

# Regulatory Round-Up for Fund Managers

Q1 2026

## T+1 Related Developments

**Headline:** Move to T+1 settlement.

**Who is impacted?** All firms.

Legislation	Details
<p><b>EU T+1</b></p> <p>MEDIUM IMPACT</p>	<p>In July 2025, the EU T+1 Industry Committee (the Industry Committee) presented its <a href="#">High-level Roadmap</a> (Roadmap) for transitioning to a shorter T+1 securities settlement cycle, targeted for implementation by October 11, 2027.</p> <p>The Roadmap sets out non-legally binding recommendations across nine areas: trading, matching and confirmations, clearing, settlement, asset management, FX, corporate events, securities financing transactions (SFTs), as well as legal and regulatory issues.</p> <p>European Securities and Markets Authority (ESMA) maintains a T+1 website, available <a href="#">here</a>.</p> <p>On November 27, 2025, the EU T+1 Industry Committee launched its first implementation survey (Survey) to assess market progress against Roadmap recommendations as the October 11, 2027 transition deadline approaches.</p> <p>On February 3, 2026, the EU T+1 Handbook was published together with the results of the Survey. The Survey results showed high participation rate from buy-side participant and overall, the level of awareness of T+1 migration and the Roadmap seemed high. However, a large portion from the buy-side were not showing the same level of knowledge nor preparation for adapting fund settlement cycles. The Handbook is available <a href="#">here</a>.</p> <p>See previous Regulatory Round-Ups for developments throughout 2025.</p> <p>See also the section below “Central Securities Depositories Regulation (CSDR)” for details of the proposed amendment to CSDR to accommodate the move to T+1.</p>
<p><b>UK T+1</b></p> <p>MEDIUM IMPACT</p>	<p>HM Treasury established the Accelerated Settlement Taskforce (AST) in December 2022 to explore the case for T+1 in the UK. The Accelerated Settlement Technical Group (ASTG) recommended. recommended that the first day of UK cash securities trading for settlement on a T+1 cycle should be October 11, 2027 – aligning with the EU. The <a href="#">implementation plan</a> was updated in September 2025 to include further clarifications, while maintaining the original implementation timelines and actions.</p>

**Legislation**

**Details**

**UK T+1**

MEDIUM  
IMPACT

The UK AST has a dedicated [website](#) and the Financial Conduct Authority (FCA) published an [About T+1 Settlement](#) webpage that confirms the October 11, 2027 move date and details “What firms should do” in the run up to that date.

On November 20, 2025, HM Treasury published a [policy note](#) on mandating T+1 settlement in the UK, together with a [draft version](#) of the Central Securities Depositories (Amendment) (Intended Settlement Date) Regulations 2026. The draft Order sets out how the government intends to deliver T+1 as the standard settlement period in the UK from October 11, 2027, as recommended by the AST.

**Among other things, the draft Order:**

- States that the intended settlement date should be “no later than the first business day after the day on which trading takes place.” This requires market participants to settle transactions in transferable securities that are executed on a UK trading venue by T+1 at the latest.
- Maintains some existing exemptions: the T+1 requirement will not apply to certain transactions, including trades that are negotiated privately and executed on a UK trading venue, bilateral trades reported to a UK trading venue and the first transaction where the transferable securities concerned are subject to initial recording in book-entry form.
- Introduces an exemption for SFTs to allow firms to use SFTs flexibly to support their liquidity management and funding requirements.

On January 26, 2026, the FCA updated its [webpage](#) on the UK market moving to T+1. The FCA identifies actions for firms in 2026 and explains that firms should start making their planned changes to systems and processes, and be able to test these changes by the end of the year. The FCA warns that it may take action against firms that are not prepared for the October 2027 deadline.

**US Related Developments**

**Headline:** Various US Developments of note.

**Who is impacted?** All firms doing business in the US, particularly in relation to private funds.

**SEC Division of Examinations Announces 2026 Priorities**

On November 17, 2025, the SEC’s Division of Examinations released its [2026 examination priorities](#).

The Division publishes its annual examination priorities to provide transparency to registrants and investors about the topics that the Division plans to focus on in the new fiscal year and to encourage firms to direct their compliance efforts on areas of potentially heightened risk.

