apply cash penalties in relation to those settlement fails on 27 and 28 February 2025. Its view is that cash penalties should not be applied in situations where settlement cannot be performed for reasons that are independent from the involved participants.

## 1.24 MiFID / MiFIR Update

Regulation (EU) 2024/791 ("MiFIR II") and Directive (EU) 2024/790 ("MiFID III"), which amended the Markets in Financial Instruments Regulation 600/2014/EU ("MiFIR") and the MiFID II Directive 2014/65/EU primarily to improve access to market data and trade transparency entered into force on 28 March 2024. MiFIR II applied immediately, however, member states have until 29 September 2025 to implement MiFID III.

On 24 January 2025, the European Commission adopted [Delegated Regulation](#) concerning OTC derivatives identifying reference data under MiFIR. It will enter into force and apply 20 days after its publication in the OJ.

On 3 February 2025, the new MiFID DPE (designated publishing entities) regime for reporting OTC transactions became operational and the quarterly publication of systemic internaliser ("**SI**") data ceased on 1 February 2025. However, ESMA [notes](#) that investment firms can continue to opt into the SI regime.

On 21 February 2025, ESMA updated its MiFID II [Q&A](#) on open interest thresholds in energy derivatives.

On 6 March 2025, the European Commission's February 2025 [consultation](#) on a draft Delegated Regulation extending procedural rules for penalties imposed on data reporting service providers to consolidated tape providers under MiFIR on closed.

On 10 March 2025, the European Commission's February 2025 [consultation](#) on a draft Delegated Regulation amending Commission Delegated Regulation (EU) 2022/930 regarding fees to cover supervision by ESMA of consolidated tape providers closed.

On 13 March 2025, ESMA published a [table](#) that setting out the consultation papers it plans to publish in 2025 including a consultation in Q2 2025 on non-equity transparency (derivatives).

## 1.25 EU Securitisation Regulation

On 26 March 2025, the European Commission's February 2025 call for evidence launching an evaluation of the current EU Securitisation Framework, which consists of the Securitisation Regulation, the Capital Requirements Regulation, the Liquidity Coverage Ratio Delegated Regulation, and the Solvency II Delegated Regulation closed. The Commission is expected to adopt a Regulation in Q2 of 2025.

On 31 March 2025, the Joint Committee of the ESAs published their [evaluation report](#) on the functioning of the Securitisation Regulation, which puts forward recommendations to strengthen the overall effectiveness of Europe's securitisation framework through simplification, while ensuring a high level of protection for investors and safeguarding financial stability. The recommendations focus on broadening the definition of public securitisation; introducing proportionality in due diligence requirements; simplifying transparency and reporting requirements; targeted changes to the STS framework; clarifying risk retention rules; and promoting greater supervisory consistency across Europe. The report's recommendations will be examined as part of the European Commission's ongoing legislative review of the securitisation framework.

## 1.26 Investment Fund Statistics

### Ireland

The main points to note in the Central Bank's [Q4 2024 statistics](#) issued in February 2025 are as follows:

- Total assets under management ("AUM") for Irish-resident investment and money market funds increased for the eighth successive quarter, by €340bn and reached €5.54 trillion by the end of Q4 2024. The total assets under management, which stood at €1.6 trillion in Q1 2014, has more than tripled during the last 10 years.
- While the total AUM reached the €4 trillion milestone in Q1 2021 and climbed to €4.5 trillion by Q4 2021, it started decreasing in 2022 in line with global trends and fell back to €4.05 trillion by Q4 2022. Since then, AUM have continued to steadily increase, reaching the €5 trillion level after only 1.5 years in Q2 2024.
- The NAVs of Irish-resident investment and money market funds increased for the ninth successive quarter, by €308bn, and climbed to €4,992bn by the end of Q4 2024. The €308bn NAV increase from Q3 to Q4 2024 was driven by transaction inflows of €131bn and positive revaluations of €177bn. More than half of the overall NAV increase was due to equity funds.

