

**C L I F F O R D**  
**C H A N C E**



**BUY-SIDE REGULATORY HORIZON SCANNER**  
**Q1 2025**  
JANUARY 2025

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## **INTRODUCTION**



# INTRODUCTION

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### Key contacts



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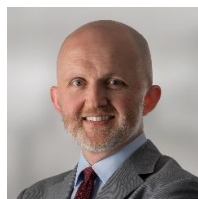
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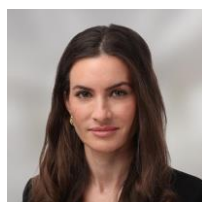
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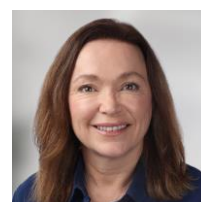
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### Our buy-side regulation practice

**The investment management industry continues to face unprecedented regulatory change on a global basis. No other law firm is better placed to address these challenges for banking and investment firm clients than Clifford Chance.**

Our understanding of each part of the sector, coupled with the reach of our global network of expertise, allows us to tailor our advice to a client's exact needs while accessing the very latest market thinking and advice worldwide.

Our clients include the world's leading asset management companies, insurance companies and private banking businesses. They range in size from household names with a five-continent footprint to start-up or spin-off funds.

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#### Training and events

Our London Perspective series offers a seasonal series of talks on a wide range of topical issues for financial institutions, from corporate and employment issues to tax and regulatory developments. Our Insights for Asset Managers series is a programme of frequent, short calls on which we share our practical insights on topical developments, from the CBDF to AIFMD2.

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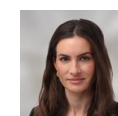
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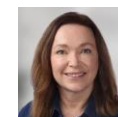
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# INTRODUCTION

## THE BUY-SIDE REGULATORY HORIZON SCANNER

**This buy-side regulatory horizon scanner provides a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to investment managers.**

We identify and summarise key legislative and non-legislative developments that are likely to have an impact on investment managers providing services in the EU and UK. Developments are grouped firstly according to whether they are EU or UK developments and, within those categories, into the following three topics:

### **Asset management developments**

Key asset management developments, such as AIFMD2

### **ESG developments**

Key ESG developments that are relevant to investment managers, such as the SFDR

### **Cross-sectoral developments**

Key developments that impact all firms across the financial services sector, such as reforms to AML frameworks

The horizon scanner also sets out projected timelines for the finalisation and implementation of the relevant developments, covering approximately the next two years.

Further background information and commentary on many of these developments, as well as an overview of the EU legislative process, is available on the [Financial Markets Toolkit](#).

This horizon scanner has been prepared as of January 2025. It does not constitute legal advice and is not intended to provide an exhaustive list of all provisions or requirements applicable to firms during this period.

# INTRODUCTION

## THE EU BUY-SIDE REGULATORY LANDSCAPE

### The EU angle...



In 2025, we are in the first year of the new 2024-2029 institutional cycle. The strategic agenda agreed by the European Council in June 2024 set out the future priorities for the next five years, focusing on European freedom and democracy, resilience and defence-readiness, and the EU's prosperity and competitiveness.

During 2025 we are likely to see an acceleration of the EU's programme of integration under the EU Capital Markets Union and Banking Union initiatives. This includes finalisation of the CMDI reform measures, and potentially legislative proposals to reinvigorate the securitisation market and to harmonise insolvency laws.

To help meet the extensive funding needs of the EU's green and digital transition, recommendations have been put forward for a Savings and Investments Union to channel more private funding into the economy. The EU's retail investment package, unveiled in 2023, is intended to enhance the overall investment environment for retail customers and lead to more participation in the capital markets. The ambition and scope of the package has proved contentious. Firms and investors alike will be interested to see the nature and scope of changes that are finalised as the package continues to progress through the EU legislative process in 2025.