**Legislation**

**Details**

**SEC Staff Issues New Names Rule FAQs**

On February 19, 2026, the SEC staff issued "[Frequently Asked Questions](#)" (FAQs) regarding the Names Rule, which addresses certain broad categories of investment company names that are likely to mislead investors about an investment company's investments and risks. These FAQs were added to the already-existing 2025 FAQs and included:

- Adoption or Revision of 80% Investment Policy - 60 days' notice will not be required for changes to a nonfundamental 80% policy "solely to comply with the amended rule" or for "changes to make the policy more stringent consistent with the fund's current strategy made in light of the name's treatment under the amended rule."
- Specific Terms Commonly Used in Fund Names - (i) "Growth" or "Value" will not need 80% policies when "used in combination with a modifying term that clearly indicates "growth" or "value" investments are not the predominant component of the fund's portfolio, and assuming no other aspect of the name otherwise would require the fund to adopt an 80% [policy]." The FAQs also specifically provide an example, "income" in combination with "growth," which the Staff stated "generally indicates the fund seeks to achieve a portfolio-wide outcome of growth of capital, along with current income"; and (ii) the terms "merger" and "merger arbitrage" suggest an investment technique, like "long/short" or "hedged," or a portfolio result to be achieved (like "real return") and will not require an 80% policy.

The compliance date for larger fund groups was previously extended from December 11, 2025, to June 11, 2026, and the compliance date for smaller fund groups was extended from June 11, 2026, to December 11, 2026.

**CFTC Staff CFTC Staff Simplifies Its U.S. Person Definitions**

On December 9, 2025, the Market Participants Division, Division of Clearing and Risk, and Division of Market Oversight of the CFTC (the Divisions) issued no-action relief permitting flexibility to market participants in applying the three separate definitions of "U.S. person" and "guarantee" set forth in the CFTC regulations in the context of the cross-border application of certain Dodd-Frank Act swap regulations.

CFTC Staff Letter No. 25-42 (the Letter), available [here](#), simplifies and consolidates existing no-action positions and promotes harmonization with SEC regulations.

Through the no-action relief granted in the Letter, the Divisions are favouring the definitions of "U.S. person" and "guarantee" set forth in the 2020 Swap Dealer Cross-Border Rule, and in doing so, are aligning the CFTC's definitions with those used by other U.S. regulators.

**Legislation**

**Details**

**CFTC “Spring 2025” Regulatory Agenda**

On September 4, 2025, the CFTC published its new regulatory agenda, available [here](#). Among other notable items, the CFTC included an item entitled “Registration and Reporting Requirements for Private Funds,” which notes that the CFTC Staff “is considering recommending that the Commission rescind and/or amend Commission regulation 4.13(a)(3)-(4).”

It is not clear the scope of the potential amendments but a statement from the CFTC’s then Acting Chairman Caroline Pham indicated that “15 years later, the CFTC still has cleanup work to do in order to address unworkable Dodd-Frank rules and broad overreach. We are finally right-sizing and fixing those rules now.”

**Private Fund Reporting by Registered Advisers**

LOW/MEDIUM IMPACT

Registered investment advisers that manage “Private Funds” above certain Regulatory Assets Under Management (RAUM) thresholds must file Form PF, the confidential reporting form used by certain private fund advisers.

On September 17, 2025, the SEC and CFTC each voted to further [extend](#) the date for investment advisers to comply with amendments to Form PF to October 1, 2026.

See previous Regulatory Round-Ups for further details.

**CFTC initiative for the use of tokenized collateral in derivatives markets**

LOW/MEDIUM IMPACT

On September 23, 2025, the CFTC announced that it is seeking public input on the use of tokenized products, including stablecoins and tokenized money market funds, as collateral in derivatives markets. The request for input is available [here](#).

The announcement does not propose any new rules, but the CFTC is clearly looking to expand the scope and form of eligible collateral to normalize the use of tokenized assets as collateral. Public input was requested by October 20, 2025.

**EU Developments**

**Headline:** Various EU Developments of note.

**Who is impacted?** All asset management and related firms doing business in the EU.

**EU Commission Market Integration & Supervision package**

On December 4, 2025, the European Commission (EU Commission) released the [Market Integration & Supervision](#) (MIS) package under the Savings & Investments Union (SIU). The EU Commission describes it as “a comprehensive package of measures designed to remove barriers and unlock the full potential of the EU single market for financial services.”

The MIS package comprises two Regulations and one Directive that together amend 19 existing pieces of EU legislation:

- One of the Regulations proposes to transform the Settlement Finality Directive and the Financial Collateral Directive into regulations.

