MUFG Investor Services

Regulatory Round-Up for Fund Managers

Q2 2025

All information below is as of April 23, 2025

T+1 Related Developments

Headline: Move to T+1 settlement.
Who is impacted? All firms.

Legislation	Details
EU T+1 MEDIUM IMPACT	Following market participants in Canada and the US actioning the 'big bang' migration to a T+1 settlement cycle on May 28, 2024, the discussions in Europe on this topic continue. On November 18, 2024, the European Securities and Markets Authority (**ESMA**) published its Final Report providing the assessment of the shortening of the settlement cycle in the EU. Considering the different elements assessed by ESMA, in particular the difficulties linked to the go-live of such a big project in November and December, and the challenges linked to the first Monday of October (just after the end of a quarter), ESMA recommends **October 11, 2027** as the optimal date for the transition to T+1 in the EU. See the Q1 2025 Regulatory Updater for developments in January 2025 and the first half of February 2025. The European Central Bank (**ECB**) published its opinion of March 31, 2025 on the proposal to move to T+1, by amending the Central Securities Depositories Regulation. The short opinion sees the ECB welcome the proposed move to T+1. See also the section relating below "Central Securities Depositories Regulation (CSDR)" for details of the proposed amendment to CSDR to accommodate the move to T+1.
UK T+1 MEDIUM IMPACT	HM Treasury established the Accelerated Settlement Taskforce (**AST**) in December 2022 to explore the case for T+1 in the UK. On March 28, 2024, HM Treasury published the AST's report that recommended the UK should commit to moving to a T+1 standard settlement cycle at the latest by the end of 2027. The government subsequently published its own response and accepted all AST's recommendations. The Q1 2025 Regulatory Updater discusses the AST Quarterly Review and the Accelerated Settlement Technical Group (**ASTG**) implementation plan for the first day of trading for T+1 settlement. The ASTG recommends 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 ASTG also recommends the scope of changes needed to UK Central Securities Depositories Regulation (**UK CSDR**) to facilitate the transition to T+1 which the ASTG envisages will be made by that HM Treasury by way of a statutory instrument amending the UK CSDR.

Legislation	Details
UK T+1 MEDIUM IMPACT	On February 19, 2025, the government responded to the ASTG's report and updated the accelerated settlement T+1 webpage). The Chancellor specifically referenced T+1 in a statement also released on February 19, 2025, confirming that the government, FCA and the Bank of England support the industry recommendation to move to T+1 settlement in UK markets by October 11, 2027 and call on industry to engage with the recommendations and start their planning as soon as possibles. The UK AST now has a dedicated website. Also on February 19, 2025, the FCA published an About T+1 Settlement webpage, that amongst other things confirms the October 11, 2027 move date and details "What firms should do" in the run up to that date.

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.

CFTC Releases Enforcement Advisory on Self-Reporting, Cooperating, and Remediation

Announced on February 25, 2025, the CFTC is releasing a matrix on how it will investigate and enforce self-reporting, cooperation, and remediation.

- Self-reporting will be evaluated on a three-tier scale: No Self-Report; Satisfactory Self-Report, and Exemplary Self-Report. To remain Exemplary, the disclosure must be voluntary, made to the Commission, made in a timely manner, and complete.
- Cooperation will be evaluation on a four-tier scale: No Cooperation; Satisfactory Cooperation; Excellent Cooperation; and Exemplary Cooperation. To remain Exemplary, the cooperation will be at a continuously high level, such as being proactive and use of significant resources.
- Remediation will be evaluated, and the Commission may recommend a compliance Monitor or Consultant.
- The Commission will evaluate factors such as steps to address the potential violation and the person's remediation plan to decide whether the plan is appropriate.

See the press release here.

SEC guidance on verifying accredited investor status

On March 12, 2025, the staff of the SEC's Division of Corporation Finance (**Staff**) issued a no action letter and updated its Compliance & Disclosure Interpretations to clarify that a high investment minimum, together with investor representations, can constitute "reasonable steps to verify" a purchaser's accredited investor status, a condition of offerings made in reliance on Rule 506(c) of Regulation D under the Securities Act of 1933.

To avail of the new guidance, a purchaser must agree to a minimum investment amount ($200,000 for natural persons or $1,000,000 for legal entities) and make written representations (i) regarding its accredited investor status and (ii) that the purchaser's minimum investment amount (and, for purchasers that are legal entities accredited solely from the accredited investor status of all of their equity owners, the minimum investment amount of each of the purchaser's equity owners) is not financed in whole or in part by any third party for the specific purpose of making the particular investment in the issuer. In addition, the issuer can have no actual knowledge of any facts that indicate that any purchaser is not an accredited investor.

