

### **Cybersecurity Act 2 progresses through the EU legislative process**

The European Commission adopted a proposal for a revised Cybersecurity Act, also referred to as Cybersecurity Act 2, on 20 January 2026. The proposal would repeal and replace Regulation 2019/881 and is formally designated as procedure file 2026/0011(COD) in the European Parliament Legislative Observatory.

The file is currently being examined under the ordinary legislative procedure and is awaiting committee decisions. It has been assigned to the ITRE Committee, with Markéta Gregorová appointed as rapporteur, while the IMCO and BUDG Committees are expected to provide opinions.

The proposal introduces several measures aimed at strengthening the EU's cybersecurity resilience, cybersecurity capabilities and ICT supply chain security. These include a framework for addressing high-risk ICT suppliers, a streamlined European cybersecurity certification framework, and an expanded role for ENISA, including support for incident reporting, early threat alerts and vulnerability management.

[Source](#)

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### **DORA review addresses the digital operational resilience of statutory auditors and audit firms**

Under Article 58(3) of DORA, the European Commission was required to assess whether statutory auditors and audit firms should be brought

within DORA's scope or addressed through amendments to the Audit Directive. Following consultations, the Joint Committee of the European Supervisory Authorities concluded that extending DORA's direct operational resilience requirements to statutory auditors and audit firms is not warranted at this stage.

The ESAs noted that auditors do not operate real-time financial transaction systems and that their IT environments do not appear to pose systemic risks to the broader EU financial system. They also pointed to existing frameworks already applicable to the audit profession, including ISQM 1 and the Audit Directive. The CEAOB also recognised the complexity of the issue and indicated that, if additional ICT security requirements were to be introduced, amendments to the Audit Directive and Audit Regulation could provide a more tailored and proportionate route.

[Source](#)

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## **European Parliament tracks the review of the EU anti-fraud architecture**

The European Parliament's Legislative Train Schedule indicates that the Commission Work Programme 2026 announced a comprehensive review of the EU's anti-fraud architecture, following the 2025 White Paper on the Anti-Fraud Architecture Review. The review is expected to include both legislative and non-legislative initiatives, with the aim of strengthening oversight and accountability in the protection of the EU's financial interests.

The Parliament has also opened an own-initiative report procedure on the protection of the Union's financial interests in the post-2027 Multiannual

Financial Framework through the revision of the anti-fraud architecture. While still at an early stage, this development may be relevant for internal auditors in the public sector and EU-related organisations monitoring anti-fraud governance, accountability, public financial control, fraud prevention and the protection of EU funds.

[Source](#)

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### **Accountancy Europe highlights private equity activity in the accountancy and audit sector**

Accountancy Europe has published a dedicated resource hub on private equity and third-party ownership in the accountancy and audit sector, bringing together its own research and external resources from professional and regulatory bodies. The hub notes a significant increase in private equity transactions in the European accountancy sector since 2023, with around 40% of deals involving firms that also provide audit and assurance-related services.

The topic raises questions around audit quality, independence, governance, market structure, cultural alignment and regulatory oversight. While primarily focused on the accountancy and statutory audit sector, this development may also be relevant for internal auditors monitoring broader assurance market trends and emerging governance risks.

[Source](#)

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## **AMLA advances preparations for the direct supervision of selected obliged entities**

AMLA has published a reporting package to support the identification of provisionally eligible obliged entities ahead of its first selection cycle for direct supervision in 2027. The package includes a standardised reporting template and interpretative note for national supervisors and obliged entities. National supervisors are expected to collect data by 15 August 2026, with a provisional list of eligible entities expected by the end of September 2026.

Direct supervision by AMLA is expected to start in 2028. This development may be relevant for internal auditors monitoring AML/CFT governance, data readiness, regulatory reporting, group-wide controls, supervisory engagement and preparation for potential EU-level supervision.

[Source](#)

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## **European Commission consults on updated EU ETS benchmark values for 2026-2030**

The European Commission has proposed updated EU Emissions Trading System benchmark values for the 2026-2030 period, opening a four-week public consultation before adoption by implementing act, expected by the end of June 2026. The benchmarks are a key element in determining the free allocation of allowances to European industry, with the Commission indicating that industry would, on average, continue to receive free allocation covering around 75% of emissions.

The update also maintains coverage of indirect emissions from electricity use across 14 product benchmarks, with an estimated financial impact of around €4 billion for 2026-2030. This development may be relevant for internal auditors in affected sectors monitoring emissions data governance, climate compliance, decarbonisation plans, financial impacts of carbon pricing and controls over regulatory reporting.

[Source](#)

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### **ECB highlights integrated supervision as a pillar of European capital markets**

The European Central Bank has published an analysis on integrated supervision as part of its Financial Integration and Structure in the Euro Area 2026 report. The ECB notes that EU capital market supervision remains highly fragmented, with responsibilities dispersed across numerous national authorities, leading to differences in supervisory practices, enforcement outcomes and implementation of harmonised EU rules.

The analysis argues that stronger EU-level supervision would better reflect the cross-border nature of capital market risks, improve supervisory effectiveness and efficiency, reduce complexity for cross-border firms and support the objectives of the Savings and Investments Union. This may be relevant for internal auditors in financial services monitoring supervisory convergence, regulatory fragmentation, capital markets integration, crypto-assets, DORA-related oversight and broader governance risks.