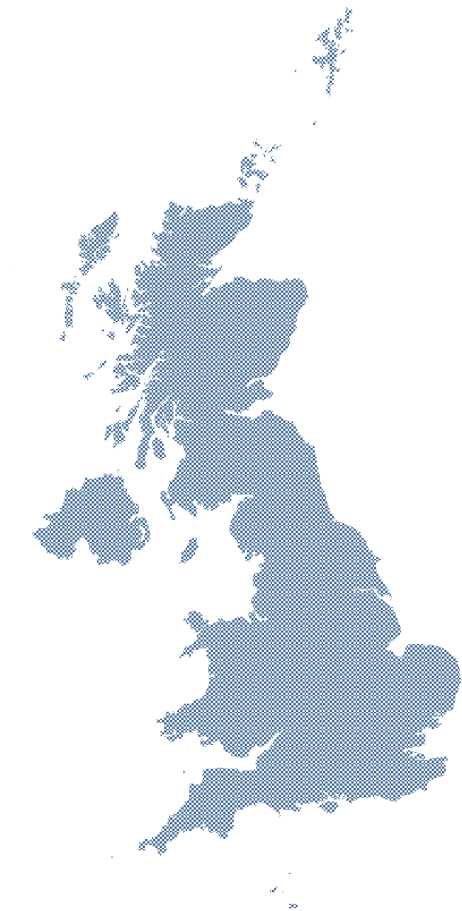
Other measures proceeding through the legislative process include the overhaul of the EU payments legislative framework and the FIDA regulation to promote open finance. With the EU's flagship cryptoasset legislation, MiCA, having applied in full since December 2024, work will continue on finalising its secondary legislation and supporting guidelines.

The new European Commission has an ambitious mandate under Political Guidelines set by returning Commission President Ursula von der Leyen. The key focus of the 2024-2029 Commission will be boosting the EU's competitiveness, with the launch of a Competitiveness Compass in January 2025 as its first major initiative. One theme of boosting competitiveness will be looking for ways to streamline and simplify the EU aquis to address reporting and administrative burdens, starting with an Omnibus Regulation to reduce ESG reporting requirements. The Commission will be setting its work programme in February.

# INTRODUCTION

## THE UK BUY-SIDE REGULATORY LANDSCAPE

### The UK angle...



In 2025, we are in the first year of an expected five year term under a new Labour Government, the primary focus of which will be on the growth and competitiveness of the UK, to be achieved by more joined-up and innovation-centred approach to regulation and supervision. In financial services, this so far has resulted in new growth-focused remits and recommendations to the independent regulators, and invitations to the regulators to consider ways in which they can shift the focus of regulation away from risk-aversion towards economic growth.

The government has highlighted five key priority growth areas in financial services: (i) fintech; (ii) sustainable finance; (iii) capital markets (including retail investment); (iv) insurance & reinsurance markets; and (v) asset management & wholesale services. These priority growth opportunities will feature in a new UK Financial Services Growth and Competitiveness Strategy, to be published in Spring 2025.

The UK will bring forward legislation for UK regulation of stablecoins and other cryptoassets in early 2025, to be followed by a suite of discussion and consultation papers by the Financial Conduct Authority (FCA) under its roadmap, with a view to the UK cryptoasset regulatory framework being in place in late 2026/early 2027. Activities such as advice and portfolio management will potentially be brought within the regime at a later date.

The UK's green ambitions will also be addressed through a number of measures during 2025. The UK will legislate to introduce regulation of ESG ratings providers and will decide on whether to introduce its own green taxonomy. New climate-related disclosure obligations for asset managers and listed issuers will take effect and the Prudential Regulation Authority (PRA) plans to consult on updates to its expectations for climate-related disclosures of PRA-regulated firms.

While the focus of 2025 will be firmly on innovation and growth, the operational resilience of the regulated financial sector and their third party providers remains a key concern of the regulators, with further obligations set to be placed on firms this year.

