

# Regulatory Round-Up for Fund Managers

**Q1 2025**

All information below is as of February 18, 2025

## T+1 Related Developments

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

**Who is impacted?** All firms.

Legislation	Details
<b>EU T+1</b>  MEDIUM IMPACT	<p>As market participants in Canada and the US actioned the ‘big bang’ migration to a T+1 settlement cycle on May 28, 2024, the discussions in Europe on this topic continue.</p> <p>On November 18, 2024, the European Securities and Markets Authority (<b>ESMA</b>) 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 <b>October 11, 2027</b> as the optimal date for the transition to T+1 in the EU.</p> <p>On January 22, 2025, ESMA, the European Commission (the <b>Commission</b>) and the European Central Bank (<b>ECB</b>) launched a new governance structure to support the transition to the T+1 settlement cycle.</p> <p>On February 12, 2025, the Commission formally proposed to shorten the settlement period for EU transactions in transferable securities to T+1 and set October 11, 2027 as the appropriate date for the transition to T+1. For more details, see the <a href="#">press release</a> which also links all relevant materials including a <a href="#">Q&amp;A</a>.</p> <p>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.</p>
<b>UK T+1</b>  MEDIUM IMPACT	<p>HM Treasury established the Accelerated Settlement Taskforce (<b>AST</b>) in December 2022 to explore the case for T+1 in the UK. On March 28, 2024, HM Treasury published the AST’s <a href="#">report</a> 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 published its own <a href="#">response</a> and accepted all AST’s recommendations.</p> <p>On January 23, 2025, the AST published its <a href="#">Quarterly Review</a> for Q4. The review references the feedback received on the AST’s October Consultation which contained a series of recommendations setting out actions to achieve a smooth and timely transition to T+1 in the UK’s securities market.</p> <p>On February 6, 2025, the Accelerated Settlement Technical Group (<b>ASTG</b>) published an 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 (<b>UK CSDR</b>)</p>

Legislation	Details
<b>UK T+1</b>  MEDIUM IMPACT	<p>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.</p> <p>The implementation plan also sets out a UK T+1 Code of Conduct, containing the scope of T+1 (that is, the categories of instruments and transactions to be covered and any exemptions), and a timetable of recommended actions to enhance market practices and a set of expected behaviours necessary for UK market participants to meet their T+1 legislative obligations under the UK CSDR. The implementation plan also identifies 12 critical actions in four business areas that the ASTG considers must be implemented by all market participants to ensure a sustainable transition to T+1.</p>

## 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 Enforcement Division to focus on fraud and not regulate by enforcement

On February 4, 2025, CFTC Acting Chairman Caroline D. Pham announced a reorganization of the Division of Enforcement's task forces to combat fraud and help victims while ending the practice of regulation by enforcement, see [here](#). The agency is condensing and simplifying its nine Division of Enforcement task forces into two, in support of her stated goal.

### Trump administration's executive actions in the field of environmental policy and energy

The Trump administration's issued a number of executive actions on January 20, 2025 that represent a significant shift in environmental policy, including Executive Order 14162 "[Putting America First in international environmental-agreements](#)" that withdraws the U.S. from the Paris Agreement under the United Nations Framework Convention on Climate Change. It also rescinds the U.S. International Climate Finance Plan and calls for relevant agencies to rescind any policies that were implemented to advance this plan.

### 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](#)).

### SEC Division of Examinations publishes 2025 Examination Priorities

On October 21, 2024, the SEC's Division of Examinations published its examination priorities report for the upcoming year, see the [SEC 2025 Examination Priorities Report](#). The report indicates that SEC staff will continue to cover a wide variety of issues impacting investment advisers.