Legislation	Details
Names Rule Compliance Date Extension	On March 14, 2025, the SEC extended the "Names Rule" compliance date to June 11, 2026 for larger fund groups and December 11, 2026 for smaller fund groups. See here and the related press release here. • Larger fund groups are those with net assets of $1 billion or more as of the end of their most recent fiscal year. • Smaller fund groups are those with net assets of less than $1 billion as of the end of their most recent fiscal year. • Generally, funds are required to use a derivative instrument's notional amount to determine the Fund's compliance with the 80% policy.
Private Fund Reporting by Registered Advisers	Registered investment advisers that manage "Private Funds" above certain RAUM thresholds must file Form PF. Form PF is scheduled to undergo significant changes on June 12, 2025. The compliance date for such changes was originally March 12, 2025 however, on January 29, 2025, the SEC extended the compliance date to June 12, 2025 (see here).

EU Developments

Headline: Various EU Developments of note.
Who is impacted? All asset management and related firms doing business in the EU.

EU "Savings and Investments Union"	On March 19, 2025, the EU Commission published a communication on it strategy on the Savings and Investments Union (**SIU**) titled "Savings and Investments Union: A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU". The development of the SIU is one of the core objectives of the 2024-29 Commission. The EU Commission states that completing the SIU is critical to achieve strategic priorities around security and defence, sustainable prosperity and economic competitiveness. The key policy priorities outlined by the EU Commission in this SIU strategy include further developing the asset management sector. The EU Commission notes that "the EU benefits from a prudentially sound and strong investment fund sector but, despite impressive progress in the last decade, much remains to be done." The SIU paper proposals include addressing fragmentation and unnecessary and duplicative regulatory burdens. In more concrete terms, in Q2 2025, the EU Commission will set up a dedicated channel for all market participants to report on encountered barriers within the single market and will step up enforcement action to accelerate their removal. In addition the EU Commission will in Q4 2025 propose legislation to remove remaining barriers – national or at EU level – to the distribution of EU-authorised funds across the EU. The EU Commission will also come forward with measures to reduce operational barriers affecting cross border groups with a view to simplifying operations of asset managers, both large and more specialised, and ensuring a more efficient access and servicing of clients.

Legislation	Details
EU "Savings and Investments Union"	Further details on the SIU are available on the EU Commission's webpage. On April 15, 2025, the EU Commission published a targeted consultation on integration of EU capital markets under the SIU strategy. Specifically with regards to asset management, the consultation seeks to: (i) identify obstacles experienced by EU funds and asset managers to accessing the single market (ii) gather stakeholder insights on barriers and experiences in managing cross-border investment funds (iii) explore the effectiveness of existing authorisation and passport systems and (iv) explore possibilities for simplifying current requirements. The deadline for responses is June 10, 2025. The EU Commission describes the consultation as a crucial step in the implementation of the SIU and that responses to the consultation will help shape the measures to be presented in a comprehensive package in Q4 2025.
ESMA's Overview of planned consultation papers 2025	On March 14, 2025, ESMA published a table providing an overview of the consultation papers it plans to publish in 2025. As well as consultations papers that it has already published in Q1 2025, ESMA lists planned consultations relating to a range of legislation and topics including: • **AIFMD 2.0** - a consultation paper in Q2 2025 on integrated reporting. • **EMIR 3.0** - consultation papers in Q2 and Q4 on six sets of regulatory technical standards (RTS) on simulation tools and transparency, client clearing fees and cost of clearing, central counterparties (CCP) admission criteria, clearing thresholds, interoperability links to derivatives, and post-trade risk reduction services. In Q3 2025 (timing subject to confirmation), a consultation paper on CCP requirements.
ESMA notifies EU Commission of delay of certain deliverables	ESMA published a letter (dated March 3, 2025) addressed to the EU Commission on the prioritisation of ESMA's 2025 deliverables. ESMA's letter sets out specific items which ESMA intends to delay or which have been cancelled. In some instances the delays are made with the purpose of aligning ESMA's work with other initiatives. For example, the technical standards on buy-in under the Central Securities Depository Regulation Review are delayed until T+1 implementation is complete. The EU has committed to moving to T+1 by October 11, 2027. In terms of deprioritised deliverables, these include (i) in relation to AIFMD 2.0, the RTS on open ended loan originating alternative investment funds, originally due by April 16, 2025 but will be delayed by six months and Guidelines to specify the circumstances in which the name is unfair, unclear or misleading, initially due by April 16, 2025 but will be delayed by at least 12 months; (ii) Technical advice on eligible asset in relation to the UCITS Eligible Assets Directive, initially due in April 2025 but will be delayed by three months; and (iii) several RTS in relation to EMIR 3.0 delayed by six or 12 months.