Legislation	Details
<p><b>EU Commission Market Integration &amp; Supervision package</b></p>	<ul style="list-style-type: none"> <li>○ The second, more prominent Regulation touches on a variety of files, including the European Market Infrastructure Regulation (EMIR), Markets in Financial Instruments Regulation (MiFIR), CSDR, Cross Border Distribution of Funds Regulation (CBDFR), Securitisation Regulation, Credit Ratings Agencies Regulation, and the Benchmarks Regulation - see <a href="#">here</a>.</li> <li>○ The proposed Directive amends the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive, the Alternative Investment Fund Managers (AIFMD), and Markets in Financial Instruments Directive (MiFID). The CBDFR is also subject to amendments but proposed changes are included in the Regulation - see <a href="#">here</a>.</li> </ul> <p>See the Q3 2025, Regulatory Round-Up for details of the SIU.</p>
<p><b>ESMA Programming Document</b></p>	<p>On February 5, 2026, ESMA published its <a href="#">2027-2029 programming document</a>, noting that it will be shaped by a rapidly evolving regulatory and market landscape, as well as by broader economic and geopolitical developments.</p> <p>Among other things, the ESMA document highlights:</p> <ul style="list-style-type: none"> <li>○ ESMA’s planned work on implementing the SIU. Simplification and reducing burdens will remain a priority. ESMA will use the upcoming SIU reforms to review and streamline its guidance and Level 2 instruments with a view to reducing complexity while supporting innovation and competitiveness.</li> <li>○ ESMA’s direct supervisory responsibilities are being significantly expanded, while at the same time, the regulatory framework continues to evolve with major legislative amendments to the MiFID II, MiFIR, CSDR, and EMIR 3.0 already underway. Key milestones include the transition to T+1 settlement in October 2027 and the strengthening of central counterparty supervision. Looking further ahead, the SIU package is expected to have a significant impact from 2029 onwards.</li> <li>○ Internally, ESMA continues to operate in a constrained environment with limited resources, significant technological developments and increasingly complex mandates. ESMA has decided to deprioritize certain existing tasks by postponing their delivery to 2027 and beyond (see the section below).</li> </ul>
<p><b>ESMA publishes its overview of planned consultations for 2026</b></p>	<p>On December 5, 2025, ESMA published an <a href="#">Overview of planned consultation papers 2026</a>, covering EMIR 3.0, the CSDR Review, investor protection, the Listing Act and AIFMD/UCITS Directive.</p>

**Legislation**

**Details**

**EU Commission De-prioritization of certain Level 2 Measures**

On October 6, 2025, the EU Commission published a [letter](#) setting out certain non-essential Level 2 acts (i.e. regulatory and implementing standards that supplement or specify the EU Regulations and Directives (Level 1 acts)) relating to financial services that it is de-prioritizing.

The EU Commission considers 115 Level 2 measures as non-essential for the effective functioning of the Level 1 legislation and for the achievement of EU policy objectives. These are set out in an [Annex](#) to the letter and the EU Commission will not adopt the acts listed before October 1, 2027.

**ESMA publishes call for evidence on streamlining transaction reporting**

MEDIUM IMPACT

In June 2025, ESMA [published](#) a Call for Evidence (CfE) on simplifying transaction reporting requirements across EU financial markets.

ESMA has identified several longstanding challenges for firms and sought feedback on two potential reform options to address the issues:

- Option 1: removal of duplication.
- Option 2: a “report once” principle.

Stakeholders were invited to respond by September 19, 2025, and copies of responses can be found [here](#). A final report is expected in early 2026.

**Sustainable Finance**

**EU Omnibus Simplification Package**

MEDIUM IMPACT

**Headline:** Amendments to certain Sustainability Related Legislation.  
**Who is impacted?** Financial Market Participants and entities in scope of the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD).

The Omnibus Simplification Package was published on February 26, 2025 and is available [here](#).

In the Package, the EU Commission proposed to: (i) decrease the number of entities in scope for CSRD reporting; (ii) reduce the number of mandatory data points required to be disclosed under the European Sustainability Reporting Standards (ESRS); and (iii) postpone reporting requirements for certain entities due to begin CSRD reporting in respect of their 2025 and 2026 financial years. The Omnibus Simplification Package also proposed amendments to the CSDDD, aiming to simplify its reach.