Finally, work is ongoing to deliver a more fundamental restructuring of the UK's post-Brexit regulatory framework to create a 'Smarter Regulatory Framework' for the UK, involving the revocation of assimilated EU law, additional objectives for the UK's regulators and reform of many aspects of UK financial regulation. In 2025, we can expect to see further consultations and publications aiming to bring forward this post-Brexit reform, including in relation to UCITS and AIFMD. The government's growth and competitiveness agenda is expected to influence the sequencing of the work.





## EU DEVELOPMENTS

### I. ASSET MANAGEMENT DEVELOPMENTS



# EU ASSET MANAGEMENT DEVELOPMENTS: IN THIS SECTION

[View  
related UK  
measures](#)

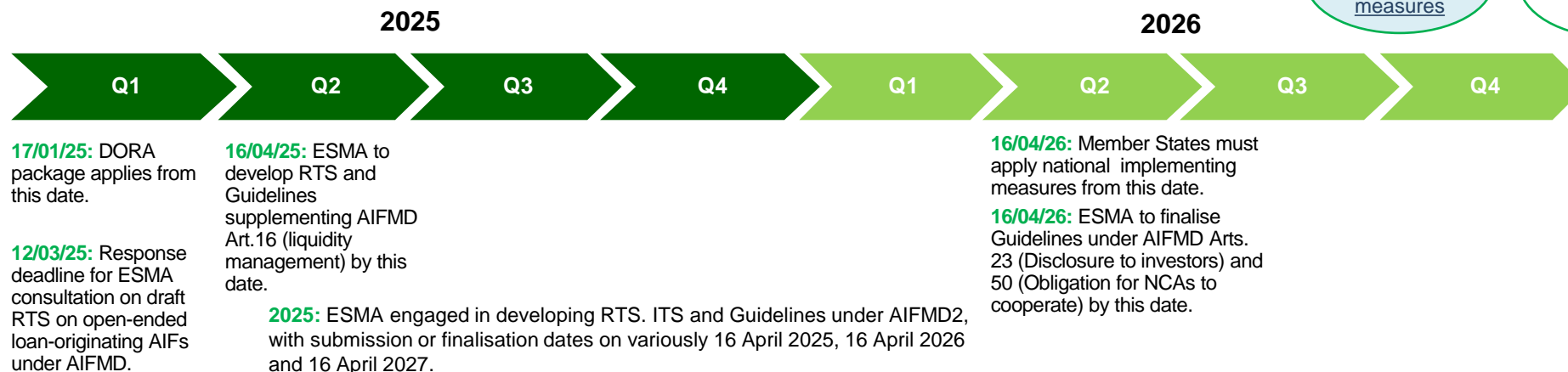
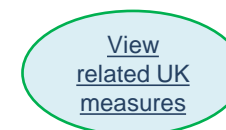


## EU Asset Management Developments

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# EU AIFMD AND AIFMD2



## AIFMD

The AIFMD regulates the management, administration and marketing of alternative investment funds in the EU. Key issues covered by the AIFMD include authorisation and operating conditions for AIFMs, remuneration, conduct of business and valuation requirements, transparency and marketing. It also includes requirements for firms acting as a depositary of an AIF.

In 2024, AIFMD2 entered into force, and from Q2 2026 will introduce amendments to both the AIFMD and the UCITS Directive (see **Slide 13**) rules relating, among other things, to delegation, authorisation requirements, reporting obligations and the regulation of loan originating AIFs.

In 2025, the AIFMD is likely to be impacted by other ongoing EU initiatives, such as the EU retail investment package, which will supplement or make changes to the Directive.

Read more on this development [here](#), [here](#) and [here](#).