Legislation	Details
EU Commission Consultation on Integration of EU Capital Markets	On April 15, 2025, the EU Commission published a targeted consultation on integration of EU capital markets under its SIU strategy. The consultation explains that various practices, (for example, legal, regulatory, technological, operational practices, and divergent in supervisory practices) act hinder the efficiency of EU capital markets. Consequently, financial-market participants cannot fully benefit from scale economies and improved operational efficiency, or are not adequately incentivised to facilitate cross-border investments, raising the costs and restricting the choice of financial services available to businesses and citizens. The consultation is divided into six sections, being simplification and burden reduction, trading, post trading, horizontal barriers to trading and post-trading infrastructures, asset management and funds, and supervision. The consultation closes to responses on June 10, 2025. The EU Commission intends to propose legislative measures in Q4 2025.

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 CSRD and CSDDD. **Detail:** The Omnibus Simplification Package was initially referenced during a press conference on November 2024, where the President of the EU Commission, explained how omnibus legislation that envelopes the Corporate Sustainability Due Diligence Directive (**CSDDD**), Corporate Sustainability Reporting Directive (**CSRD**) and Taxonomy Regulation would "reduce bureaucracy". The Omnibus Package was published on February 26, 2025 and is available here. In terms of key takeaways, the package proposed that the effective dates for CSRD and CSDDD be pushed back. On March 20, 2025, EU legislators were urged to take work forward on the proposals relating to CSRD and CSDDD as a matter of priority. The proposals were indeed expedited and on April 16, 2025, the Directive delaying the dates on which certain corporate sustainability reporting and due diligence requirements would apply under CSRD and CSDDD was published in the Official Journal of the EU (**OJ**). Member States have until December 31, 2025 to transpose this Directive into their national legislation. The impact of the Directive is that timelines have changed so that: - The application of sustainability reporting requirements under CSRD is postponed for two years for the next two categories of in scope entities. (The first category of in scope entities must still prepare a CSRD report in 2025 in respect of its 2024 financial year). - The transposition deadline for the CSDDD is extended from July 26, 2026 to July 26, 2027. - The first phase of the CSDDD's application to in-scope companies is extended by one year to July 26, 2028.

Legislation	Details
Revisions to Sustainable Finance Disclosure Regulation (SFDR) Regulatory Technical Standards (RTS) MEDIUM IMPACT	**Headline:** Updates to SFDR RTS. **Who is impacted?** Financial Market Participants and entities in scope of SFDR. **Detail:** On December 4, 2023, the ESAs published a final report on the draft regulatory technical standards (**RTS**) on the review of principal adverse impacts (**PAI**) and financial product disclosures in Commission Delegated Regulation (EU) 2022/1288, which supplements the Sustainable Finance Disclosure Regulation ((EU) 2019/2088) (**SFDR**). At the time of writing the RTS have not been endorsed by the EU Commission, nor is there any indication when they will be.
ESMA "Guidelines on funds' names using ESG or sustainability-related terms" MEDIUM IMPACT	**Headline:** Guidelines on funds' names with ESG or sustainability-related terms. **Who is impacted?** Entities in scope of UCITS Directive and AIFMD or market funds in the EU. **Detail:** On August 21, 2024, ESMA published the translations in all official EU languages of its Guidelines on funds' names using ESG or sustainability-related terms that apply to UCITS management companies, alternative investment fund managers (**AIFMs**) and competent authorities. See Q1 2025 Regulatory Update for details. The Guidelines have applied since **November 21, 2024**. Any new funds created **on or after** November 21, 2024 are expected to apply the Guidelines from launch. For funds **existing before** November 21, 2024, there is an additional six-month transition period, ending on **May 21, 2025**. On December 13, 2024, ESMA published Q&As providing further details on the practical application of the Guidelines.
Commission's review of SFDR LOW IMPACT	**Headline:** Proposals to amend SFDR. **Who is impacted?** Asset managers and other financial market participants in scope of SFDR. **Detail:** The targeted consultation and general consultation are available here. The consultations closed on December 15, 2023. The EU Commission's 2025 Work Programme notes that revision of SFDR, which is expected to take the form of a legislative proposal is scheduled for Q4 2025. The EU Commission notes that this is a 'simplification initiative'.

