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From:	General Secretariat of the Council
To:	Financial Services Committee Financial Services Attachés
Subject:	FSC 10 December 2025 Item 2: Market Integration and Supervision package - Commission presentation



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Savings and Investments Union

Package on Markets Integration and Supervision

FSC

12 December 2025

Objective, scope & state of play

- **Objective:** Despite past integration efforts, the EU's capital markets remain too fragmented. The objective of the package is to remove barriers to facilitate investors' access to a wide range of investment opportunities and to enable companies to raise capital across borders.
- **Broad scope:** trading + post-trading + asset management + innovation + supervision.
- **State of play:**
 - The Market Integration and Supervision Package (MIP) was adopted on 4 December 2025.
 - The package entails a Master Regulation, a Master Directive, and the transition of the Settlement Finality Directive into a Regulation.
 - The first Council Working Party is set to take place on 15 December.

Trading

- **Harmonisation of the rulebook** applicable to trading venues: elimination of diverging national requirements and gold plating.
- Facilitated **intra-group allocation of resources**: no longer treated as ‘outsourcing’, reduced paperwork and cumbersome procedures.
- Enhanced **passporting opportunities for trading venues**: clarified possibility to resort to branches to engage with investor and issuers located in other Member State.
- Creation of a **‘Pan-European Market Operator’** status allowing the operation of several trading venues via a **single licence**.
- **‘Streamlined membership process’** to alleviate burden linked to multiple trading venue membership applications by brokers.

Post-trading



- Facilitate **cross-border operations**:
 - Enable freedom of issuance by limiting the ability of Member States to impose additional requirements on issuers.
 - Allow CSDs to offer services across borders without additional requirements.
 - Mandate CSDs that settle in T2S-supported currencies to connect to T2S and offer its participants the option to settle in T2S.
 - Harmonise standards for settlement operations.

Post-trading

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- Improve **interconnectedness** in the settlement landscape:
 - Promote a hub and spoke model by mandating “hub” CSDs to be interlinked and “spoke” CSDs to be connected to at least one “hub” CSD.
 - Simplify/Streamline the process for the establishment of inter-CSD links.
- Improve **legal clarity** and the **technological neutrality** of post-trade regulation:
 - Harmonise settlement finality safeguards (e.g. conflict of law, scope of participants and instruments, requirements for designating systems, etc.) by converting SFD into a Regulation.
 - Ensure legal certainty for operations using new technologies, such as DLT, by updating key concepts and definitions in the settlement finality and settlement rulebooks.

Asset Management – Investment funds

- Improve time and access to market by introducing harmonised EU rules and removing EU and national barriers relating to:
 - **Authorisation and notifications**, e.g. remove one-month notification for new share classes, reduce timeline for notification of material changes.
 - **Passporting and de-notifications**, e.g. immediate access to chosen host Member States on authorisation, improve transparency on regulatory fees and charges, ban on local physical agents, remove pre-marketing ban for AIFs.
 - **Marketing communications, fund document disclosures and translations**, e.g. remove ex-ante notification of marketing communications, limit translations to KIID/KID.
- **EU Depository “passport”** will enable AIFMs and UCITS to appoint a depository located anywhere within the EU, and allow depositaries to offer their services on a cross-border basis.
- **ESMA** to play a co-ordination role where disagreements arise between home and host NCAs.

Asset Management – Groups and Supervision

- Enable **more efficient operations** of asset managers:
 - Harmonisation of the rulebook applicable to asset managers: elimination of diverging national requirements, making the EU an easier environment to navigate for asset managers.
 - Facilitate intra-group allocation of resources: no longer treated as ‘delegation’, reduced paperwork and cumbersome procedures.
 - Eliminate or reduce gold plating across the board.
 - Streamline branching & passporting processes.

Enhanced **convergence of national supervision** of large asset management (ESMA):
remove duplications and divergences.

Innovation (DLTPR)

- **Scope of eligible instruments is extended to all financial instruments** (currently shares, bonds and UCITS).
- **Scope of eligible participants reviewed to integrate CASPs**, which will be authorised to operate a DLT market infrastructure with possible exemptions to certain requirements.
- **Removal of product-specific thresholds and increase of the aggregated value thresholds:** all asset-specific caps are withdrawn and the aggregate cap is raised from EUR 6 to 100 billion.
- **Simplification of the pilot for small businesses:** Simplified regime for pilot participants servicing up to EUR 10 billion in aggregated market value of DLT financial instruments.
- **License for individual CSD services:** under CSDR, all three core CSD services are normally provided by a single type of regulated entity – the CSD. The Pilot will allow a wider set of financial entities to provide individually certain CSD services (e.g. DLT notary service).
- **Removal of time limits** for the duration of the permissions granted under the pilot.

Supervision

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Direct supervision of certain entities

- ESMA – direct supervisor for significant CCPs, CSDs and trading venues. NCAs would keep supervising less significant entities. In addition, ESMA will supervise all existing and future crypto-asset service providers (CASPs). For other licensed entities that are allowed to provide crypto-asset services only if this becomes their main activity (credit institutions excluded).
- Streamlined procedural toolbox: ESMA is equipped with the same procedural powers for all entities under direct supervision.

Supervisory convergence

- The use of certain supervisory convergence tools is improved (mediation, breach of Union law) and new tools are introduced (collaboration platforms, suspensory powers, etc.).

Supervision



Governance changes

- Executive Board will be established to take decisions on direct supervision mandates, including functions of current Management Board. Board of Supervisors would have objection right for certain most impactful decisions.

Funding

- Significant resources allocated to ESMA to cater for new mandates (480 staff for SIU over MFF period).
- Funding for tasks related to SIU 50 - 50, for previous tasks 40 EU - 60 NCAs.
- At steady state ESMA's budget 65% fee funded and 35% co-financed by EU and NCAs (currently 35% fee funded).
- EU to fund 100% of the development costs of all four IT projects. Development costs for fee funded activities will be recovered by fees over 5 subsequent years.
- Principles applicable to supervisory fees (full cost recovery, proportionality) are harmonised in ESMA Regulation.

Thank you

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