## What's on the horizon?

- [AIFMD2](#) was published in the Official Journal on 26 March 2024, making targeted amendments to AIFMD (that must be implemented in Member States and apply from 16 April 2026) with respect to:
  - Loan origination;
  - Liquidity management;
  - Delegation by AIFMs;
  - Marketing of AIFs;
  - Investor disclosures and regulatory reporting;
  - Governance;
  - Costs and charges;
  - Host AIFMs; and
  - Depositaries.
- ESMA has been given a number of mandates under AIFMD2 to develop Level 2 and Level 3 materials and will be engaged in consultations during 2025. ESMA issued a [consultation](#) in December 2024, on draft RTS on open-ended loan-originating AIFs. That consultation closes on 12 March 2025.
- In addition to work the Level 2 and 3 measures, ESMA is expected during 2025 to publish reports on: (i) its 2023-2024 Common Supervisory Action on sustainability in investment management; and (ii) costs charged by UCITS and AIFMs. It will also continue work on a peer review (launched 2024) on depositary obligations under the UCITS Directive and AIFMD.
- The EU retail investment package (see **Slide 17**) includes provisions amending the AIFMD and UCITS Directive with respect to investor protection rules. The package is under consideration during 2025.
- The EU's DORA package (see **Slide 37**) amends the AIFMD to introduce digital operational resilience requirements for AIFMs. These have applied from 17 January 2025.

# EU ELTIF, EUVECA AND EUSEF REGULATIONS



**17/01/25:** DORA package applies from this date.

**11/01/26:** Deadline for Commission review of the sustainability aspects of ELTIFs.

## ELTIF, EuVECA and EuSEF Regulations

The EU ELTIF, EuVECA and EuSEF Regulations each create a regulatory category of funds with specific features.

ELTIFs, created by the ELTIF Regulation, are intended to invest in assets that require long-term capital, such as infrastructure projects.

EuVECA, created by the EuVECA Regulation, are intended to invest in small and medium-sized businesses.

Finally, EuSEFs, created by the EuSEF Regulation, are intended to invest in assets which aim to achieve positive social impacts, such as employment, education and health.

## What's on the horizon?

- The EuSEF and EuVECA Regulations each required the Commission to complete a review of those regulations by 2 March 2022 and to propose amendments to those regulations, if appropriate. These reviews have not yet been published.
- Following a Commission review of the ELTIF Regulation, revisions to enhance the attractiveness of the framework were finalised in the ELTIF2 Regulation, which entered into force on 9 April 2023 and has applied from 10 January 2024.
- ESMA was mandated to develop RTS under the ELTIF2 Regulation and published its [final report](#) on 19 December 2023 on draft RTS under Regulations 9(3), 18(6), 19(5), 21(3) and 25(3) of the ELTIF Regulation. The Commission adopted the draft RTS as [Commission Delegated Regulation \(EU\) 2024/2759](#).
- The Commission is required to conduct a review of the ELTIF Regulation by 2023, which is to be preceded by a review, by 11 January 2026, of the sustainability aspects of ELTIFs. That review will focus on whether the ELTIF Regulation can be improved further to contribute to the EU's green transition and whether it is feasible to introduce a new optional designation of "green ELTIF" and, if so, whether that should be aligned with Article 9 of SFDR (see **Slide 21**). It will also consider whether ELTIFs should comply with SFDR's "do no significant harm" principles.
- The EU's DORA package (see **Slide 37**) amends the AIFMD to introduce digital operational resilience requirements for AIFMs. These have applied from 17 January 2025.

# EU UCITS DIRECTIVE

[View related UK measures](#)



2025

2026



**17/01/25:** DORA package applies from this date.

**16/04/25:** ESMA to develop RTS and Guidelines supplementing UCITS Art.18a (relating to liquidity management tools) by this date.

**April 2025:** ESMA to publish Technical Advice on the review of the UCITS Eligible Assets Directive.

**16/04/26:** Member States must apply national implementing measures from this date.

**16/04/26:** ESMA to finalise Guidelines under UCITS Arts. 18a, 69 (prospectus information) and 84 (repurchase/redemption of units) by this date.