Legislation	Details
Corporate Sustainability Due Diligence Directive (CSDDD) MEDIUM IMPACT	**Headline:** Directive setting out a legal framework which will require in-scope companies to incorporate mandatory human rights and environmental due diligence into their core business activities. **Who is impacted?** Companies operating in the EU which meet certain prescribed thresholds or carrying out a certain amount of business in the EU. There are exemptions for AIFs and UCITS (but not for AIFMs and UCITS ManCos). **Detail:** On July 5, 2024, the Corporate Sustainability Due Diligence Directive ((EU) 2024/2859) (**CSDDD**) was published in the OJ and entered into force on July 25, 2024. The text of the CSDD is available here. The Omnibus Simplification Package (see above) has resulted in amendments to the effective dates for reporting under CSDDD.
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-authorised 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 (new consultation paper). **Detail:** On November 28, 2023, the FCA published its policy statement (**PS**), available here, setting out its sustainability disclosure requirements (**SDR**) and investment labelling regime. The rules come into force on a staggered basis – see 2.18 of the PS - but key dates are: • anti-greenwashing rule, together with the FCA's finalised guidance, has applied since **May 31, 2024**; • naming and marketing rules – with accompanying disclosures - for asset managers has applied from **December 2, 2024**; • ongoing product-level and entity-level disclosures for firms with *AUM* greater than *£50bn* come into effect from **December 2, 2025**; and • entity-level disclosure rules extended to firms with *AUM* greater than *£5bn* come into effect from **December 2, 2026**. The FCA has a dedicated webpage on its SDR and investment labelling regime that is regularly updates. On April 23, 2024, the FCA published a consultation paper on extending the SDR and labelling regime to portfolio managers. On February 14, 2025 the FCA provided a further update noting that it no longer intends to publish a Policy Statement in Q2 2025. It does not provide any detail as to when the policy statement may be forthcoming.

Legislation	Details
UK Green Taxonomy – Consultation. LOW IMPACT	**Headline:** Consultation on the establishment of a UK Taxonomy. **Who is impacted?** Potentially, all FCA-authorised firms who make sustainability related claims about their products and services, UK asset managers and firms offering portfolio management services. **Detail:** In November 2024, the UK government published a consultation paper to establish whether a UK Taxonomy would be additional and complementary to existing policies in meeting the objectives of mitigating greenwashing and channelling capital in support of the government's sustainability objectives. The consultation closed to comment on **February 6, 2025**. The government is now assessing the responses and will consider whether and how a UK Green Taxonomy could be additional and complementary to existing sustainable finance policies. If the evidence suggests a green taxonomy would be helpful, then there will be a further consultation on the detail of the framework.

EMIR

EU EMIR 3.0 MEDIUM IMPACT	**Headline:** Further significant changes to the current EU EMIR are coming. **Who is impacted?** All firms within scope of EU EMIR. **Detail:** 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 proposes introducing an active account requirement (**AAR**), making changes to clearing threshold changes, and making changes to certain of the risk mitigation techniques, reporting of clearing activity in recognised non-EU CCPs. EMIR 3.0 came into force on December 24, 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 on December 24, 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. The most high-profile change from 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 6-month period ESMA is to draft and submit RTS on the operationality and representativeness requirements of the AAR. On November 20, 2024, ESMA published a Consultation Paper on the "Conditions of the Active Account Requirements", that closed to comment on January 27, 2025. ESMA will consider the feedback it received to this consultation in Q1 2025 and expects to publish a final report and submission of the draft RTS to the EU Commission for endorsement as soon as possible.

Legislation	Details
EU EMIR 3.0 MEDIUM IMPACT	EMIR 3.0 also introduces clearing threshold changes and ESMA must submit draft RTS on the new clearing thresholds within 12 months, so by December 2025. In addition to the AAR and changes to the clearing thresholds, EMIR 3.0 introduces changes to certain of the risk mitigation techniques, reporting of clearing activity in recognised non-EU CCPs, and will also impact reporting. On April 8, 2025, ESMA published a Consultation Paper, covering the following areas: - proposals for a revised set of clearing thresholds; - considerations for hedging exemptions for non-financial counterparties; and - a trigger mechanism for reviewing the clearing thresholds. The consultation closes on June 16, 2025. Based on the feedback received, ESMA will publish a final report and submit the draft technical standards to the EU Commission by the end of the year. In terms of volume, EMIR 3.0 requires ESMA to produce 28 sets of RTS and implementing technical standards, as well as guidance, with the majority of this work to be finalised by December 2025.
(EU EMIR) ESMA extends recognition decisions for UK CCPs to 30 June 2028 LOW / MEDIUM IMPACT	**Who is impacted?** Firms within scope of EU EMIR. **Detail:** On March 17, 2025, ESMA published a press release announcing its decision to extend the application of recognition decisions under Article 25 of EMIR for three CCPs established in the UK. The application of the recognition decisions and tiering determination decisions for ICE Clear Europe Ltd, LCH Ltd and LME Clear Ltd have been temporarily extended until **June 30, 2028**. ESMA has also published a revised version of its MoU with the Bank of England on arrangements for co-operation on the monitoring and supervision of CCPs established in the UK. In a related press release, ESMA states that the revisions reflect amendments made by EMIR 3.0 to EMIR on the requirements concerning the content of co-operation arrangements between ESMA and third-country authorities, particularly in respect of systemically important third-country CCPs (Tier 2 TC-CCPs). The revised MoU replaces the previous version of the MoU, which was published in January 2021.