[Source](#)

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## **FERMA and WBCSD launch “Open Sesame” climate resilience financing initiative**

FERMA and the World Business Council for Sustainable Development have launched Open Sesame, a joint initiative intended to develop a finance framework for preventive and adaptive climate resilience measures. The project brings together risk management, insurance, sustainable finance, banking and investment stakeholders, with BCG acting as secretariat.

Its workstreams will focus on climate exposure modelling, quantifying the effect of adaptation measures, assessing the value of resilience investments, and translating resilience outcomes into metrics that may be relevant for investors and sustainable finance. While this is not a regulatory development, it may be useful for ECIIA members monitoring how climate risk, resilience, insurability and capital allocation are increasingly becoming governance and risk management issues.

[Source](#)

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## **EFRAG extends user survey deadline on IASB Risk Mitigation Accounting proposals**

EFRAG has extended the deadline for its user survey on the IASB’s Risk Mitigation Accounting proposals. Investors, analysts and other financial statement users can now submit feedback until 29 May 2026. The consultation relates to the IASB’s exposure draft on Risk Mitigation Accounting, covering topics such as financial instruments and hedging.

While this is primarily a financial reporting matter, it may be relevant for audit and assurance professionals monitoring developments in accounting standards, risk mitigation and reporting practices.

[Source](#)

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### **BusinessEurope sets out priorities for the upcoming Circular Economy Act**

BusinessEurope has published its priorities for the upcoming EU Circular Economy Act, following exchanges with Commissioner Jessika Roswall. Its paper calls for a more harmonised Single Market for secondary raw materials, stronger demand for recycled materials and effective enforcement to ensure a level playing field for companies investing in circularity and compliance.

The European Commission describes the Circular Economy Act as a 2026 initiative intended to establish a Single Market for secondary raw materials, increase the supply of high-quality recycled materials and stimulate demand within the EU. For internal auditors, this may be relevant when assessing regulatory readiness, supply chain resilience, resource dependency, sustainability governance, procurement practices and compliance with emerging circular economy requirements.

[Source](#)

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### **European Commission consults on revised ESRS and voluntary sustainability reporting standard**

The European Commission has launched a one-month consultation on draft final versions of the revised European Sustainability Reporting Standards and a voluntary sustainability reporting standard for smaller companies. According to ecoDa, the draft revised ESRS are intended to be shorter and clearer, introduce new flexibilities for companies, simplify the materiality assessment and reduce reporting costs per company by more than 30%. This development is highly relevant for internal auditors involved in sustainability reporting, ESG data governance, CSRD readiness, materiality assessment processes and assurance preparation.

**Source:** ecoDa / European Commission.

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### **European Commission prepares broader regulatory simplification initiative**

ecoDa reports that the European Commission is preparing a new regulatory simplification initiative, described as a “regulatory deep cleaning”, covering 12 key sectors including climate, environment and digital. The initiative is expected to build on recent Omnibus packages, with the aim of streamlining rules, reducing inconsistencies, limiting national gold-plating and embedding “simplicity by design” in future EU legislation. While the agenda is presented as a way to support competitiveness and reduce administrative burdens, it is also raising concerns among some stakeholders about the possible weakening of environmental, social and democratic safeguards. This may be relevant for internal auditors monitoring regulatory change, compliance simplification, control frameworks and governance over evolving EU requirements.

**Source:** ecoDa / European Commission.

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## **JURI Committee discusses proposed “EU Inc” under the 28th regime**

ecoDa reports that Commissioner Michael McGrath presented the proposed “EU Inc” initiative to the European Parliament’s JURI Committee as part of the 28th regime discussion. The initiative aims to offer a more flexible European corporate framework, including flexible share structures, improved data sharing to reduce administrative burdens and a possible quality label for EU Inc.

The discussion also raised concerns around forum shopping, safeguards, tax distortions and social standards. This may be relevant for internal auditors and governance professionals monitoring potential changes to EU company law, corporate governance structures and regulatory simplification.

**Source:** ecoDa / European Parliament JURI Committee.

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## **ENVI Committee discusses the upcoming Industrial Accelerator Act**

ecoDa reports that Executive Vice-President Stéphane Séjourné presented the Industrial Accelerator Act at the European Parliament’s ENVI Committee. The initiative aims to stimulate demand for low-carbon, “made in EU” products, particularly in clean tech and automotive, while supporting long-term investment.

The discussion also referred to the upcoming July revision of the EU ETS and future circular economy measures expected in the autumn. This may be relevant for internal auditors monitoring industrial transition, climate-related compliance, investment governance, supply chain resilience, procurement policies and controls over decarbonisation commitments.

**Source:** ecoDa / European Parliament ENVI Committee.

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## **ECIIA perspective**

These developments show that EU regulatory change remains closely connected to internal audit priorities. Sustainability reporting, regulatory simplification, corporate governance and industrial transition all create evolving expectations for organisations, and therefore for assurance, risk management and internal control.

ECIIA will continue to monitor selected EU developments that may be relevant for the internal audit profession.

Kind regards,

The ECIIA Team