Legislation	Details
<b>FinCEN Adopts Rule to Extend AML Requirements to Registered Investment Advisers and Exempt Reporting Advisers</b>	On August 28, 2024, the U.S. Department of Treasury's (Treasury) Financial Crimes Enforcement Network (FinCEN) issued a <a href="#">final rule</a> (Final Rule) requiring certain investment advisers to establish an anti-money laundering/counter-terrorism financing program (AML/CFT Program) pursuant to the Bank Secrecy Act. The compliance date for the Final Rule is <b>January 1, 2026</b> . The Final Rule allows investment advisers to delegate the implementation and operation of some or all aspects of their AML/CFT Programs to a third party, such as a fund administrator, if certain criteria are met. The investment adviser, however, would remain fully responsible and legally liable for compliance with the requirements of the Final Rule.

## EU Developments

**Headline:** Various EU Developments of note following the EU elections of June 2024.

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

<b>Commission Work Programme 2025</b>	<p>On February 11, 2025, the Commission published its 2025 <a href="#">Work Programme</a> that informs the public and the co-legislators (the Council of Europe and the European Parliament) of the Commission's key strategies, action plans and legislative initiatives that will form the building blocks for the further work during its term. The 2025 Programme lists the flagship initiatives the Commission intends to adopt in 2025 to deliver on its priorities and includes 51 new policy initiatives. Not all initiatives relate to financial services. Eleven out of 18 legislative initiatives are packages or initiatives with a simplification objective or significant simplification dimension. One of the key initiatives is the EU Omnibus Simplification Package – referenced in the section on Sustainable Finance below.</p> <p>In conjunction with the release of its annual Commission Work Programme on February 11, 2025 the Commission also released a communication titled, <a href="#">A simpler and faster Europe</a>, setting out the Commission's vision to simplify how the EU works by reducing unnecessary bureaucracy and improving how new EU rules are made and implemented to make the EU more competitive and a more desirable place in which to live, work and invest.</p>
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<b>New EU Commissioner for Financial Services and the Savings and Investments Union</b>	Following the EU elections of June 2024, a new European Parliament has been formed and a new Commission appointed. With regards to financial services, in December 2024, Portugal's Maria Luís Albuquerque was appointed as the new EU Commissioner for Financial Services and the Savings and Investments Union (2024-2029). See <a href="#">here</a> .
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## Legislation

## Details

## Sustainable Finance

## EU Omnibus Simplification Package

The Omnibus Simplification Package was initially referenced during a press conference on November 2024, where the President of the 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 Commission’s 2025 Work Programme includes the following explanation “This work programme presents a first set of Omnibus proposals that simplify various pieces of legislation, alongside a record number of initiatives with a strong simplification dimension. They will contribute to achieving the goal of reducing administrative burdens by at least 25%, and at least 35% for small- and medium-sized enterprises (SMEs). A first series of Omnibus packages will be on sustainability, and on investment simplification”. Notably, the Commission “will propose streamlining and simplification of sustainability reporting, sustainability due diligence and taxonomy”. At the time of writing, the package has not been published.

## 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.

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**). The related [press release](#) shared on December 4, 2023 explains the Commission will scrutinise the draft RTS and endorse them within three months of their publication. At the time of writing the RTS have not been endorsed by the Commission, nor is there any indication when they will be.

## ESMA “Guidelines on funds’ names using ESG or sustainability-related terms”

HIGH  
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.

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. The Guidelines provide recommendations to fund managers on the use of terms in funds’ names – including for funds (a) using transition-, social- and governance-related terms: and (b) using (i) environmental- or impact-related terms or (ii) sustainability-related terms. The Guidelines provide further recommendations for specific type of funds as well as also providing explanations of the key terms mentioned above.

The Guidelines have applied since **November 21, 2024**.