Legislation	Details
(UK EMIR) Changes to the framework for derivatives reporting under UK EMIR and FCA REFIT Q&A COMPLETED	**Headline:** Changes to the UK EMIR derivatives reporting regime similar to those being implemented in the EU. **Who is impacted?** All firms within scope of UK EMIR. **Detail:** On February 24 2023, the FCA published a policy statement - PS23/2 - it made jointly with the Bank of England on changes to reporting requirements, procedures for data quality and registration of trade repositories under UK EMIR. It includes the FCA's final policy and rules that are designed to clarify trade reporting requirements under UK EMIR. The new rules set out in PS23/2 which are similar but different from the EU rules - came into effect on September 30, 2024. There was a 6-month period for counterparties to update their outstanding derivative reports in line with the new requirements, which ended on **March 31, 2025**. The FCA by way of its UK EMIR Update issued two reminders (on March 6, 2025 and March 17, 2025, see here and here) about updating existing transactions to the new UK EMIR reporting standards ahead of the 31 March 2025 deadline. The final versions of the UK EMIR Validation Rules and XML schemas have been published and are available in the FCA's UK EMIR reporting webpage. The rules have applied since September 30, 2024. The FCA published a number of Q&As on UK EMIR Refit reporting, which are available here.
(UK EMIR) Amendments to bilateral margin requirements LOW / MEDIUM IMPACT	On March 27, 2025, the FCA published a joint FCA/PRA Consultation Paper (CP25/5) proposing amendments to the bilateral margin requirements under UK EMIR. The proposal is an indefinite exemption from the bilateral margin requirements for single stock equity options and index options to take effect from January 4, 2026. The FCA and the PRA, have also taken the opportunity to consult on two additional proposals to address operational issues raised by industry, with the aim of making the regime more proportionate: - Amendments for legacy contracts for counterparties that fall under the Average Aggregate Notional Amount (**AANA**) threshold. - Amendments to allow firms to align dates related to the AANA calculation with other jurisdictions. The consultation closes to comment on June 27, 2025.

Legislation	Details

Central Securities Depositories Regulation (CSDR)

CSDR Refit Regulation published in OJ and related ESMA consultations

HIGH IMPACT

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

Detail: On December 27, 2023, the CSDR Refit regulation was published in the OJ, available here. The regulation entered into force on January 16, 2024. Depending on the Articles, it applies from either **1 May 2024 or two years after entering into force.**

The new regulation *"contains measures to improve 'settlement efficiency' (the rate at which securities transactions settle on the intended date) by amending certain elements of the settlement discipline regime, including the preconditions for applying so-called mandatory buy-ins."*

Related to the CSDR Refit Regulation, following consultation in December 2023, on November 19, 2024 ESMA published its Final Report on the Technical Advice for the EU Commission on the Penalty Mechanism under the CSDR. The EU Commission will take ESMA's Technical Advice into account when amending the Commission Delegated Regulation (EU) 2017/389. ESMA also recognises that a significant increase of penalty rates may divert resources from expected investments and costs for the industry in the context of the move to T+1. The revised penalty mechanism will become applicable once the amended Delegated Regulation has been adopted by the EU Commission, scrutinised by the European Parliament and the Council of the EU, and published in the OJ.

ESMA RTS on CSDR Refit

MEDIUM IMPACT

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

Detail: On July 9, 2024, ESMA published three Consultation Papers on aspects of the CSDR Refit. Responses were sought by September 9, 2024. On February 20, 2025, ESMA published its Final Report on the three RTS relating to:

- The review and evaluation process of EU CSDs.
- The criteria under which the activities of an EU CSD in a host Member State could be considered of substantial importance for the functioning of the securities markets and the protection of investors.
- The notifications from third country CSDs, where ESMA is proposing to streamline the information to be notified, aiming for an accurate understanding of the provision of notary, central maintenance and settlement services in the EU.

The final reports with the draft technical standards have been submitted to the EU Commission for adoption.

