

Regulatory Flash: Q1 2025

Simmons & Simmons Spain

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1. Spanish Jurisdiction Regulation

1.1 Draft Law for the Amendment of the Criminal Code Regarding Non-Compliance with International Financial Sanctions

Click [here](#) to see the Draft Organic Law.

On 25 March 2025, the government approved the draft organic law that amends the Criminal Code to primarily criminalise the offence of non-compliance with international financial sanctions. This change addresses the need to comply with Directive (EU) 2024/1226, which sets minimum standards for criminally sanctioning the breach of restrictive measures imposed by the EU, with the transposition deadline concluding on 20 May 2025.

The amendment introduces a new Title XXIII bis, "Offences against the Area of Freedom, Security and Justice of the European Union," ensuring that intentional conduct violating an EU restrictive measure is classified as a criminal offence.

New articles 604 bis, 604 ter, and 604 quater are added to the Criminal Code:

- Article 604 bis criminalises the violation of EU restrictive measures in specific cases, such as providing funds or resources to sanctioned individuals or entities, failing to immobilise assets subject to sanctions, or conducting transactions with sanctioned states or entities.
- Article 604 ter addresses the offence of allowing the entry or transit of sanctioned individuals within the territory of a Member State.
- Article 604 quater targets those who evade EU sanctions by failing to report funds or assets within a Member State or by concealing information about immobilised or non-immobilised assets.

Article 301 of the Penal Code is amended to impose a higher penalty for the offence of receiving and laundering money when the assets originate from the breach of an EU restrictive measure. This update increases the penalty for money laundering offences involving assets derived from non-compliance with international sanctions.

1.2 Draft Transposition of the AML Package in Spain

Click [here](#) to see the Preliminary Public Consultation

The Spanish Ministry of Economy, Commerce, and Enterprise has initiated the transposition process for the VI AML Directive (EU) 2024/1640 and the implementation of the Single Regulation (EU) 2024/1624. Through a "Preliminary Public Consultation" the Government is inviting feedback on various aspects, such as the issues the initiative aims to address, the necessity and timing of its approval, and the regulation's objectives. It also considers potential regulatory and non-regulatory solutions.

The Directive and Regulation introduce significant changes, such as the creation of the European Anti-Money Laundering Authority (AMLA), which will centralize high-risk supervision within the EU and coordinate national supervisory efforts. The initiative aims to harmonize obligations for obliged entities, strengthen institutional frameworks, and enhance transparency in ultimate beneficial ownership. It also proposes the establishment of a single access point for real estate information in each Member State, aiming to prevent misuse of legal entities in money laundering or terrorist financing activities.

Interested parties were invited to submit their observations and comments to the consultation until 27 March 2025. Feedback is welcome not only on the specific issues raised but also on any other relevant aspect of the proposed framework.

2. Spanish Jurisdiction Supervisors

2.1 CNMV Circular 1/2025: Amendments to regulation on depositaries and funds

[Click here](#) to see Circular 1/2025

On 5 March 2025, the CNMV released Circular 1/2025, which amends Circulars 6/2008, 11/2008, and 4/2016. These pertain accounting, supervision of depositaries, and the functioning of certain aspects of collective investment institutions (CIS). These amendments aim to enhance supervisory practices and align with European standards.

Specifically, Circular 6/2008 is amended to adjust the calculation of net asset value and management fees in line with ESMA guidelines (ESMA34-39-992 ES). Circular 11/2008 is updated to require ELTIFs to submit public and reserved information models to the CNMV, similar to other regulated entities. Furthermore, Circular 4/2016 is revised to mandate the electronic submission of annual reports by depositaries of regulated entities, ensuring compliance with the supervisory framework.

The Circular will come into effect 20 days after its publication in the Official Gazette, with certain reserved statements becoming effective on 31 December 2025.

2.2 CNMV Operational Guide for ICT Service Provider

Reporting under DORA

[Click here](#) to view the CNMV communication

On 20 February 2025, the CNMV published an operational guide detailing the requirements for reporting the comprehensive information register of ICT service providers, in accordance with DORA Regulation. This guide specifies that financial entities, for which the CNMV is the competent authority, must submit their ICT service provider information between 1 and 22 April 2025. The submission should adhere to the standardised templates set out in Implementing Regulation (EU) 2024/2956.