### Luxembourg

The main points to note in the CSSF's [March 2025](#) update for regulated Luxembourg funds are as follows:

- Total net assets held by Luxembourg UCITS, Part II UCIs, SIFs and SICARs (regulated Luxembourg investment funds) amounted to €5,749.779 billion as at 31 March 2025.
- The number of CSSF regulated Luxembourg investment funds active in the market totals 3,124.
- Of the 3,124 active Luxembourg investment funds, 2,066 entities adopted an umbrella structure and together have a total of 12,461 sub-funds. The remaining 1,058 are structured as stand-alone funds.
- As of March 2025, there were a total of 13,519 fund units.
- During March 2025, there was more subscriptions than redemptions in both equity funds and fixed income funds.

In addition, the number of Luxembourg RAIFs reached 2,919 as of 1 April 2025.

## 2 Cross Border Marketing

For more information on this topic please see our [Global Registration Services Market Update Q1 2025](#)

## 3 Tax

### 3.1 Irish Department of Finance Consultation on the Tax Treatment of Interest in Ireland

The Irish Department of Finance recently lead a [consultation process](#) on the taxation and tax deductibility of interest by businesses in Ireland which closed on 30 January 2025. This consultation was held to ensure that Ireland's tax system is resilient, supports competitiveness, protects the tax base, and aligns with its commitments in the field of international taxation.

It is of vital interest to the tax treatment of asset holding companies in Irish and international fund structures, in particular Irish "section 110 companies" which rely on the tax deductibility of their financing costs in the computation of their taxable profits.

In recent years, EU and OECD tax initiatives such as the "interest limitation rules" and the "anti-hybrid rules" have introduced additional layers of complexity in relation to the deductibility of interest for Irish tax purposes on top of long-standing domestic rules.

The Maples Group Tax Group made a submission to the Department of Finance which focused on fund structures and collaborated with industry groups such as Irish Funds and the Irish Debt Securities Association on their submissions.

### 3.2 Updated Tax Circular on Shareholder Current Accounts

On 29 January 2025, the Luxembourg Tax Authorities ("LTA") issued a new [Circular L.I.R. Number 164/1](#), which updated its position on interest rates for shareholder current accounts. Under the previous circular, the LTA allowed for a 5% interest rate to be applied to all shareholder current accounts. The new circular now aligns with Luxembourg's focus on the application of the arm's length principle and refers to the Luxembourg tax code sections on transfer pricing. Going forward interest rates on shareholder current accounts should be supported by documentation reflecting OECD Transfer Pricing Guidelines, although the new circular does specify that taxpayers may rely on average monthly interest rates applicable to consumer credits as a benchmark.

### 3.3 Luxembourg Action Plan to Propel Start-ups and Scale-ups including Tax Incentives

On 24 March 2025, the Luxembourg Government presented a 10-point action plan to bolster the development of start-ups, scale-ups, and the broader high-tech ecosystem in Luxembourg. This plan, entitled "10 Points of Action for Start-ups," includes measures such as tax incentives, spin-off support, and the establishment of a "talent desk" to attract and retain skilled professionals. Additionally, the National Credit and Investment Company will allocate an extra €300 million over five years to finance start-ups and innovation.

Key tax initiatives will include the introduction of a tax credit for investments in young innovative companies and the introduction of a new tax regime for stock options. These proposed new tax measures are expected to be included in new draft tax legislation later on this year.

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# About the Maples Group

The Maples Group is a leading service provider offering clients a comprehensive range of legal services on the laws of the British Virgin Islands, the Cayman Islands, Ireland, Jersey and Luxembourg, and is an independent provider of fiduciary, fund services, regulatory and compliance, and entity formation and management services. The Maples Group distinguishes itself with a client-focused approach, providing solutions tailored to their specific needs. Its global network of lawyers and industry professionals are strategically located in the Americas, Europe, Asia and the Middle East to ensure clients gain immediate access to expert advice and bespoke support, within convenient time zones.

The Maples Group's Irish legal services team is independently ranked first among legal service providers in Ireland in terms of total number of funds advised (based on the most recent Monterey Ireland Fund Report, as of February 2025). Our sizeable and fast-growing Luxembourg legal services team cover the whole range of funds and investment management services. For more information, please visit: [maples.com](https://www.maples.com).

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