Legislation	Details
Legislative Proposal to amend CSDR to move to T+1 MEDIUM IMPACT	**Headline:** Changes to the EU CSDR regime. **Who is impacted?** All firms within scope of EU CSDR. **Detail:** On February 12, 2025, the EU Commission 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. The amendment would apply from October 11, 2027. The EU Commission also notes that the proposed legislative changes would contribute to the development of a more efficient post-trading landscape in the EU, in line with the objectives set out under CSDR Refit.
ESMA consults on measures to increase settlement efficiency and prevent settlement fails MEDIUM IMPACT	**Headline:** Changes to the EU CSDR regime. **Who is impacted?** All firms within scope of EU CSDR. **Detail:** CSDR Refit mandates ESMA to prepare RTS in relation to settlement discipline measures and tools to improve settlement efficiency. On February 13, 2025 ESMA published a consultation paper to deal with these mandates and to explore additional measures and tools to enhance settlement efficiency. The consultation outlines specific proposals to amend RTS on settlement discipline as well as some other changes where ESMA's preliminary view is that no regulatory action is required but where ESMA is keen for stakeholder's views. The Consultation Paper also considers the technical changes needed to pave the way towards T+1 in the EU. The consultation closed on April 14, 2025. ESMA plans to submit the final draft RTS to the EU Commission by October 2025.
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. **Detail:** 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.**

Legislation	Details
AIFMD 2.0 and related ESMA Consultations MEDIUM / HIGH IMPACT	AIFMD 2.0 makes targeted changes to certain provisions of AIFMD, including the following: - Delegation, Authorisation, 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. Following an earlier consultation on April 15, 2025 ESMA published their final draft Regulatory Technical Standards (RTS) and Guidelines on liquidity management under AIFMD 2.0. These final draft RTS need to be adopted by the EU Commission, which has three months, i.e. by 15 July, to make a decision although this can be extended by one month. The EU Commission may also decide to amend the RTS. On December 12, 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. The consultation closed to comment on March 12, 2025.
Overseas Fund Regime (OFR) MEDIUM IMPACT	**Headline:** UK Overseas Fund Regime to enable UCITS to be marketed in the UK. **Who is impacted?** EEA funds that wish to market in the UK. **Detail:** The OFR is a simplified process for allowing investment funds set up overseas to be marketed in the UK. The FCA opened the OFR Gateway (i) for non-TMPR* funds on September 30, 2024, (ii) for TMPR stand-alone schemes on October 1, 2024 and (iii) umbrella funds currently under the TMPR from November 1, 2024 for a 23-month period. Fund operators of TMPR umbrella funds will be allocated three-month landing slots in alphabetic order and must submit their OFR applications in that period of time. Application for recognition under the OFR is made via FCA's on-line system 'Connect.' The FCA will review the application and decide within two months whether to recognise the fund. The FCA has a webpage on the OFR with information, providing details on landing slots for fund operators in the TMPR, amongst other things. Once funds are recognised under the OFR, the FCA requires operators to notify it of certain subsequent changes affecting the recognised funds status. The FCA's webpage has been updated to provide information on how the FCA wishes to be notified of those changes, including a dedicated How To Guide relating to material change notifications.

Legislation	Details
Overseas Fund Regime (OFR) MEDIUM IMPACT	***As part of the UK's preparations for Brexit, the UK Government established the temporary marketing permissions regime (**TMPR**) allowing certain EEA-based investment funds that were being marketed in the UK via a passport to continue to be marketed in the UK pending recognition under the OFR. On November 26, 2024 the legislation extending the TMPR for a further year to allow sufficient time for the FCA to transfer funds from the TMPR to being recognised as part of the OFR equivalence decision, and to avoid any cliff-edge risks, entered into force. The TMPR was previously due to end in 2025 and it will now end on **December 31, 2026** to support the smooth transition of EEA funds from the TMPR to the OFR.
EU MiFID – Investment research LOW / MEDIUM IMPACT	**Headline:** Changes to the EU Investment Research Rules. **Who is impacted?** All firms within scope of EU MiFID that purchase research. **Detail:** On November 14, 2024, the EU Listing Act Package was published in the OJ. The Listing Act Package proposes, amongst other things, a directive to amend MiFID II, available here. The amending directive amends the provision in MiFID II relating to research, recognising that the research unbundling rules need to be further adjusted to offer investment firms more flexibility in the way that they choose to organise payments for execution services and research. The proposal is that joint payments for execution services and research will be made possible irrespective of the market capitalisation of the issuers covered by the research. But whatever payment option an investment firm may choose in relation to its payments for research (out of its own resources, payments from a separate research payment account or joint payments for research and execution services), it will need to adhere to certain conditions so that the provision of research is not regarded as an inducement. Related to the amendments the Listing Act package will make to MiFID II, on October 28, 2024 ESMA launched a consultation on amendments to the research provisions in the MiFID II Delegated Directive to align it with the new payment option offered. The consultation closed to comment on January 28, 2025. On April 9, 2025, ESMA published a final report (dated April 8, 2025) that summarises and analyses the responses to the consultation and explains how the responses have been taken into account. The report includes high-level requirements to align MiFID II with the new payment option offered under the Listing Act, which allows joint payments for execution services and research irrespective of the market capitalisation of the issuers covered by the research.