Legislation	Details
<p><b>ESMA</b>  <b>“Guidelines on funds’ names using ESG or sustainability-related terms”</b></p> <p>HIGH IMPACT</p>	<p>Any new funds created <b>on or after</b> November 21, 2024 are expected to apply the Guidelines from launch. For funds <b>existing before</b> November 21, 2024, there is an additional six-month transition period, ending on <b>May 21, 2025</b>.</p> <p>On December 13, 2024, ESMA <a href="#">published</a> Q&amp;As providing further details on the practical application of the Guidelines. The Q&amp;As relate to (i) green bonds; (ii) investing “meaningfully” in “sustainable investments” – ESMA explains NCAs “may find” that funds investing less than 50% of its investments in sustainable investments are not “meaningfully investing in sustainable investments” and that the amount may be higher depending on the circumstances of the case; and (iii) controversial weapons – ESMA refers NCAs (in the absence of anything in the Benchmark Delegated Regulation) to the list of controversial weapons provided in indicator 14 of Table 1 of Annex I of the SFDR RTS and clarifies that controversial weapons are “anti-personnel mines, cluster munitions, chemical weapons and biological weapons”.</p>
<p><b>Commission’s review of SFDR</b></p> <p>LOW IMPACT</p>	<p><b>Headline:</b> Proposals to amend SFDR.  <b>Who is impacted?</b> Asset managers and other financial market participants in scope of SFDR.</p> <p>The targeted consultation took the form of a questionnaire, and the main topics covered were (1) current requirements of the SFDR; (2) interaction with other sustainable finance legislation; (3) potential changes to the disclosure requirements for financial market participants; and (4) potential establishment of a categorisation system for financial products.</p> <p>The targeted consultation and general consultation are available <a href="#">here</a>. The consultations closed on December 15, 2023.</p> <p>On May 3, 2024, the Commission published a <a href="#">summary</a> of the responses it received to the SFDR review - specifically stating that it should be “regarded solely as a summary of the contributions made by stakeholders to the open and targeted consultations... [and] cannot in any circumstances be regarded as the official position of the Commission or its services.”</p> <p>The 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 Commission notes that this is a ‘simplification initiative’.</p>
<p><b>Regulation on ESG rating activities published in the OJ</b></p> <p>MEDIUM/LOW IMPACT</p>	<p><b>Headline:</b> Regulation of ESG rating activities.  <b>Who is impacted?</b> ESG rating providers in the EU and outside the EU, and entities using ESG Ratings.</p> <p>On December 12, 2024, Regulation (EU) 2024/3005 on ESG rating activities was published in the Official Journal of the EU (<b>OJ</b>), see <a href="#">here</a>. The Regulation entered into force on January 1, 2025 and will apply from July 2026. The new rules are designed to enhance the consistency, transparency, and comparability of ESG ratings in the EU, which assess the sustainability profile of companies and financial instruments.</p>

Legislation	Details
<p><b>Corporate Sustainability Due Diligence Directive (CSDDD)</b></p> <p>MEDIUM IMPACT</p>	<p><b>Headline:</b> 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.</p> <p><b>Who is impacted?</b> 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).</p> <p>On July 5, 2024, the Corporate Sustainability Due Diligence Directive ((EU) 2024/2859) (<b>CSDDD</b>) was published in the OJ and entered into force on July 25, 2024. The text of the CSDD is available <a href="#">here</a>.</p> <p>Member States have until July 26, 2026 to transpose it into national law. Application will then be on a staggered basis, starting from July 26, 2027 for the largest companies.</p> <p>The Omnibus Simplification Package (see above) may result in amendments to the CSDDD in due course.</p>
<p><b>FCA's sustainability disclosure requirements (SDR) and investment labelling regime</b></p> <p>MEDIUM IMPACT</p>	<p><b>Headline:</b> New UK sustainability disclosure requirements, investment labelling regime and anti-greenwashing rule.</p> <p><b>Who is impacted?</b> All FCA-authorised firms who make sustainability-related claims about their products and services (anti-greenwashing rule only), UK asset (SDR and labelling regime), and firms offering portfolio management services (new consultation paper).</p> <p>On November 28, 2023, the FCA published its policy statement (<b>PS</b>) setting out its sustainability disclosure requirements (<b>SDR</b>) and investment labelling regime. The PS is available <a href="#">here</a> and the associated press release is available <a href="#">here</a>.</p> <p>The rules come into force on a staggered basis – see 2.18 of the PS - but key dates are:</p> <ul style="list-style-type: none"> <li>anti-greenwashing rule, together with the FCA's <a href="#">finalised guidance</a>, has applied since <b>May 31, 2024</b>;</li> <li>naming and marketing rules – with accompanying disclosures - for asset managers has applied from <b>December 2, 2024</b>. Note that on September 9, 2024, the FCA issued a <a href="#">statement</a> providing temporary flexibility until 5pm on April 2, 2025 to firms on complying with the SDR naming and marketing rules in specific exceptional circumstances;</li> <li>ongoing product-level and entity-level disclosures for firms with AUM greater than £50bn come into effect from <b>December 2, 2025</b>; and</li> <li>entity-level disclosure rules extended to firms with AUM greater than £5bn come into effect from <b>December 2, 2026</b>.</li> </ul> <p>The FCA has a dedicated <a href="#">webpage</a> on its SDR and investment labelling regime that is regularly updates. On November 1, 2024, the FCA published a <a href="#">document</a> providing pre-contractual disclosure examples relating to the SDR and investment labelling regime.</p>