On April 16, 2025, the [Directive](#) (so called “Stop the Clock” Directive) delaying the dates on which certain corporate sustainability reporting and due diligence requirements would apply under CSRD and CSDDD was published. The “Stop the Clock” Directive changed the timelines of application so that:

**Legislation**

**Details**

**EU Omnibus Simplification Package**

MEDIUM IMPACT

- The application of sustainability reporting requirements under CSRD was postponed for two years for the next two waves of in scope entities.
- The transposition deadline for the CSDDD was extended from July 26, 2026 to July 26, 2027.
- The first phase of the CSDDD’s application to in-scope companies was extended by one year to July 26, 2028.

‘Wave One’ companies (large public interest entities) were not captured by the delay to the application date of the reporting requirements made under the “Stop the Clock” Directive, and were required to start reporting under CSRD in 2025 for the 2024 financial year.

However, the Commission Delegated [Regulation](#) (EU) 2025/1416 amending Delegated Regulation (EU) 2023/2772 as regards the postponement of the date of application of the disclosure requirements for certain undertakings (the Quick Fix Regulation) entered into force on November 13, 2025. Amongst other things, the Quick Fix Regulation defers the requirement for ‘Wave One’ companies to report on the anticipated financial effects of certain sustainability-related risks until the 2027 financial year. The Quick Fix Regulation applies retroactively from January 1, 2025. See previous Regulatory Round-Ups for information.

Regarding the broader amendments to CSRD and CSDDD, on February 26, 2026, the Omnibus I Directive was [published](#), entering into force on March 18, 2026. Member States were generally required to transpose the Omnibus I Directive’s provisions by March 19, 2027. The CSDDD-related provisions must be transposed by July 26, 2028.

The Omnibus I Directive raises the thresholds to reduce the number of undertakings in scope of the CSRD and CSDDD, extending the timelines and simplifying a number of underlying obligations.

For the revised CSRD, in terms of reduction in scope, (i) for EU companies, the revised CSRD applies to EU companies with more than EUR 450 million net turnover and 1,000 employees and (ii) non-EU parent companies fall within scope where they generate net turnover exceeding EUR 450 million in the EU, with an EU subsidiary or branch generating net turnover exceeding EUR 200 million, with no employee threshold.

In terms timing for reporting under the revised CSRD, ‘Wave One’ entities are already reporting under CSRD, including ESRS sustainability reports and EU Taxonomy. They are still required to report in 2026 for the financial year end 2025, but the revised CSRD thresholds are expected to result in fewer entities being in scope. ‘Wave Two’ entities (large private entities) that remain within the revised scope of CSRD will first report in 2028 in respect of financial years starting on or after January 1, 2027. ‘Wave Three’ entities (small and medium entities) are no longer in scope of the new thresholds.

For the revised CSDDD, this now applies to EU companies with more than EUR 1.5 billion net turnover and 5,000 employees, and to non-EU companies exceeding EUR 1.5 billion in EU net turnover. In each case, the thresholds are assessed on a standalone or consolidated basis. Other changes include a delay in the deadline for transposition of the CSDDD will be delayed to July 26, 2028, with compliance required by July 2029.

Legislation	Details
<p><b>EU Commission's proposed amendments to SFDR</b></p> <p>LOW IMPACT</p>	<p><b>Headline:</b> Proposals to amend Sustainable Finance Disclosure Regulation (SFDR).  <b>Who is impacted?</b> Asset managers and other financial market participants in scope of SFDR.</p> <p>On November 20, 2025, the EU Commission adopted a <a href="#">proposed Regulation</a> amending SFDR (Regulation (EU) 2019/2088), and repealing the SFDR Regulatory Technical Standards (RTS) (Commission Delegated Regulation (EU) 2022/1288).</p> <p>In a <a href="#">press release</a>, the EU Commission explains that its SFDR review showed the existing framework results in disclosures that are too long and complex. This makes it difficult for investors to understand and compare the environmental or social characteristics of financial products. Also, SFDR has effectively been used as a labeling system, causing confusion and increasing the risk of greenwashing and mis selling. As a result, the SFDR has not fully met its objectives to help the EU financial sector allocate capital for the EU's sustainable priorities.</p> <p>The proposed amendments are designed to address these shortcomings, making the rules simpler, more efficient and better aligned with market realities. They include:</p> <ul style="list-style-type: none"> <li>○ Removing entity-level disclosures.</li> <li>○ Significantly reducing product-level disclosures.</li> <li>○ Introducing a clear categorization system.</li> </ul> <p>The SFDR RTS are also repealed, to be replaced by RTS drafted by the EU Commission.</p> <p>The proposed Regulation will be submitted to the European Parliament and Council of the EU for consideration. The draft Regulation states that it will enter into force 20 days after publication in the Official Journal of the European Union and will apply 18 months after that.</p>
<p><b>Consolidated Q&amp;A SFDR</b></p> <p>LOW IMPACT</p>	<p>On November 4, 2025, ESMA published <a href="#">consolidated questions and answers</a> (Q&amp;A) on SFDR and the SFDR RTS.</p>