**25/06/26:** Implementation deadline for EMIR 3.0 changes to UCITS Directive.

## UCITS Directive

The UCITS Directive provides an EU-wide framework for UCITS (investment funds suitable for marketing to retail investors that meet relevant requirements). Since the first UCITS Directive in 1985, subsequent directives have aimed to expand and simplify the UCITS regime. Following the Commission's review of the AIFMD, in November 2021 amendments to the UCITS Directive were proposed alongside those to the AIFMD, and the resulting AIFMD2 (see **Slide 11**) was finalised in 2024, to apply from April 2026.

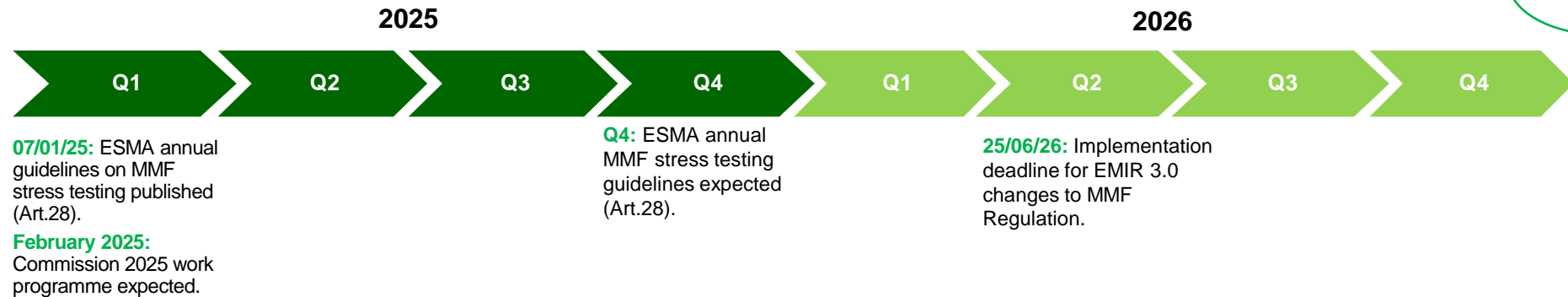
In 2025, the UCITS Directive is likely to be impacted by other ongoing EU initiatives, such as the EU retail investment package, which will supplement or make changes to the Directive.

Read more on AIFMD 2 [here](#).

## What's on the horizon?

- [AIFMD2](#) was published in the Official Journal on 26 March 2024, making targeted amendments to the UCITS Directive (that must be implemented in Member States and apply from 16 April 2026) with respect to:
  - Management company authorisation;
  - Delegation arrangements;
  - Liquidity risk management; and
  - Reporting.
- ESMA has been given a number of mandates under AIFMD2 to develop Level 2 and Level 3 materials and will be engaged in consultations during 2025.
- In addition to work the Level 2 and 3 measures, ESMA is expected during 2025 to publish reports on: (i) its 2023-2024 Common Supervisory Action on sustainability in investment management; and (ii) costs charged by UCITS and AIFMs. It will also continue work on a peer review (launched 2024) on depositary obligations under the UCITS Directive and AIFMD.
- Separately, ESMA was asked to provide Technical Advice to the Commission on the UCITS Eligible Assets Directive in 2024. ESMA subsequently [confirmed](#) it would publish this advice in April 2025.
- The EU retail investment package (see **Slide 17**) includes provisions amending the AIFMD and UCITS Directive with respect to investor protection rules. The package is under consideration during 2025.
- The EU's DORA package (see **Slide 37**) amends the AIFMD to introduce digital operational resilience requirements for AIFMs. These have applied from 17 January 2025.
- The [EMIR 3.0 Directive](#) (see **Slide 30**) makes amendments to the UCITS Directive, as regards the treatment of concentration risk arising from exposures towards CCPs and of counterparty risk in centrally cleared derivative transactions. The amendments must be implemented by Member States by 26 June 2026.