The CNMV has introduced a provisional electronic reporting to facilitate the process and ensure the accurate submission of all required information. In subsequent years, the CNMV plans to implement a reporting system via CIFRADO.

2.3 New era in Money Laundering Control – The CNMV’s role in AML/CFT

Click [here](#) to see the CNMV communication

On 20 February 2025, the CNMV published the findings of its review in the area of anti-money laundering. This new responsibility for the CNMV follows the signing of an agreement with the Spanish SEPBLAC in July 2023, which expanded the CNMV's supervisory duties to include due diligence, reporting obligations, and internal control measures that entities under its supervision must adhere to.

The CNMV reviewed approximately twenty entities, uncovering several weaknesses in their risk assessment processes. Among these weaknesses, the CNMV identified that many entities failed to provide a practical perspective in their reports, which is crucial for identifying risk elements and establishing effective prevention systems. Furthermore, entities with agents or marketing agreements need to specify activities and evaluate associated risks more thoroughly. The CNMV also emphasised the importance of considering both national and supranational risk analyses.

The CNMV's supervisory approach is risk-based, involving the creation of a risk map to assign different risk levels to reporting entities. This approach aids in establishing supervisory strategies and priorities, taking into account the available resources. To assess this risk, the CNMV will introduce a new reporting requirement for entities under its supervision, known as BCFT₁, which will be included in the amendments to Circular 1/2021 that is in a draft form.

2.4 CNMV Reviews Compliance of Key Investor Information Documents

See communication from the CNMV [here](#)

The CNMV has reviewed the Key Investor Information Documents (KIIDs) for Collective Investment Institutions (IIC) and Venture Capital Entities (ERC) to ensure compliance with the Regulation on Packaged Retail and Insurance-based Investment Products (PRIIPs).

While the information generally adheres to the regulations, certain deficiencies have been identified in key areas. These include:

- incomplete information regarding investment policies,
- lack of warnings about investments in low credit quality assets,
- errors in indicating the risk level for ECR,
- issues were found with the representation of benchmarks,
- and also, with the information on performance scenarios and costs.

The CNMV has urged management entities to review their procedures and strengthen controls to ensure the accuracy of information provided to investors.

3. EU

3.1 EU “Stop-the-clock” Directive enters into force under Omnibus I

On 16 April 2025, the "Stop-the-clock" directive (the Directive) was published in the Official Journal of the European Union (the OJ) and entered into force the following day.

The agreed text was formally approved by the European Parliament on 03 April and adopted by the Council on 14 April 2025.

This means that the implementation timelines under the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD) have changed as follows:

- **CSRD**
 - Wave 2 (large EU companies): will now report in 2028 in respect of the 2027 financial year (i.e. a 2 year delay).
 - Wave 3 (SMEs): will now report in 2029 in respect of the 2028 financial year (i.e. a 2 year delay).
 - No change for Wave 1 (NFRD companies) and Wave 4 (non-EU companies) due to report in 2025 and 2029 respectively.
- **CSDDD**
 - Deadline for transposition postponed by a year until 26 July 2027.
 - Wave 1 (companies with more than 5,000 employees and €1.5 billion in turnover): will have to comply from 26 July 2028 (i.e. a 1 year delay).
 - No change for wave 2 (companies with more than 3,000 employees and €900 million in turnover) and wave 3 (companies more than 1,000 employee and €450 million in turnover), required to comply from **26 July 2028** and **26 July 2029** respectively.
- **Next Steps**

Member states are required to transpose the Directive into their national legislation by **31 December 2025**.

With the Directive now published in the OJ, the focus moves to the other Directive proposed in the first Omnibus Package, which sets out more substantive changes to the reporting and due diligence obligations under the CSRD and CSDDD.

3.2 A simpler and faster Europe

3.2.1 ESG View

We invite you to read the [March edition of ESG View](#), which brings insights from the Economist Impact’s World Ocean Summit held in Tokyo.

On 11 February 2025, the European Commission published a [communication](#) outlining its 2025 Work Programme.

Alongside the communication, the Commission published the annexes to the 2025 work programme and a related factsheet.