**Legislation**

**Details**

**FCA’s sustainability disclosure requirements (SDR) and investment labelling regime**

MEDIUM IMPACT

**Headline:** UK sustainability disclosure requirements, investment labelling regime and anti-greenwashing rule.  
**Who is impacted?** All FCA-authorized firms who make sustainability related claims about their products and services (anti-greenwashing rule only), UK asset managers (SDR and labelling regime) and firms offering portfolio management services.

In April 2025, the FCA updated its SDR [webpage](#) effectively confirming that it has decided it is not the right time to finalize rules on extending SDR to portfolio management. No further details were provided as to when might be the right time.

On February 27, 2026, the FCA [published](#) examples of good and poor practice for using labels under the SDR and investment labelling regime, which are intended to help firms prepare pre-contractual disclosures for use of labels and follow on from the pre-contractual disclosure examples the FCA published in November 2024.

**EMIR**

**EU EMIR 3.0**

MEDIUM IMPACT

**Headline:** Changes to the current EU EMIR are coming.  
**Who is impacted?** All firms within scope of EU EMIR.

EMIR 3.0 is intended to mitigate what the EU deems excessive exposures to third-country CCPs and improve the efficiency of EU clearing markets. EMIR 3.0 introduces an active account requirement (AAR), makes changes to clearing threshold changes, and makes changes to certain of the risk mitigation techniques and reporting of clearing activity in recognized non-EU Central Counterparties (CCPs).

EMIR 3.0 came into force December 2024, however certain changes and compliance requirements are subject to a phase-in period and multiple related RTS are to follow. The Amending UCITS Directive also entered into force December 2024 but Member States have until June 25, 2026, to transpose it into national law. EMIR 3.0 available [here](#) and the Amending UCITS Directive available [here](#). See previous Regulatory Round-Ups for further information.

**EMIR 3.0 Secondary Legislation**

The most high-profile change introduced by EMIR 3.0, the AAR, requires in scope counterparties to open active accounts within six months after the entry into force of the EMIR 3.0 (i.e. June 2025). During that same six-month period ESMA is to draft and submit RTS on the operationality and representativeness requirements of the AAR.

- AAR related developments

On October 29, 2025, EU Commission announced it had adopted the final RTS on the AAR – see [here](#). On February 6, 2026, the Delegated Regulation was published and entered into force - see [here](#).

On December 11, 2025, ESMA published a [statement](#) providing clarification on two reporting obligations introduced by EMIR 3.0. The first obligation relates to the AAR and the EU Commission’s October 2025 RTS specifying conditions relating to the AAR,

**Legislation**

**Details**

**Review of EU SFTR in 2024**

LOW IMPACT

including reporting requirements. ESMA expects entities subject to the AAR to make their first reporting submission by July 2026, and that this should include any backlog data showing compliance with the AAR for the period starting June 25, 2025 (the date from which the AAR became applicable), as well as data for 2026. Meanwhile, ESMA will develop further instructions on how to report under the templates included in the RTS.

The second obligation applies to counterparties that are subject to the new reporting obligation in relation to their clearing activity at recognized third-country CCPs under Article 7d of EMIR. These counterparties must report to their competent authorities annually. ESMA will specify the content and details of the reports in RTS and Implementing Technical Standards (ITS). However, since these standards have not yet been published, counterparties will submit the first reporting under Article 7d of EMIR on 2025 data with the 2026 reporting cycle, after the relevant Level 2 measures have been implemented.

On February 20, 2026, ESMA published a [supervisory briefing](#) on the AAR representativeness obligation “to clarify and provide examples as to how compliance with the representativeness obligation should be performed and reported by counterparties ...”

○ Clearing Thresholds

In April 2025, ESMA published a [Consultation Paper](#), covering:

- Proposals for a revised set of clearing thresholds;
- Considerations for hedging exemptions for non-financial counterparties (NFCs); and
- A trigger mechanism for reviewing the clearing thresholds.

On February 25, 2026, ESMA published its related Final Report, see [here](#). In the final report, ESMA sets revised clearing thresholds that focus on uncleared OTC derivatives, while keeping aggregate thresholds for Financial Counterparties (FCs) in asset classes subject to the clearing obligation unchanged at EUR 3 billion for interest rate derivatives (IRDs) and EUR 1 billion for credit derivatives.