# EU MMF REGULATION



## MMF Regulation

The Money Market Funds (MMF) Regulation introduces a regulatory framework that aims to enhance the liquidity and stability of MMFs. It requires funds that meet the definition of an MMF to comply with rules relating to investment policies, internal credit quality assessments, risk management, valuation and transparency requirements. It also grants EU regulators powers to supervise MMFs and their managers on an ongoing basis.

## What's on the horizon?

- The MMF Regulation required the Commission to review adequacy of the MMF Regulation by 21 July 2022 and to propose amendments to the MMF Regulation if appropriate. The MMF Regulation also required the Commission to present a report on the feasibility of establishing an 80% EU public debt quota by 21 July 2022. Following a public consultation on the MMF Regulation in April 2022, the Commission published its [final report](#) in July 2023 confirming that it does not propose revisions to the MMF Regulation at present. The Commission also explained in its report that the merits of establishing an 80% EU public debt quota were questionable.
- In January 2022, the ESRB announced the publication of a recommendation (ESRB/2021/9) to the Commission regarding reforms to MMFs. The ESRB made a number of recommendations, including that the Commission should make legislative amendments to enhance the monitoring and stress-testing frameworks and to provide that the constitutional documents of MMFs should contain at least one of three liquidity management tools.. The Commission's response to the ESRB's recommendations formed part of its July 2023 report.
- The [EMIR 3.0 Directive](#) (see **Slide 30**) makes amendments to the MMF Regulation, as regards the treatment of concentration risk arising from exposures towards CCPs and of counterparty risk in centrally cleared derivative transactions. The amendments must be implemented by Member States by 26 June 2026.
- ESMA publishes annual guidelines on MMF stress testing. The 2024 MMF stress testing guidelines were due be published in Q4 2024. These were [published](#) on 7 January 2025. The next set of guidelines is expected in Q4 2025.
- Vulnerabilities in MMFs remain unaddressed and continue to pose risks to financial stability. While these vulnerabilities are being addressed in the US and the UK, they have not yet been addressed in the EU. The Commission ran a targeted [consultation](#) in 2024 highlighting, among other things, MMF vulnerabilities that may warrant further attention. Follow-up work on this initiative may form part of the Commission's 2025 work programme, which is expected to be published in February 2025.



**February 2025:**  
Commission Work Programme for 2025 due to be published

**02/08/25:** Deadline in CBDF for the Commission to present its report on its evaluation of the application of the CBDF.

**2025:** ESMA will produce its third report on marketing requirements and marketing communications under the CBDF.

## CBDF

The Cross Border Funds Distribution package (CBDF) amended the UCITS Directive, AIFMD, EuVECA Regulation, EuSEF Regulation and PRIIPs Regulation with regard to fund marketing. It aims to improve transparency by aligning national marketing and pre-marketing requirements, amongst other measures. The majority of the CBDF's provisions came into force on 1 August 2019 and 1 August 2021.

A number of post-implementation review reports remain outstanding.

We have produced a comprehensive, multi-jurisdictional guide to the CBDF in conjunction with AIMA and KPMG. Please contact us for further details.

## What's on the horizon?

- Under the CBDF package, the Commission was required to publish a report on reverse solicitation, specifying the extent of reverse solicitation, its geographical distribution including in third countries and its impact on the passporting regime. This report has yet to be published.
- In connection with this report, in September 2021 the Commission sent a letter to ESMA requesting that ESMA gathered information from EU national competent authorities on the use of reverse solicitation by asset managers and the impact of reverse solicitation on passporting activities. ESMA's response, dated 17 December 2021, stated (among other things) that almost all national competent authorities had no readily available information on the use of reverse solicitation by asset managers and were not in a position to estimate the share of reverse solicitation as compared to marketing.
- In 2025, ESMA will produce its third report on Member States' marketing requirements and marketing communications under the CBDF. ESMA published its second report in July 2023. Article 8(1) of the CBDF Regulation requires ESMA to report on this topic once every two years.
- The Commission was required to report by 2 August 2023 on the merits of harmonising the provisions applicable to UCITS management companies testing investor appetite for particular investment ideas or investment strategies. This report has yet to be delivered.
- The Commission was also required to conduct an evaluation of the application of the CBDF by 2 August 2024. The deadline for presentation of its report is 2 August 2025.
- The new Commission will present its Work Programme for 2025 in February. The programme may include further detail on the outstanding reports.