In conjunction with its annual Work Programme, the Commission also released a [Communication](#) titled, [A simpler and faster Europe](#), which sets out the Commission's vision to simplify how the EU works by reducing unnecessary bureaucracy and improving how new EU rules are made and implemented to make the EU more competitive and a more desirable place in which to live, work and invest. The Omnibus packages outlined in the 2025 Commission Work Programme were the first deliverables of this simplification.

New rule making will be improved by reinforced SME and competitiveness checks, scrutiny of delegated and implementing acts, and related empowerments, smart and digital delivery integrated in the design of EU laws and creating a simple methodology to assess the impact of significant amendments.

3.2.2. European Commission steers towards growth and simplification through its "Competitiveness Compass"

As part of its drive for simplification and growth, the European Commission published a [communication](#) titled "A Competitiveness Compass for the EU" on 29 January 2025. This sets out the framework for the Commission's work on competitiveness for the next five years and lists its initial priorities. Two broad goals will be pursued:

- Identifying the policy changes needed for Europe to shift to a higher gear. In some areas, existing policies will need to be upgraded; in others, a step-change is required to adapt to new realities.
- Developing new ways of working together to increase the speed and quality of decision-making, simplify frameworks and rules, and overcome fragmentation.

The Compass follows in the wake of the [Draghi Report](#), published in September 2024, which calls for a reduction of the regulatory burden on EU companies to rekindle the competitiveness of the European economy. The Draghi report identified three transformational imperatives namely, closing the innovation gap, creating a joint roadmap for decarbonisation and competitiveness and reducing dependencies while increasing security.

The Compass outlines strategies and highlights essential actions needed to promote competitiveness and to promote each of these transformational imperatives. In particular, the Commission has indicated that it intends to reduce reporting burdens on all firms by at least 25%, thereby leading to a reduction in reporting costs. Further to this, the publication of the Omnibus Simplification Package is one of the first measures proposed in line with the aims of the Compass.

3.4 EU Supervisors

3.4.1 ESMA launches common supervisory action with NCAs on compliance and internal audit functions of AIFMs and UCITS managers

On 14 February 2025, ESMA [announced](#) the commencement of a Common Supervisory Action (CSA) in collaboration with national competent authorities across the EU. This action targets the compliance and internal audit functions of UCITS management companies and AIFMs.

Throughout 2025, the CSA will evaluate the effectiveness of these entities' compliance and internal audit functions, focusing on their staffing, authority, knowledge, and expertise as required by the AIFMD and UCITS frameworks.

The CSA will use a common assessment framework developed by ESMA. During the year, NCAs are to share their supervisory insights with ESMA regarding their oversight of AIFMs and UCITS management companies.

ESMA expects to publish its final report, which will set out the findings of this exercise, in 2026.

3.4.2 ESMA's reprioritisation of its 2025 deliverables

On 3 March 2025, ESMA sent a [Letter](#) to the European Commission noting that it will delay and deprioritise certain deliverables under its various mandates from the Commission in relation to several pieces of European legislation. Among the delayed deliverables are guidelines and technical standards under AIFMD Review, MIFID/R Review, UCITS Eligible Assets Directive, EMIR and the EU Listing Act.

3.4.3 ESMA Final Guidelines and draft RTS on liquidity management tools for funds under AIFMD II

On 15 April, ESMA [published](#) its implementing rules on liquidity management tools (LMTs) for funds under the Directive amending AIFMD and AIFMD II.

The aim of the rules is to promote convergent application of the Directives for both UCITS and open-ended AIFs, and make EU fund managers better equipped to manage the liquidity of their funds, in preparation for market stress situations.

The rules are set out in:

- A [final report](#) that sets out the draft regulatory technical standards (RTS) on the selection and calibration of LMTs by UCITS and AIFMs of open-ended AIFs for liquidity risk management and for mitigating financial stability risks. ESMA has submitted the final draft RTS to the European Commission, which has three months to decide whether to adopt them after which they will be scrutinised by the European Parliament and the Council of the EU.
- A [final report](#) on guidelines on LMTs of UCITS and open-ended AIFs. The guidelines provide guidance on how managers should select and calibrate LMTs in the light of their investment strategy, their liquidity profile and the redemption policy of the fund.

ESMA [consulted](#) on the draft guidelines and draft RTS in July 2024. Both reports set out how ESMA has responded to feedback received and the resulting changes it has made to the final guidelines and draft RTS.

