



# Newsletter – Financial services

## Summer 2025

*The US blacklisting of several Mexican banks in June 2025 shows that the fight against money laundering and the financing of terrorism (AML/CFT) is a weapon used by the US government against financial sector players which are viewed as too lenient. In France, the legislator thought it had put an end to the tax avoidance associated with so-called “Cum Cum” fraud<sup>1</sup>, but it is now back in the news.*

*The June 2025 epilogue to a series of money-laundering cases<sup>2</sup> shows apparent effectiveness of the French AML/CFT, with the French financial intelligence unit (Tracfin) claiming a record number of suspicious transaction reports in 2024; 90% of which came from the financial sector<sup>3</sup>. The enthusiasm did not prevent the French Senate from delivering a different viewpoint on the effectiveness of the tools used to combat financial delinquency and organized crime in mid-June 2025.*

*The effectiveness of the AML/CFT within the EU substantially contrasts with a Luxembourg court ruling published at the end of May 2025. The first conviction for money laundering of a Luxembourg bank<sup>4</sup> reveals the shortcomings of the European AML/CFT: the Luxembourg court’s press release points out that money laundering in Luxembourg still requires the identification of a primary offence, whereas the autonomy of money laundering has long been enshrined in France. One would hope that the implementing rules for the 6<sup>th</sup> European Package, the draft technical standards of which have been proposed by the European Banking Authority, will put an end to the national disparities that are at the root of (i) a less effective AML/CFT system and (ii) unfair competition between regulated institutions in Europe.*

*Stablecoinization of the economy: it may soon come into its own as issues of crypto assets backed by currencies (stablecoins) flourishes (often thanks to banks issuing them); their integration into the traditional payments system could soon compete with the traditional payments industry.*

### **1. Financial Sanctions against Russia**

While the European Union has lifted the bulk of its sanctions against Syria<sup>5</sup>, it has adopted its 17<sup>th</sup><sup>6</sup> set of sanctions against Russia, then proposed an 18<sup>th</sup><sup>7</sup>, while at the same time raising the possibility of so-called “secondary” sanctions, involving the application of very high customs duties to any country importing Russian oil<sup>8</sup>.

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<sup>1</sup> For the record, this fraud consists of a foreign shareholder of a listed company in France temporarily transferring the shares s/he holds to a French bank around the dividend payment date, in order to avoid payment of the withholding tax applied to the dividend payment.

<sup>2</sup> E.g.: a cash payments case; another on a money-laundering network in Aubervilliers.

<sup>3</sup> This effectiveness is underpinned by the involvement of TRACFIN in the fight against state aid fraud (law of 30 June 2025) and the French Orientation Council (COLB) for coordination and cooperation between authorities implementing European sanctions and judicial authorities (decree of 28 May 2025).

<sup>4</sup> Cf. embezzlement of billions of US dollars from the Malaysian sovereign wealth fund “1MDB”.

<sup>5</sup> In February and May 2025.

<sup>6</sup> On 20 May 2025 by Regulations amending or implementing historic Regulations 833/2014 and 269/2014, in addition to Regulations 2024/1485 and 2024/2642 concerning restrictive measures due to the (political) situation in Russia and destabilizing activities carried out by Russia respectively.

<sup>7</sup> Proposed by the European Commission on 10 June, it has yet to be adopted by the EU Council.

<sup>8</sup> Secondary sanctions are based on the idea of a total ban on certain trades (e.g. oil). A bill along these lines is being weighed up in the United States, with the possibility of customs duties of up to 500%.



Pending a probable strengthening of sanctions, the financial sector must integrate an ever-wider circle of sanctioned persons (individuals<sup>9</sup>, legal entities and the so-called “phantom fleet” of maritime vessels).