# EU PRIIPS REGULATION



## January 2025:

Trilogue negotiations expected to begin on PRIIPs Amending Regulation adopted by the Commission in May 2023.

**H2 2025:** Agreement may be reached among co-legislators on PRIIPs Amending Regulation.

## PRIIPs Regulation

The PRIIPs Regulation obliges manufacturers of packaged retail insurance-based and investment products (PRIIPs) to produce a concise pre-contractual disclosure document, the Key Information Document (KID), where such products are made available to retail investors. It also obliges persons who advise upon or sell PRIIPs to provide investors with the KID. It sets out rules on the content and format of the KID, as well as guidance for its review and timing of delivery.

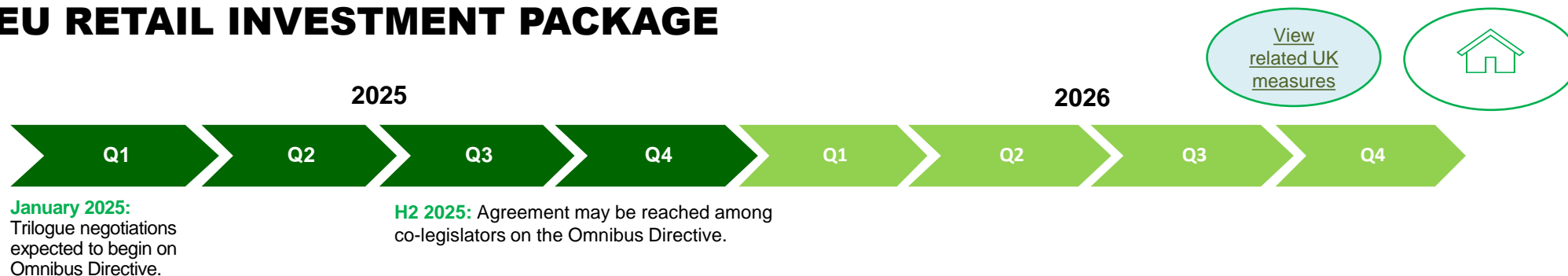
Proposals to Amend the PRIIPs Regulation as part of the EU retail investment package are proceeding through the EU legislative process.

## What's on the horizon?

- The Commission has reviewed the PRIIPs Regulation as part of a wider assessment of the EU's retail investment strategy. The retail investment package was adopted in May 2023, comprising a Directive and a Regulation relating to retail investment reforms (see **Slide 17**) The package includes a legislative proposal to make targeted amendments to various aspects of the PRIIPs Regulation, including the KID (**PRIIPs Amending Regulation**).
- The Commission proposal for the PRIIPs Amending Regulation contained provisions relating to clarifications of scope, removable of the KID comprehension alert, a new 'at a glance' section, a new section on sustainability, and provisions on revisions of KIDs and presentation of KIDs to retail investors. Both the Council and the European Parliament have made suggested amendments.
- Trilogue negotiations are expected to begin in January 2025.
- The Commission proposal provided that the PRIIPs Amending Regulation would take effect 18 months after its entry into force. However, this period might be adjusted in trilogues.



# EU RETAIL INVESTMENT PACKAGE



## EU retail investment package

As part of the Capital Markets Union agenda, the Commission is focused on improving EU retail access to capital markets.

In May 2021, the Commission published a consultation paper entitled 'A retail investment strategy for Europe'. This was followed by a second, targeted consultation in February 2022 on options to enhance product suitability and appropriateness assessments.