For uncleared positions, applicable to both FCs and Non-Financial Counterparties (NFCs), the thresholds are:

- EUR 2.2 billion for IRDs (decrease from current threshold of EUR3 billion).
- EUR 0.8 billion for credit derivatives (decrease from current threshold of EUR 1 billion).
- EUR 0.7 billion for equity derivatives (decrease from current threshold of EUR 1 billion).
- EUR 3 billion for foreign exchange derivatives (consistent with current threshold).
- EUR 4 billion for commodity and emission allowance derivatives (consistent with current threshold).

In response to consultation feedback, ESMA also clarified implementation timing, stating that counterparties may apply the new methodology during their usual annual calculation window, typically June, or earlier if they wish to benefit from the new regime. The draft RTS have been submitted to the EU Commission for endorsement, following which they will be subject to adoption.

**Legislation**

**Details**

**(UK EMIR) Minor Amendments to UK EMIR**

LOW/MEDIUM  
IMPACT

**Headline:** Changes to the UK EMIR derivatives reporting regime.  
**Who is impacted?** All firms within scope of UK EMIR.

In August 2025, the FCA published the [Technical Standards \(EMIR Reporting and Data Quality and Miscellaneous Amendments\) Instrument 2025 \(FCA 2025/36\)](#).

The amendments (i) add ‘Execution agent’ as a new field in Table 3 of the Technical Standards on the Minimum Details of the Data to be Reported to Trade Repositories and the Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting and (ii) amend Article 8(5) (Unique Transaction Identifier) of the EMIR Technical Standards on the Standards, Formats, Frequency and Methods and Arrangements for Reporting 2023 to correct a cross-referencing error.

The amendments came into force on January 26, 2026. To support industry implementation, the BoE and FCA published final [validation rules](#), [XML reporting schemas](#) and [outgoing messages from trade repositories](#).

**(UK EMIR) Additional Q&A on derivative reporting requirements**

LOW/MEDIUM  
IMPACT

On October 31, 2025, the BoE and FCA announced that they have finalized two additional Q&As on derivative reporting requirements under UK EMIR.

The additional Q&As provide guidance on when it is acceptable to report with a technical International Securities Identification Number (ISIN) and how foreign exchange (FX) swaps should be reported. The two Q&As have been appended to the relevant topic to which they relate in the UK EMIR Reporting Q&As, which are published on the FCA’s [webpage](#).

**Central Securities Depositories Regulation (CSDR)**

**Headline:** Changes to the EU CSDR regime.  
**Who is impacted?** All firms within scope of EU CSDR.

**Legislation amending CSDR in preparation for move to T+1**

MEDIUM  
IMPACT

The EU Commission previously published a [legislative proposal](#) to amend Article 5(2) of the CSDR, requiring that for transactions in scope of Article 5(2), the intended settlement date shall be no later than on the first business day after the trading takes place. The transactions in scope of Article 5(2) are transactions in transferable securities referred to in Article 5(1) which are executed on trading venues, with some limited exceptions.

On October 14, 2025, [Regulation \(EU\) 2025/2075](#), which contains amendments to the CSDR to shorten the settlement period for EU transactions in transferable securities through amendments, was published. The Regulation entered into force on November 3, 2025, and will apply from October 11, 2027.

The Recitals expressly talk of a possible suspension of cash penalties and empowers the EU Commission to consider adjusting Delegated Regulation (EU) 2017/389 or to take an appropriate measure to temporarily suspend cash penalties where a material risk in settlement fails is identified. In addition, certain SFTs are exempt from the T+1 settlement cycle, as proposed by the Council in its May 2025 negotiating mandate.

**Legislation**

**Details**

**ESMA consults on measures to increase settlement efficiency and prevent settlement fails**

MEDIUM IMPACT

CSDR Refit mandates ESMA to prepare RTS in relation to settlement discipline measures and tools to improve settlement efficiency. In February 2025, ESMA published a [consultation paper](#) to deal with these mandates and to explore additional measures and tools to enhance settlement efficiency.

On October 13, 2025, ESMA published its [Final Report](#) on amendments to the RTS on settlement discipline. The final draft RTS aim to enhance settlement efficiency across the EU and facilitate the transition to a T+1 settlement cycle by October 11, 2027. They are also designed to reduce the administrative burden on central securities depositories and market participants.