Legislation	Details
<p><b>FCA's sustainability disclosure requirements (SDR) and investment labelling regime</b></p> <p>MEDIUM IMPACT</p>	<p>The document provides examples and approaches across a selection of labels to illustrate how applicants can meet these disclosure requirements.</p> <p>On April 23, 2024, the FCA published a <a href="#">consultation paper</a> on extending the SDR and labelling regime to portfolio managers. The consultation closed on June 14, 2024. Initially the FCA had intended to publish its final rules in the second half of 2024, but it updated this timeline in September 2024 and now intends to publish a Policy Statement and further information about implementation in Q2 2025. 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.</p>
<p><b>UK Green Taxonomy – Consultation</b></p> <p>LOW IMPACT</p>	<p><b>Headline:</b> Consultation on the establishment of a UK Taxonomy.</p> <p><b>Who is impacted?</b> Potentially, all FCA-authorised firms who make sustainability related claims about their products and services, UK asset managers and firms offering portfolio management services.</p> <p>In November 2024, the UK government published a <a href="#">consultation paper</a> 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. To inform this, the consultation seeks to gather views on any market and regulatory use cases for a UK Taxonomy which would contribute to these objectives. The scope of the consultation is not to seek detailed feedback on specific activity-level standards nor on wider UK climate and environmental strategies, beyond sustainable finance. The consultation closed to comment on <b>February 6, 2025</b>.</p>
<b>EMIR</b>	
<p><b>EU EMIR reporting – ITS and RTS now published together with Guidelines for reporting under EMIR</b></p> <p>COMPLETED</p>	<p><b>Headline:</b> Significant changes to the EU EMIR derivatives reporting regime went live on April 29, 2024.</p> <p><b>Who is impacted?</b> All firms within scope of EU EMIR.</p> <p>The six Delegated and Implementing Regulations containing RTS and ITS amending the reporting requirements and procedures for data quality under EMIR published in the OJ on October 7, 2022 are available <a href="#">here</a>.</p> <p>Since April 29, 2024, reports need to be made in accordance with the new standards. The additional transition period of 180 calendar days granted to upgrade outstanding reports for derivatives contracts submitted to trade repositories (<b>TRs</b>) before April 29, 2024 ended on October 26, 2024. All reports should now be in accordance with the new standard.</p> <p>The <a href="#">EMIR REFIT Guidelines</a> were published on October 23, 2023 and the <a href="#">validation rules</a> and the reporting instructions (<a href="#">here</a> and <a href="#">here</a>).</p>



Legislation	Details
<b>EU EMIR 3.0</b>  MEDIUM IMPACT	<p><b>Headline:</b> Further significant changes to the current EU EMIR are coming.  <b>Who is impacted?</b> All firms within scope of EU EMIR.</p> <p>EMIR 3.0 is intended to mitigate what the EU deems excessive exposures to third-country central counterparties (<b>CCPs</b>) and improve the efficiency of EU clearing markets. EMIR 3.0 proposes introducing an active account requirement (<b>AAR</b>), 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.</p> <p>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 <a href="#">here</a> and the Amending UCITS Directive available <a href="#">here</a>.</p> <p>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.</p> <p>On November 20, 2024, ESMA published a <a href="#">Consultation Paper</a> 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 Commission for endorsement as soon as possible.</p> <p>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.</p> <p>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.</p>