The EU is also inviting European companies with links to Russian companies to stop relying on the Russian register of beneficial owners, which seems to be quicker to conceal real ownership structures<sup>10</sup>. Within this EU framework, the sector will be required not only update the lists but also filter the data for a single transaction, taking into account all the historical names of the same entity, identify the presence of prohibited goods or detect inconsistencies in commercial documentation. To further improve detection procedures, the sector should be able to now draw on the hundred or so cases of violations or circumvention of sanctions documented as contained a report released in April 2025<sup>11</sup>.

## **2. Fight against money laundering (AML/CFT)**

### **2.1 European developments**

In March 2025, the European Banking Authority (EBA) presented draft regulatory technical standards (RTS) and implementing technical standards (ITS) that the European Commission will have to formally adopt since they are to apply from as of 10 July 2027. The ACPR presented them in April, with particular emphasis on the standards for identifying customers and their beneficial owners<sup>12</sup>.

Players in the financial sector shall not forget to step up their vigilance with regard to transactions involving the new list of high-risk third countries recently released by the European Commission<sup>13</sup>.

### **2.2 National developments**

The financial sector will be advised to update its policies and procedures (including internal control) in order to comply, by 30 December 2025, with the EBA guidelines of November 2024, which aim to ensure the implementation of EU national restrictive measures<sup>14</sup>. Such adjustment appears to be even more needed since the recent update of the ACPR/Tracfin guidelines<sup>15</sup> (made public on 25 April 2025).

The legislator passed a law aimed at fighting narco-traffic<sup>16</sup>. In addition to widening the circle of those subject to the AML-CFT and those reporting to Tracfin, the law imposes the principle of mandatory training leading to certification for professionals subject to the law. It considers that crypto-assets incorporating an ‘anonymisation function’ are presumed to be associated with money laundering. It also prohibits crypto asset service providers (CASPs) from using crypto asset mixers<sup>17</sup>, anticipating the

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<sup>9</sup> This even extends to prison sentences for evidence of sanctions circumvention (see the conviction of a former Russian minister in the UK in April 2025).

<sup>10</sup> Regulation of 13 May 2025 amending Regulation 269/2014. Taxable persons are invited to rely on the information in the register dating from before 24 February 2022, unless they have more reliable information. It is therefore surprising that Russia is not on the list of high-risk third countries (updated on 10 June 2025).

<sup>11</sup> An academic report from an EU-funded program (Kleptotrace) published in April 2025. It shows that (i) the geography of circumventions depends on the sanctions concerned (targeted or sectoral), (ii) the use of front companies is abundant, reflecting the strategies of criminal networks, and (iii) the offending transactions are often backed by non-monetary mechanisms and networks of intermediaries.

<sup>12</sup> In other words, identity attributes in the European sense (and no longer the national sense). These RTS deal specifically with the conditions for sharing information with issuers of virtual IBANs made available to customers.

<sup>13</sup> Several countries have been added (Algeria, Angola, Côte d’Ivoire, Kenya, Laos, Lebanon, Monaco, Namibia, Nepal and Venezuela), while others have been removed (Barbados, Gibraltar, Jamaica, Panama, the Philippines, Senegal, Uganda and the United Arab Emirates). It is hard to understand why Russia is not on the list, when the country is naturally involved in circumventing the sanctions imposed on it and the associated money laundering.

<sup>14</sup> The ACPR stated in May 2025 that its supervision took account of these guidelines. On 19 June, the Enforcement Committee imposed sanctions on a bank that had failed to comply with the AML-CFT rules.

<sup>15</sup> They concern vigilance over transactions and the reporting of suspicions.

<sup>16</sup> Law of 13 June 2025. There have been no significant developments in the other legislative changes mentioned above concerning (i) the fight against bank fraud or (ii) the abusive closure of bank accounts.

<sup>17</sup> By making the origin of crypto-assets circulating on the blockchain untraceable.

European ban on 10 July 2027. Lastly, it authorises the liquidation of companies whose declaration of beneficial owners is out of date or inaccurate.