ESMA strongly encourages market infrastructures, financial intermediaries and their clients to treat these regulatory changes as a central element of their T+1 transition strategy.

The final draft RTS have been submitted to the EU Commission, which has three months to decide whether to adopt them.

**OTHER**

**AIFMD 2.0 and related ESMA Consultations**

MEDIUM/HIGH IMPACT

**Headline:** Changes to AIFMD and to some extent UCITS Directive.

**Who is impacted?** Entities in scope of AIFMD and UCITS Directive, and asset managers outside the EU who wish to market in the EU.

AIFMD 2.0 entered into force on April 15, 2024. Member States have 24 months to transpose the provisions into national law with AIFMD 2.0 taking effect from April 16, 2026. See [here](#).

AIFMD 2.0 makes targeted changes to certain provisions of AIFMD, including the following:

- Delegation, Authorization, Disclosure to investors and Reporting.
- A new Loan Origination regime.
- Liquidity Management Tools (LMTs).

There are certain transitional provisions for existing funds that originate loans.

Under AIFMD 2.0, ESMA is mandated to develop a number of RTS and guidelines to provide additional detail on certain aspects of AIFMD 2.0.

**RTS on LMT**

Having been adopted by the EU Commission in November 2025, on February 27, 2026, the RTS on LMTs were published, and are available [here](#) (for AIFMD) and [here](#) (for UCITS Directive).

In terms of application, for AIFs constituted on or after April 16, 2026, the AIF must comply with the RTS immediately. For existing funds (constituted before April 16, 2026), a 12-month transitional period is provided making the compliance deadline April 16, 2027.

**Legislation**

**Details**

**AIFMD 2.0 and related ESMA Consultations**

MEDIUM/HIGH IMPACT

Related to the LMT RTS, on December 18, 2025, ESMA published its [updated Guidelines](#) on LMTs review following the EU Commission’s adoption of the RTS in November 2025. ESMA has explained the Guidelines will apply upon the application date of the RTS. Managers of funds existing before the date of application of these Guidelines should apply these Guidelines in respect of those funds after twelve months from the application date of the RTS.

**RTS for open-ended loan-originating AIFs**

In December 2024, ESMA published a [consultation paper](#) on draft RTS for open-ended loan-originating AIFs as mandated by AIFMD 2.0. The RTS set out the requirements with which Loan-Originating AIFs are to comply in order to maintain an open-ended structure. ESMA published its [final report](#) and draft RTS on October 21, 2025, and has submitted these to the EU Commission.

However, as explained in ESMA’s accompanying [press release](#), these RTS are included on the list of the non-essential Level 2 acts that the EU Commission will not adopt before October 1, 2027, at the earliest the EU Commission.

**Regulation amending BMR regarding scope, use of 3rd-country benchmarks and reporting requirements adopted**

MEDIUM IMPACT

**Headline:** Changes to the EU Benchmarks Regulation.  
**Who is impacted?** All firms that use or reference Benchmarks.

On May 19, 2025, [Regulation 2025/914](#) amending the Benchmarks Regulation ((EU) 2016/1011) as regards the scope of the rules for benchmarks, the use in the Union of benchmarks provided by an administrator located in a third country and certain reporting requirements was published. The Regulation entered into force on June 8, 2025, and has applied from January 1, 2026.

See the Q3 2025 Regulatory Round-Up for further information.

**UK Post Brexit Regulatory Developments**

**Headline:** UK Post Brexit Regulatory developments.  
**Who is impacted?** Firms doing business in the UK.

**FCA Consults on improving the UK Transaction Reporting Regime**

MEDIUM IMPACT

On November 21, 2025, the FCA published a [consultation paper](#) on the UK transaction reporting regime (CP 25/32). The FCA seeks views on proposals for new rules on transaction reporting that will replace and restate retained EU law derived from MiFIR. The FCA’s proposals relate to issues including:

- The shape of the regime. The FCA intends to reduce the default back reporting period from five to three years.
- The scope of the regime. The FCA intends to remove reporting obligations for six million financial instruments that are only tradeable on EU trading venues, remove foreign exchange (FX) derivatives from the scope of reporting requirements and require trading venues to populate fewer fields in their transaction reports.

