

GIBSON DUNN

## This Week in Derivatives

October 24, 2025

**From the Derivatives Practice Group:** This week, ESMA and ISDA were particularly active, especially regarding carbon markets and loan-originating Alternative Investment Funds (AIFs). Due to the federal government shutdown, regulatory activity continues to stall in the U.S.

### New Developments

**No New Developments in the U.S.**

### New Developments Outside the U.S.

**ESMA Finds EU Carbon Markets Functioning Smoothly in New Report.** On October 22, ESMA published its annual [market report on EU carbon markets](#). Looking at the data for 2024, ESMA has not identified any significant issue in the integrity or transparency of EU carbon markets. Emission allowance auctions and secondary markets trading dynamics remain largely unchanged, with the market organized in a way that facilitates the flow of allowances from financial intermediaries to non-financial firms with compliance obligations. The analysis of trading and derivatives positions in the non-financial sector further highlights that the market accommodates different acquisition strategies, reflecting the different needs and capabilities of participants. [NEW]

**ESMA Publishes Implementing Rules on Loan-originating AIFs.** On October 21, ESMA published the [draft Regulatory Technical Standards \(RTS\)](#) on open-ended loan-originating AIFs (OE LO AIFs). The draft rules determine the requirements with which LO AIFs must comply to maintain an open-ended structure. Those requirements include a sound liquidity management system, the availability of liquid assets and stress testing, as well as an appropriate redemption policy having regard to the liquidity profile of OE LO AIFs. The RTS also set out a list of factors AIFMs shall consider to determine the redemption policy and assess the liquidity of OE LO AIFs. [NEW]

**ESMA Publishes Second Consolidated Report on Sanctions.** On October 16, ESMA published its [second consolidated report on sanctions and measures](#) imposed in Member States in 2024. Building on this report, ESMA will further foster discussions between national securities markets authorities on the effective and consistent implementation of capital markets rules and continue working towards ensuring that similar breaches lead to similar enforcement outcomes across the EU, irrespective of where they have been initiated.

**ESAs' Joint Committee Publishes Work Program for 2026.** On October 16, the Joint Committee of the European Supervisory Authorities (ESAs) presented its [2026 Work Program](#), outlining key areas of collaboration for the coming year. The Program aims to strengthen the financial system's digital operational resilience, ensure the continued protection of consumers, and identify risks that could undermine financial stability.

**EBA and ESMA Recommend Targeted Revisions to the Investment Firms' Prudential Framework Investor Protection.** On October 15, the European Banking Authority (EBA) and ESMA have issued their [technical advice](#) in response to the European Commission's Call for Advice on the Investment Firms Regulation and Investment Firms Directive. They propose limiting significant changes to the framework, which has proven to be fit-for-purpose, as confirmed by stakeholder feedback during the joint consultation.

## New Industry-Led Developments

**ISDA and Trade Associations Call on the EC to Delay Application of Third-Country CCP Reporting under EMIR 3.0.** On October 21, ISDA and nine other trade associations – the Alternative Investment Management Association, the European Association of Co-operative Banks, the European Association of Corporate Treasurers, the European Banking Federation, the European Fund and Asset Management Association, the European Principal Traders Association, the European Venues and Intermediaries Association, FIA and the Managed Funds

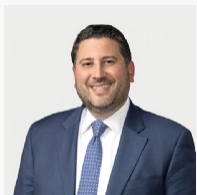
Association – [wrote to the European Commission](#) (EC) to ask that it provide guidance that counterparties are not required to report information on clearing activity on third-country central counterparties (CCPs) under Article 7d of the European Market Infrastructure Regulation (EMIR 3.0) until the corresponding regulatory technical standards and implementing technical standards are applicable. [NEW]

**IOSCO Reviews Implementation of Recommendations for Crypto and Digital Asset Markets.** On October 16, IOSCO published its report on its [Thematic Review](#) Assessing the Implementation of IOSCO Recommendations for Crypto and Digital Asset Markets. In recognition of the rapid development and growth of crypto-asset markets, IOSCO and other relevant bodies, including the Financial Stability Board, have developed comprehensive policy frameworks for the regulation and oversight of crypto-assets and global stablecoins.

**ISDA Publishes New Report that Shows the Importance of Derivatives to Japan's Asset Management Ambitions.** On October 16, ISDA published a [report](#) drawing on discussions with 20 senior asset managers based in Japan. The report revealed that reducing barriers in the market would enable them to utilize derivatives more efficiently, which, in turn, could enhance Japan's competitiveness in the global market.

**ISDA Expands Digital Regulatory Reporting Solution to Cover Hong Kong's Revised Reporting Rules.** On October 15, ISDA has [expanded](#) its Digital Regulatory Reporting solution to support revised derivatives reporting rules in Hong Kong, enabling in-scope firms to implement the changes cost-effectively and accurately. The amendments from the Hong Kong Monetary Authority and the Securities and Futures Commission came into effect on September 29.

#### Practice Members



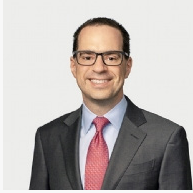
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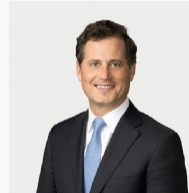


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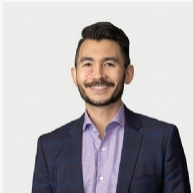


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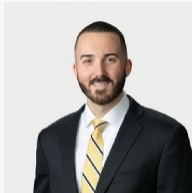


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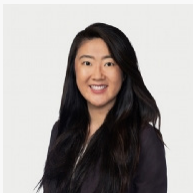


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