UK Post Brexit Regulatory Developments

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

Legislation	Details
HMT and FCA publish proposals to revise the regulatory framework for UK AIFMs MEDIUM IMPACT	On April 7, 2025 two papers were published that could have a significant impact on the future of asset management in the UK and herald the beginning of real 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. HM Treasury's consultation focuses on the perimeter of the regulation and whether the current regulatory framework for AIFMs and depositaries should be simplified, enabling the FCA to establish a more graduated and proportionate approach to regulation. Alongside HMT's consultation, the FCA's Call for Input sets out its proposed approach to regulating AIFMs within the revised framework. The Consultation and Call for Input both close to comment on June 9, 2025. 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.
Regulatory Initiatives Grid (the Grid) published	On April 14, 2025, the FCA published the latest edition of the Regulatory Initiatives Grid from the Financial Services Regulatory Initiatives Forum. The Forum is made up of representatives of amongst others, the Bank of England, the FCA, HM Treasury, and the Prudential Regulation Authority (**PRA**) and the Pensions Regulator. The edition was due to be published in May 2024, but was postponed following the announcement of the UK's June 2024 General Election. An interim update was published in October 2024, but this eighth edition reflects the significant reprioritisation that has taken place since the new Government came to power. A key aim of the Grid is to enable the financial services industry and others to understand – and plan for – the initiatives that may have a significant impact on them over the next 24 months. The Grid covers 'multi-sector' section covering initiatives that span more than one sector, as well as sector-specific sections including banking, credit and lending; investment management; and wholesale financial markets.

Legislation	Details
Regulatory Initiatives Grid (the Grid) published	To mention a few initiatives: • proposal to repeal and replace of the Alternative Investment Fund Managers Directive (AIFMD), making it more streamlined and tailored to UK markets – see above "HMT and FCA publish proposals to revise the regulatory framework for UK AIFMs"; • with regards to UK EMIR, HM Treasury is to amend Article 3 on intragroup exemptions to put in place a permanent solution to the current temporary exemption from the clearing obligation and margin requirements for intragroup transactions. A draft SI and FCA consultation paper are expected in H2 2025. The FCA will subsequently consult on amendments to streamline the current process for intragroup exemptions under UK EMIR; • the FCA will consult on updating outdated rules and guidance in September 2025, following a feedback statement (FS25/2) on the Consumer Duty that it published in March 2025 where the FCA committed to consulting on updating specific areas of outdated rules and guidance highlighted in the feedback (see below section "FCA update on Consumer Duty"); • with regards to Financial services regulation of cryptoassets, and creating a financial services regulatory regime for cryptoassets including stablecoin in the UK, HM Treasury are to publish draft legislation in Q1 2025 and final legislation to be made in H2 2025; and • with regards to liquidity risk management in funds, the FCA will consult on refined proposals, taking into account the International Organisation of Securities Commissions' and the Financial Stability Board's recommendations on liquidity within open-ended funds.
HM Treasury "New approach to ensure regulators and regulation support growth"	On March 17, 2025, HM Treasury published a policy paper that contains an action plan setting out the steps the government intends to take to reform the UK regulatory system to ensure regulators and regulation support growth. The reforms outlined in the paper are relevant to regulators across a range of sectors, including business, financial services, energy and the environment. Per the webpage, the Action Plan will "enable a regulatory system that supports innovation and economic growth whilst ensuring accountability for the quality of regulations introduced, as well as the way in which independent regulators implement and enforce them."