Legislation	Details
<p><b>FCA Consults on improving the UK Transaction Reporting Regime</b></p> <p>MEDIUM IMPACT</p>	<ul style="list-style-type: none"> <li>The content of transaction reports. The FCA intends to reduce the number of transaction reporting fields and instrument reference data fields.</li> </ul> <p>CP25/32 also contains proposals intended to make obligations on trading venues more proportionate.</p> <p>The consultation closed on February 20, 2026. The FCA intends to publish a policy statement with final rules in the second half of 2026. It expects that the implementation period for the new rules will be around 18 months following the publication of the policy statement.</p> <p>Note the UK’s proposals for changes to the Transaction Reporting regime differ from those proposed by the EU.</p>
<p><b>Regulatory Initiatives Grid</b></p>	<p>On December 11, 2025, the Financial Services Regulatory Initiatives Forum published the ninth edition of the <a href="#">Regulatory Initiatives Grid</a> (the Grid). The Grid sets out the regulatory pipeline over the next two years.</p> <p>The December 2025 edition sets out 124 live initiatives, which is a reduction of 13% from the previous iteration of the Grid.</p>
<p><b>HM Treasury consults on the UK’s future benchmarks and benchmark administrators’ regime</b></p> <p>LOW/MEDIUM IMPACT</p>	<p>On December 17, 2025, HM Treasury published a <a href="#">consultation paper</a> on the future regulatory regime for benchmarks and benchmark administrators. HM Treasury intends to establish the Specified Authorised Benchmarks Regime (SABR). Under the SABR, only benchmarks and administrators posing systemic risks to UK financial markets will be regulated. The SABR will replace the existing regulatory framework under the UK Benchmarks Regulation (BMR).</p> <p>Key elements of the proposed SABR include:</p> <ul style="list-style-type: none"> <li>A significantly narrower scope than the UK BMR, regulating only benchmarks and administrators that HM Treasury designates as systemically important (acting on FCA advice);</li> <li>Designation based on qualitative rather than quantitative criteria (i.e. no use thresholds);</li> <li>Administrators of designated benchmarks to be authorized and regulated by the FCA, with detailed benchmark governance rules to be developed by the FCA in due course;</li> <li>Removal of the requirement for authorized firms to use only regulated benchmarks, with detailed rules governing their use of regulated and unregulated benchmarks to be developed by the FCA in due course;</li> <li>A revised third-country regime based on the UK’s overseas recognition regime; and</li> <li>Wind-down powers similar to those used under the UK BMR to facilitate LIBOR transition.</li> </ul> <p>The consultation closed March 11, 2026.</p> <p>Note the UK’s proposals for changes to the UK Benchmarks regulation do not mirror the changes made to the EU BMR, which have applied since January 1, 2026.</p>

**Legislation**

**Details**

**HMT and FCA publish proposals to revise the regulatory framework for UK AIFMs**

MEDIUM IMPACT

In April 2025, two papers were published that could have a significant impact on asset management in the UK and herald the beginning of regulatory divergence between UK and EU regulation of managers of alternative investment funds. Notably, the proposals do not track the amendments made in the EU under AIFMD 2.0 that come into effect on April 16, 2026.

The HM Treasury published a [Consultation](#) on Regulations for Alternative Investment Fund Managers and the FCA published a [Call for Input](#) on the future regulation of alternative fund managers. See the Q3 2025 Regulatory Round-Up for further information.

Subject to feedback, and subject to decisions by HMT on the future regime, the FCA plans to consult on detailed rules in the first half of 2026. The FCA intends to give firms time to adapt to the new regime, while removing unnecessary rules relatively quickly.

**FCA consultation on Progressing Fund Tokenization**

LOW/MEDIUM IMPACT

On October 14, 2025, the FCA published a [consultation paper](#) (CP 25/28) setting out proposals and guidance to support the adoption of tokenization and tokenized funds in the UK as well as setting out a roadmap for future related developments.

The FCA's key proposals in CP 25/28 include:

- Guidance for operating a tokenized fund under the Blueprint model.
- Introducing an optional new model for direct dealing in conventional and tokenized authorized funds.
- A roadmap to advance fund tokenization and address key barriers.
- A discussion on future tokenization models that use DLT to provide tokenized portfolio management at retail scale and how regulation may need to change to be fit for the future.

**FCA consultation on Progressing Fund Tokenization**

LOW/MEDIUM IMPACT

Although the proposals apply to UK authorized funds, the FCA points out that the discussion and roadmap sections may be of interest to fund and asset managers more broadly, including managers of non-authorized funds.

The consultation has closed and the FCA plans to publish a policy statement with final regulatory requirements in the first half of 2026.

This Regulatory Round up is intended to be a general guide and does not constitute legal advice. You should seek independent legal, tax and or/accounting advice with respect to the impact these developments may have on your business operations.

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