Legislation	Details
<p><b>(UK EMIR)</b> Changes to the framework for derivatives reporting under UK EMIR and FCA REFIT Q&amp;A</p> <p>HIGH IMPACT</p>	<p><b>Headline:</b> There will be changes to the UK EMIR derivatives reporting regime similar to those being implemented in the EU. <b>Who is impacted?</b> All firms within scope of UK EMIR.</p> <p>On February 24, 2023, the FCA published a policy statement - <a href="#">PS23/2</a> - 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.</p> <p>The new rules set out in PS23/2 – which are similar but different from the EU rules - came into effect on <b>September 30, 2024</b>. There is a 6-month period for counterparties to update their outstanding derivative reports in line with the new requirements, which will end <b>March 31, 2025</b>.</p> <p>The final versions of the UK EMIR Validation Rules and XML schemas have been published and are available in the FCA's <a href="#">UK EMIR reporting webpage</a>. The rules have applied since <b>September 30, 2024</b>.</p> <p>The FCA published a number of Q&amp;As on UK EMIR Refit reporting, which are available <a href="#">here</a>.</p>

## Central Securities Depositories Regulation (CSDR)

<p><b>CSDR Refit Regulation published in OJ and related ESMA consultation on potential changes to the CSDR penalty mechanism</b></p> <p>HIGH IMPACT</p>	<p><b>Headline:</b> Changes to the EU CSDR regime. <b>Who is impacted?</b> All firms within scope of EU CSDR.</p> <p>On December 27, 2023, the CSDR Refit regulation was published in the Official Journal of the EU, available <a href="#">here</a>. The regulation entered into force on January 16, 2024. Depending on the Articles, it applies from either <b>May 1, 2024 or two years after entering into force</b>.</p> <p>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.”</p> <p>Related to the CSDR Refit Regulation, following consultation in December 2023, on November 19, 2024 ESMA published its <a href="#">Final Report</a> on the Technical Advice for the Commission on the Penalty Mechanism under the CSDR. In brief, ESMA believes that cash penalties can continue to have a positive impact on settlement efficiency overall. The report outlines ESMA's advice to improve the application of the CSDR penalty mechanism on three main aspects:</p> <ul style="list-style-type: none"> <li>◦ alternative parameters to calculate the penalties due to lack of cash, when the official interest rate for overnight credit charged by the central bank issuing the settlement currency is not available;</li> </ul>
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Legislation	Details
<p><b>CSDR Refit Regulation published in OJ and related ESMA consultation on potential changes to the CSDR penalty mechanism</b></p> <p>HIGH IMPACT</p>	<ul style="list-style-type: none"> <li>the treatment of historical reference prices for the calculation of late matching fail penalties;</li> <li>the design and level of the penalty rates for each asset class.</li> </ul> <p>The Commission will take ESMA's Technical Advice into account when amending the Commission Delegated Regulation (EU) 2017/389. The revised penalty mechanism will become applicable once the amended Delegated Regulation has been adopted by the Commission, scrutinized by the European Parliament and the Council of the EU, and published in the OJ.</p> <p>Interestingly, 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.</p>
<p><b>ESMA Consultations on CSDR Refit</b></p> <p>MEDIUM IMPACT</p>	<p><b>Headline:</b> Changes to the EU CSDR regime.  <b>Who is impacted?</b> All firms within scope of EU CSDR.</p> <p>On July 9, 2024, ESMA published three <a href="#">Consultation Papers</a> on aspects of the CSDR Refit. The proposed rules relate to the information to be provided by EU CSDs to their NCAs for the review and evaluation, the information to be notified to ESMA by third-country CSDs, and the scope of settlement discipline. Responses were sought by <b>September 9, 2024</b>, with the finalised proposals expected to be submitted to the European Commission in Q1 2025. Other consultations about other aspects of the CSDR will follow in the coming months.</p>
<p><b>Legislative Proposal to amend CSDR to move to T+1</b></p> <p>MEDIUM IMPACT</p>	<p><b>Headline:</b> Changes to the EU CSDR regime.  <b>Who is impacted?</b> All firms within scope of EU CSDR.</p> <p>On February 12, 2025, the Commission published a <a href="#">legislative proposal</a> 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.</p> <p>The 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.</p>