### **3. Payment services**

#### **3.1 European developments**

In the absence of any significant developments under the Polish Presidency of the Council of the EU on the future rules of the PSD3<sup>18</sup>, the relevant European legislative developments on payment relate to the application of the MiCA Regulation to CASPs<sup>19</sup>. The French securities regulator (AMF) also announced in May 2025 that it would take account of six guidelines issued by its European counterpart (ESMA)<sup>20</sup>.

Furthermore, in the absence of European regulatory initiatives to effectively combat the escheatment of crypto-assets, an initiative within the French private sector<sup>21</sup> is keen to counter the situations contributing to such escheatment (loss of access codes to an electronic portfolio or physical means of safekeeping, inadequate preparation for an inevitable succession).

#### **3.2 National developments**

In France, updates in the payment sector mainly dealt with crypto-assets, with the mid-June update of the AMF policy rules<sup>22</sup>; this update is welcome in the context of providers applying for the licensing as CASP under MiCA rules.

The news on crypto assets has also been riding the wave of kidnappings of people linked to crypto asset holders. Some are a little hasty in attributing the genesis of the criminal acts to measures to publicise legal information (e.g. on beneficial owners).

It should also be noted that at the end of April, the AMF updated the training module for influencers in finance to adapt its content to the MiCA Regulation, which has now come into force.

In two rulings handed down in early 2025, the French Supreme Court confirmed that the liability of a payment service provider for unauthorised or incorrectly executed transactions is based exclusively on the regime defined by PSD2. This position means that the payment industry can rule out any discussion of the possibility of a duty of care requiring a payment order to be checked for apparent anomalies.

### **4. Insurance**

In mid-June 2025, the European Insurance Supervisory Authority (EIOPA) published its first report on mystery visits relating to the distribution of insurance-based investment products (IBIPs). The first finding is that distributors need to improve their practices on communication, transparency and advice. While customers' investment horizons are well taken into account, other key objectives and needs, such as risk tolerance and the ability to bear losses in the event of early redemption, are not assessed as

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<sup>18</sup> As mentioned in our last news note, payment service providers deploying their services via instant transfer platforms must prepare for the entry into force on 9 October 2025 of the European provision resulting from the amending Regulation on instant transfers, which requires payment service providers to identify and report any discrepancy between the beneficiary to whom the payer intends to send a transfer and the actual identity of the beneficiary (better known as the Verification of Payee or VoP).

<sup>19</sup> Cf. publication in June of regulatory technical standards (RTS) on (i) the records that must be kept of all services, activities, orders and transactions on crypto-assets and (ii) the requirements relating to policies and procedures concerning conflicts of interest of issuers of tokens referring to one or more assets.

<sup>20</sup> In particular those published in mid-March 2025 on the conditions and criteria for qualifying crypto-assets as financial instruments.

<sup>21</sup> See in particular the Paymium/Legapass joint initiative; by entrusting storage to regulated players, users are setting up a genuine 'digital' estate.

<sup>22</sup> These include the historic AMF instructions 2019-23 and 24, as well as a new instruction AM 2025-05 and updated FAQ 2020-07 (position-recommendation) on the CASP regime.

systematically. Lastly, it observed low rates of (i) delivery of pre-contractual documents and (ii) collection of sustainability preferences.

## **5. Investment services and asset management**

On 19 June 2025, the European Commission welcomed the Trilogue's political agreement on its proposed reform to shorten the settlement cycle for financial securities, paving the way for T+1 settlement by 11 October 2027.

A little later, before the end of the Polish Presidency of the Council of the EU, it welcomed another political agreement from the Trilogue, concerning the framework for crisis management and deposit insurance (CMDI).

In France, at the end of April 2025 the AMF updated its policy on transaction fees for discretionary portfolio management<sup>23</sup>. In a communication issued in May, the AMF stated that from 1 January 2027, new mandates would no longer be allowed to charge turnover fees, while for other mandates, the ban would take effect from 1 January 2028.

## **6. Sustainable finance**

Following the publication at the end of May of the European Omnibus IV package<sup>24</sup>, the French legislator anticipated its adoption<sup>25</sup> and postponed<sup>26</sup> by two years the entry into force of the sustainability reporting requirements (for companies subject to the so-called 'CSRD' Directive).