3.4.4 ESMA risk analysis report on increased use of ESG terms in fund names and impact on investment flows

ESMA published a [risk analysis report](#) on changes to fund names related to the use of environmental, social and governance (ESG) terms and their impact on investment flows.

The report explores whether fund managers' decisions to incorporate ESG terms into their funds' names lead to additional investor interest. If so, this may incentivise potential greenwashing behaviour, undermine investor trust and hinder efforts to promote sustainability within EU financial markets.

In the article, ESMA:

- Analyses the evolution of ESG names among EU-domiciled investment funds since 2009, including both UCITS and alternative investment funds (AIFs). Its results show that the proportion of funds with ESG-related names increased significantly from less than 3% before 2015 to about 9% by mid-2024. This was primarily driven by UCITS funds, for which the proportion of funds with ESG-related names accounted for 15% by mid-2024. The terminology also evolved from a wide range of unique terms to more standardised terms such as “ESG” now representing over 40% of all ESG-related words added by UCITS and AIFs since 2021.
- Examines the impact of adding an ESG name on investor flows. Its results indicate that adding an ESG term can significantly boost fund inflows, especially in the immediate quarter following the name change, with a sustained positive impact in subsequent quarters. However, the impact varies depending on the specific ESG terms used, with environmental-related terms showing the most substantial effect on inflows.

ESMA's findings demonstrate the strong financial incentives for fund managers to consider adding ESG terms to the names of funds. They also highlight the importance of ESMA's [guidelines](#) on funds' names using ESG or sustainability-related terms to help protect investors by ensuring that, when a fund name includes ESG language, its portfolio investments are aligned with investors' ESG preferences.

ESMA expects to incorporate the indicators developed in the current analysis and continue to monitor fund market trends and the impact of the guidelines on EU funds. In future research ESMA will explore the analysis further, including whether and how funds adjust their portfolio to align with the use of ESG terms in their name.

The report builds on a previous [report](#) that ESMA published in October 2023.

3.4.5 ESAs Roadmap for the designation of CTPPs under DORA

Click [here](#) to see the communication

The European Supervisory Authorities (ESAs) published a [roadmap](#) for the designation of critical ICT third-party service providers (CTPPs) under DORA.

The roadmap sets out four steps for the designation of CTPPs in 2025, with the following deadlines:

- By 30 April 2025, the ESAs will collect the registers of information on ICT third-party arrangements submitted by financial entities to competent authorities.
- By the end of July 2025, the ESAs will perform the criticality assessments required under DORA and notify third-party service providers if they are classified as critical.
- By mid-September 2025, there will be a six-week hearing period where ICT third-party service providers can raise objections to the assessment, with a reasoned statement and supporting information.

By the end of 2025, the ESAs will have designated, and published a list of, CTPPs and commenced oversight engagement.

Worth also mentioning the Joint Committee of the ESAs with regards to DORA, which published an [opinion](#) on the European Commission's rejection of its draft regulatory technical standards (RTS) on the elements a financial entity needs to determine and assess when sub-contracting ICT services supporting critical or important functions under DORA.

3.5 AI View – April

In the following [link](#) you can find fortnightly editions of key AI materials. It is worth highlighting the following:

- On 9 April 2025, the EU Commission unveiled the AI Continent Action Plan, aiming to position Europe as a global leader in AI. This comprehensive strategy focuses on five key pillars. Read more [here](#):
- Building large-scale AI infrastructure:
- Enhancing access to high-quality data:
- Promoting AI adoption in strategic sectors:
- Strengthening AI skills and talent:
- Simplifying regulations: Launching the “AI Act Service Desk” to assist businesses in complying with the AI Act, serving as a central hub for information and guidance.
- EU AI Office launches survey to expand AI literacy practices repository

On 2 April 2025, the EU AI Office initiated a survey to gather examples of AI literacy practices from organisations across Europe to support the implementation of Article 4 of the AI Act. This effort aims to enhance the existing living repository of AI literacy initiatives, promoting learning and exchange among AI system providers and deployers.

The repository, introduced during the AI Pact webinar on AI literacy in February 2025, currently features over 20 practices contributed by AI Pact organisations.

Organisations are encouraged to share their AI literacy experiences through the survey. Submissions will undergo verification by the AI Office to ensure they meet criteria of transparency and reliability before inclusion in the public repository. A dedicated website for the living repository will soon be developed.

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