Legislation	Details
FCA discussion paper improving the UK transaction reporting regime MEDIUM / LOW IMPACT	In November 2024, the FCA published a **discussion paper** (DP24/2) on improvements to the UK's transaction reporting regime. The FCA is looking at potential options for evolving the transaction reporting and instrument reference data requirements. The FCA emphasises that it is not seeking change for the sake of change and recognises the benefits of close alignment with international standards and other regulatory reporting regimes, including the EU MiFID transaction reporting regime. The discussion paper will help the FCA develop a position before consulting on the development of a new transaction reporting regime that will remove unnecessary burdens for firms while maintaining the high regulatory standards. DP24/2 is relevant for MiFID investment firms, UK branches of third-country investment firms with transaction reporting obligations, UCITS managers, AIFMs, and others. The DP24/2 is discussed in detail in Q1 2025 Regulatory Updater. The discussion paper closed on February 14, 2025. Currently, regulators are planning substantive policy changes as assimilated law relating to this initiative is repealed and (where appropriate) replaced, but this is subject to further review by government and regulators. HM Treasury is to publish draft a draft statutory instrument (SI), or lay a final SI, when parliamentary time allows, exact time to be determined.
MiFID Organisational Regulation – FCA consultation paper CP24/24 LOW IMPACT	On November 27, 2024, the FCA published consultation paper, The MiFID Organisational Regulation (CP24/24). The consultation sets out proposals to transfer to transfer the firm-facing requirements of the MiFID Org Reg (Commission Delegated Regulation (EU) 2017/565) into FCA handbook rules when the Treasury begins the repeal of the MiFID Org Reg. The FCA proposes to retain the current substance of the requirements, giving firms continuity. The consultation closed to comment on February 28, 2025 (with the exception of comments on Chapter 4, which closed to comment on March 28, 2025). There is no specific timing as to when the FCA may publish a policy statement, other than publication will be in line to the UK government's timetable to repeal the legislation. Per the Grid (see also "Regulatory Initiatives Grid (the Grid) published" above), initially the firm-facing requirements will be copied across to the FCA's handbook with no policy changes, over time the requirements will be streamlined and simplified with consideration to consistency between UCITS, AIFMD and MiFID portfolio management.

Legislation	Details
UK Short Selling Regulations LOW IMPACT	On January 13, 2025, the Short Selling Regulations 2025 were made. The legislation reflects the conclusions reached by the 2022 Review of the Short Selling Regulation, the 2023 Consultation on sovereign debt and credit default swaps and the draft Short Selling Regulations 2024. The regulations establish a new legislative framework for the regulation of short selling, creating designated activities for short selling, giving the FCA rulemaking powers related to these activities and powers to intervene in exceptional circumstances. On February 12, 2025 the FCA confirmed that it will publish a consultation paper, draft rules, and a draft statement of policy on the use of its emergency intervention powers in Q3 2025. Following consultation, final rules will be published around H2 2026 in a way that allows firms to make any necessary operational and technical changes to their compliance systems before the rules go live. Certain aspects of the regulation will be implemented once the FCA has finalised the new rules and have allowed time for the FCA to make any technical and operational changes. This includes the new requirement to publish aggregated net short positions by issuer. In the interim, the existing UK short selling regime will continue to apply, including the current public disclosure of individual firms net short positions in issuers at the 0.5% threshold and above.
FCA update on Consumer Duty LOW / MEDIUM IMPACT	The Consumer Duty came into force in respect of new products and services on July 31, 2023 and for closed products and services and services July 31, 2024. The FCA has a dedicated Consumer Duty webpage. See the Q1 Regulatory Updater for more details of developments between September and December 2025. On February 27, 2025, the FCA updated its consumer duty webpage (here) to clarify that it no longer expect firms to have a board champion. On March 25, 2025, the FCA published a feedback statement (FS25/2) on immediate areas for action and further plans for reviewing FCA retail conduct requirements following the introduction of the consumer duty. In FS25/2, the FCA outlines a programme of action that it will take to simplify its requirements of firms, covering commitments for immediate action and proposals for longer-term work. The work is grouped under the following categories: - Reviewing the foundations. - Future-proofing disclosure – which does not relate to asset management. - Streamlining requirements. - Reducing the administrative burden.

Legislation	Details
FCA rules on Paying for Investment Research LOW / MEDIUM IMPACT	On April 10, 2024, the FCA announced plans to overhaul the UK's research payment rules to allow the 'bundling' of payments for third-party research and trade execution (subject to the FCA's proposed guardrails), which the FCA proposes would exist alongside those already available, such as payment from an asset manager's own resources or from a dedicated account. On July 26, 2024, the FCA published its policy statement summarising the feedback and outlining their final policy position and Handbook rules. The final rules are largely in line with what was originally proposed. Provided that firms meet the requirements in relation to the operation of the new rules, they have been able to use them since August 1, 2024. On November 5, 2024, the FCA published a consultation paper (CP24/21) to put in place similar rules in substance for firms managing pooled funds. The FCA's intention is to make it operationally more efficient for asset managers of different business models and sizes to take up the new payment option to pay for investment research. The consultation closed on December 16, 2024. If the FCA chooses to proceed with the changes proposed, it will publish any rules or guidance in a policy statement in H1 2025, at some point after the FCA's May 2025 Board Meeting.

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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