At the same time, at the beginning of July 2025, the Commission adopted a Delegated Regulation (part of the Omnibus package) to reduce the administrative burden arising from the application of the EU taxonomy. This reduction in the regulatory burden particularly benefits to financial market players<sup>27</sup>.

## **7. Other European or national developments impacting financial services**

In addition to the regulatory technical standards (RTS) already released with respect to the financial sector's relationship with providers of 'ICT' (information technology) services, The European Commission adopted the latest expected Delegated Regulation (RTS) specifying the elements that a financial entity must determine and assess when outsourcing ICT services that support critical or important functions'. Released early July 2025, it had been adopted at the end of March 2025.

This document had been expected after the Commission rejected the draft proposed to it by the Joint Committee of European Supervisory Authorities in January 2025. In the end, the proposed adjustments were accepted by the Commission; they call on the financial sector to review the relevant contractual agreements as soon as possible in the light of the new requirements and more specifically:

- (i) Extended due diligence, including in-depth risk assessments of ICT suppliers and their subcontractors in terms of operational stability, information security and geopolitical risks;
- (ii) strengthened contractual obligations with explicit clauses in contracts allowing full access, inspection and audit rights over subcontractors; and
- (iii) increased transparency and control with the obligation for ICT suppliers to notify in advance any

<sup>23</sup> Order (*arrêté*) of 19 March 2025 amending the AMF General Regulation.

<sup>24</sup> See in particular the Commission's FAQ of 21 May 2025.

<sup>25</sup> Notably through the Directive of 14 April 2025 on the dates from which Member States must apply the obligations to publish sustainability information and the duty of care of companies.

<sup>26</sup> Via the DADDUE 5 legislative vehicle, adopted at the end of April 2025.

<sup>27</sup> The transparency requirements applicable to credit institutions, asset managers, investment firms, and insurance and reinsurance undertakings related to the measurement of key performance indicators (KPIs) that should reflect the manner and extent to which their activities are associated with environmentally sustainable economic activities. The simplification concerns their non-significant activities.

significant change in subcontracting, with the right to object.

On a very different issue, that of prudential rules, a Regulation amending the rules on the long-term structural liquidity ratio (sometimes better known as the Net Stable Funding Ratio or NSFR) was adopted on 17 June 2025.

On 28 June 2025, the European rules aimed at making banking services more accessible to consumers came into force. The aim is to create a more inclusive society and make it easier for disabled people to live independently.

In France, at the end of June 2025, the ACPR published three instructions relevant for the financial sector under its supervision on (i) the information to be notified to the ACPR by 30 September 2025 as part of participation in a system for sharing information and intelligence on cyber threats, (ii) reporting of major ICT-related incidents and voluntary notification of significant cyber threats<sup>28</sup> and (iii) prudential reporting by the banking sector.

The legislator passed two laws impacting the financial sector, starting with the so-called 'DADDUE 5' law finally adopted on 30 April 2025 (OJ of 2 May), mentioned in the previous newsletter. The very broad scope of the text covers a number of subjects, including the new status of credit managers; it also authorises the implementation through fast-track law (*ordonnance*) of the 2023 Directives on (i) the reform of consumer credit and (ii) distance marketing of financial services<sup>29</sup>. On 13 May 2025, the legislator also passed a law aimed at regulating bank charges on inheritance.

Finally, when a financial institution is working on integrating artificial intelligence (AI) tools, it may wish to refer to the recent report by the Legal High Committee for Financial Markets of Paris on the legal and regulatory impact of AI in financial matters (with respect to both insurance and banking sector)<sup>30</sup>.

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<sup>28</sup> These new rules found practical expression in the unavailability of banking services at several banks at the end of June 2025.

<sup>29</sup> Directives 2023/2225 and 2023/2673, the fast-track law is expected by 2 February 2026 at the latest).

<sup>30</sup> Report of 20 June 2025.