Legislation	Details
<b>ESMA consults on measures to increase settlement efficiency and prevent settlement fails</b>  MEDIUM IMPACT	<p><b>Headline:</b> Changes to the EU CSDR regime.  <b>Who is impacted?</b> All firms within scope of EU CSDR.</p> <p>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 <a href="#">consultation paper</a> to deal with these mandates and to explore additional measures and tools to enhance settlement efficiency.</p> <p>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.</p> <p>The consultation closes on April 14, 2025. ESMA plans to submit the final draft RTS to the Commission by October 2025.</p>

## Other

<b>AIFMD 2.0 and related ESMA Consultations</b>  MEDIUM/HIGH IMPACT	<p><b>Headline:</b> Changes to AIFMD and to some extent UCITS Directive.  <b>Who is impacted?</b> Entities in scope of AIFMD and UCITS Directive, and asset managers outside the EU who wish to market in the EU.</p> <p>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 <b>April 16, 2026</b>.</p> <p>AIFMD 2.0 makes targeted changes to certain provisions of AIFMD, including the following:</p> <ul style="list-style-type: none"> <li>◦ Delegation, Authorisation, Disclosure to investors and Reporting.</li> <li>◦ A new Loan Origination regime.</li> <li>◦ Liquidity Management Tools (<b>LMTs</b>).</li> </ul> <p>There are certain transitional provisions for existing funds that originate loans.</p> <p>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.</p> <p>On July 8, 2024, ESMA published (i) a <a href="#">consultation paper</a> on draft RTS on LMTs applicable to AIFMs managing open-ended AIFs and UCITS; and (ii) a <a href="#">consultation paper</a> on guidelines on LMTs of UCITS and open-ended AIFs. These provide guidance on how managers should select and calibrate LMTs in the light of their investment strategy, their liquidity profile, and the redemption policy of the fund.</p>
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Legislation	Details
<b>AIFMD 2.0 and related ESMA Consultations</b>  MEDIUM/HIGH IMPACT	<p>The consultations closed to comments on <b>October 8, 2024</b>. ESMA will deliver the final RTS and guidelines by April 16, 2025.</p> <p>On December 12, 2024, ESMA published a <a href="#">consultation paper</a> 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 closes to comment on March 12, 2025.</p> <p>Further draft RTS will be published over the coming months.</p>
<b>EU Digital Operational Resilience Regulation (DORA)</b>  MEDIUM/HIGH IMPACT	<p><b>Headline:</b> New rules relating to financial entities' information and communication technology (ICT) risk.  <b>Who is impacted?</b> Nearly all firms in the financial sector are in scope.</p> <p>The EU's Digital Operational Resilience Regulation (<b>DORA</b>) (Regulation (EU) 2022/2554) imposes new rules relating to financial entities' information and communication technology (ICT) risk. DORA is accompanied by a Directive that amends certain EU financial services legislation to ensure consistency with DORA (the <b>DORA Directive</b>).</p> <p>DORA became law in December 2022 but provided for a grace period until January 17, 2025 for organisations to put in place the necessary measures to comply.</p> <p>DORA applies to a wide range of financial entities – nearly all firms in the financial sector are in scope. Of particular relevance to asset managers is the fact that MiFID investment firms, AIFMs and UCITS management companies are in scope.</p> <p>Further information is available <a href="#">here</a>.</p> <p>DORA contains mandates for the European Supervisory Authorities (<b>ESAs</b>) (ESMA, EIOPA and the EBA) to develop various delegated acts and technical standards that supplement the provisions in DORA. While some of these have been finalised and are now in force, others are still in pending. The ESA's <a href="#">Work Programme</a> 2025 notes that it will continue to have a strong focus on the DORA work and will focus on supervisory convergence work on the application of DORA framework. The ESAs also plan to deliver Q&amp;As and other guidance tools during 2025.</p>

Legislation	Details
<p><b>Overseas Fund Regime (OFR)</b></p> <p>MEDIUM IMPACT</p>	<p><b>Headline:</b> UK Overseas Fund Regime to enable UCITS to be marketed in the UK.  <b>Who is impacted?</b> EEA funds that wish to market in the UK.</p> <p>The OFR is a simplified process for allowing investment funds set up overseas to be marketed in the UK. The OFR has two limbs.</p> <p>First is that the UK government, having undertaken a detailed assessment, deems a third country jurisdiction ‘equivalent’. On January 30, 2024, the House of Commons published a <a href="#">written statement</a> by HM Treasury, confirming that, the government had found the EEA states (including EU member states) equivalent under the OFR. The equivalence decision applies to EEA UCITS, except those that are also money market funds.</p> <p>The second limb is application to the FCA for recognition. Once a jurisdiction is deemed ‘equivalent’, fund operators in that jurisdiction can apply to the FCA for recognition as an overseas fund. On May 1, 2024 the FCA published a <a href="#">Roadmap to implementing the OFR</a>, setting out the key stages of the process, so that operators of EEA UCITS (i.e. UCITS ManCos) that wish to use the OFR as a gateway to the UK market can prepare.</p> <p>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.</p> <p>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.</p> <p>The FCA has a <a href="#">webpage</a> on the OFR with information, providing details on landing slots for fund operators in the TMPR, amongst other things. The webpage also includes a series of “how to Guides” to assist with completion on the OFR application and an <a href="#">Approach to Recognition</a> document which sets out FCA expectations of OFR applicants, including useful information on the application process and the FCA’s decision-making process.</p> <p>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 <a href="#">How To Guide</a> relating to material change notifications.</p> <p>*As part of the UK’s preparations for Brexit, the UK Government established the temporary marketing permissions regime (<b>TMPR</b>) 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 <b>December 31, 2026</b> to support the smooth transition of EEA funds from the TMPR to the OFR.</p>

Legislation	Details
<b>EU MiFID – Investment research</b>	<p><b>Headline:</b> Changes to the EU Investment Research Rules.  <b>Who is impacted?</b> All firms within scope of EU MiFID that purchase research.</p> <p>On November 14, 2024, the EU Listing Act Package was published in the OJ. To recap, the List Act Package is made up of three texts and aims to make public capital markets more attractive to EU companies and to facilitate access to capital for small and medium sized enterprises.</p> <p>The Listing Act Package proposes, amongst other things, a directive to amend MiFID II, available <a href="#">here</a>. The amending directive amends the provision in MiFID II relating to research. The amending directive recognises 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.</p> <p>Related to the amendments the Listing Act package will make to MiFID II, on October 28, 2024 ESMA launched a <a href="#">consultation</a> 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 and ESMA aims to provide its technical advice to the Commission in Q2 2025.</p>

## UK Post Brexit Regulatory Developments

**Headline:** UK Post Brexit Regulatory developments.

**Who is impacted?** Firms doing business in the UK.

<b>HM Treasury Paper on the Next Phase of Smarter Regulatory Framework</b>	<p>HM Treasury has published a paper on the next phase of the Smarter Financial Services Regulatory Framework for the UK on March 21, 2024. The paper can be accessed <a href="#">here</a>. The paper provides a summary of the progress of the Smarter Regulatory Framework (SRF) programme as of February 2024 and sets out the approach and future plans for the next phase (Tranche 3).</p>
<b>FCA discussion paper improving the UK transaction reporting regime</b>  MEDIUM/LOW IMPACT	<p>In November 2024, the FCA published a <a href="#">discussion paper</a> (DP24/2) on improvements to the UK's transaction reporting regime.</p> <p>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.</p>

Originated regulation/development: ■ US ■ EU ■ UK

Legislation	Details
<p><b>FCA discussion paper improving the UK transaction reporting regime</b></p> <p>MEDIUM/LOW IMPACT</p>	<p>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 FCA seeks views on areas including:</p> <ul style="list-style-type: none"> <li>○ <u>Unnecessary reporting burdens</u> - The FCA notes that UK EMIR, UK SFTR and UK MiFIR serve individual regulatory purposes and apply to different financial instruments and rely on distinct market data infrastructure systems. Given significant changes were made to the UK EMIR regime in September 2024, the FCA's view is that it is not the right time to begin a comprehensive review to remove all duplicative reporting requirements. However, the FCA is considering whether it could make any changes now to enable a smoother transition towards a more streamlined regulatory reporting framework in the future. For example, changes to align field content and reporting rules for specific types of financial instrument and removing duplicative reporting requirements that exist in the UK MiFID trade and transaction reporting regimes.</li> <li>○ <u>Challenging aspects of the transaction reporting regime</u> - The FCA is looking to understand which areas of the transaction reporting regime firms find most challenging. Where the FCA gets limited benefit from data, it will consider removing requirements.</li> <li>○ <u>Bringing AIFMs and UCITS management companies</u> (described as 'CPMI' firms in the FCA's Handbook) into scope of the transaction reporting regime for their MiFID activities. Currently CPMI firms are not subject to transaction reporting requirements for activity that would be reportable if conducted by a MiFID authorised firm.</li> </ul> <p>The discussion paper closed on February 14, 2025 and the FCA will take feedback received into account when deciding its next steps.</p>
<p><b>MiFID Organisational Regulation – FCA consultation paper CP24/24</b></p> <p>LOW IMPACT</p>	<p>On November 27, 2024, the FCA published consultation paper, <a href="#">The MiFID Organisational Regulation</a> (CP24/24). The consultation sets out proposals 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. However, the FCA is interested in views about reform, either now or in the future, to make the rules better suited to the range of UK authorised firms and clients they provide services to. This includes in circumstances where the Consumer Duty does not apply. CP24/24 is relevant for MiFID investment firms (including CPMI firms), UCITS managers, AIFMs, MiFID optional exemption "Article 3" firms, third-country firms, amongst others.</p> <p>The consultation closes to comment on February 28, 2025 (with the exception of comments on Chapter 4, which closes 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.</p>



Legislation	Details
<b>UK Short Selling Regulations</b>  LOW IMPACT	<p>On January 13, 2025, the <a href="#">Short Selling Regulations 2025</a> were made. The legislation reflects the conclusions reached by the <a href="#">2022 Review of the Short Selling Regulation</a>, the <a href="#">2023 Consultation on sovereign debt and credit default swaps</a> and the draft <a href="#">Short Selling Regulations 2024</a>. 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.</p> <p>On February 12, 2025, the FCA confirmed that it aims to consult on new short selling rules in Q3 2025. 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.</p>
<b>FCA update on Consumer Duty</b>  LOW/MEDIUM IMPACT	<p>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 <a href="#">webpage</a>.</p> <p>On September 18, 2024, the FCA published a 'Price and Value Outcome: Good and Poor Practice' update, see <a href="#">here</a>.</p> <p>On December 9, 2024, the FCA published a <a href="#">webpage</a> outlining its priorities for 2024/2025. The page provides a short description and expected timelines for ongoing and planned Consumer Duty workstreams, which the FCA will keep under review and update as needed.</p> <p>On December 11, 2024, the FCA published two further Consumer Duty good and poor practice reports, as part of its ongoing efforts to help firms embed the Duty and provide more clarity on the FCA's expectations. The FCA published a report on good practice and areas for improvement in relation to Consumer Duty Board Reports (see <a href="#">here</a>) and a review into firms' approaches to complaints and root cause analysis (see <a href="#">here</a>).</p>

Legislation	Details
<p><b>FCA rules on Paying for Investment Research</b></p> <p>LOW/MEDIUM IMPACT</p>	<p>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.</p> <p>On July 26, 2024, the FCA published its <a href="#">policy statement</a> that summarises the feedback received on its consultation and outlines 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.</p> <p>On November 5, 2024, the FCA published a consultation paper (<a href="#">CP24/21</a>) 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.</p>

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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