The Commission published the 'retail investments package' on 24 May 2023, comprising wide-ranging measures to:

- improve the information consumers receive about financial products;
- address conflicts of interest in the sales process;
- impose a ban on inducements for products sold without financial advice;
- enhance the "best interest" test for financial advisers;
- crack down on online "finfluencers"; and
- Introduce a "value for money" framework.

[Read more on this development here.](#)

## What's on the horizon?

- The Commission's proposed retail investment package for improving the retail investment framework was adopted in May 2023 and consists of:
  - A proposal for a [Regulation](#) amending the PRIIPs Regulation as regards the modernisation of the key information document (see **Slide 16**); and
  - A proposal for an [Omnibus Directive](#) that will amend existing EU Directives (including MiFID2) as regards EU retail investor protection rules.
- The Commission has referred to the Omnibus Directive as "the most ambitious proposal since the inception of EU financial regulation". Its aim is ultimately to enable more retail investment to be channeled toward participation in EU capital markets and be deployed for EU green and digital transformation. It will do this by ironing out inconsistencies in existing sectoral legislation (primarily MiFID II and IDD, but also Solvency II, UCITS and AIFMD) to ensure consistent retail investor protection applies across products and distribution channels.
- Trilogues are set to begin in January 2025. Some provisions of the package have proved contentious and trilogues are expected to be protracted due to differences in the co-legislators' texts. Industry has [recommended](#) the package be reassessed to ease complexity and to meet the goals of establishing an EU Savings and Investment Union. Separately ESMA and EIOPA have [expressed concerns](#) with the package.
- The original Commission proposal provided for an 18-month implementation period. Both the Council and the European Parliament have suggested a longer implementation timeframe.

# EU IFD/IFR



2025

2026



**2025:** EBA and ESMA final advice to the Commission on potential reforms to IFR/IFD expected.

**February 2025:** Commission Work Plan for 2025 due to be published. Potentially to include further details of the IFR/IFD review.

## EU IFD/IFR

The Investment Firms Directive (IFD) and Investment Firms Regulation (IFR) created a new harmonised prudential regime for EU investment firms, replacing the application of the CRDIV prudential regime.

While certain larger investment firms remain treated as credit institutions and subject to the capital regime under CRDIV, firms that are not subject to CRDIV are subject to the new IFD and IFR prudential regime.

The IFD/IFR regime includes requirements on capital, consolidation, reporting, governance and remuneration. The IFD and IFR are supported by numerous Level 2 implementing and regulatory technical standards (ITS and RTS) and Level 3 guidelines.

In 2025, we may see further details of potential reforms to the package.

Read more on this development [here](#) and [here](#).

## What's on the horizon?

- Article 60 of IFR and Article 66 of IFD mandate the Commission to submit a report to the Council and to the Parliament regarding multiple aspects of the IFD and IFR. In its report, the Commission may include a legislative proposal to amend the prudential framework applicable to investment firms.
- The Commission report was due by 26 June 2024. The Commission issued a [call for advice](#) to ESMA and EBA seeking advice by 31 May 2024 on the following aspects of the framework:
  - Categorisation of investment firms including the conditions to qualify as small and non-interconnected investment firms and the conditions to qualify as credit institutions.
  - The adequacy of the IFR/IFD prudential requirements, including the scope of K-factors, on prudential consolidation and liquidity requirements.
  - Interactions with the CRR/CRD, implications of the adoption of the banking package, especially on the application of the market risk framework, variable remuneration and investment policy disclosure.
  - Future proofing the IFR/IFD regime, in particular with reference to the impact of crypto-assets to investment firms' activities as well as UCITS/AIF.
  - Considerations on the risk related to ESG factors.
  - Specific considerations on commodity and emission allowance dealers and on energy firms.
- ESMA and EBA are yet to issue their final advice, following a joint [discussion paper](#) in June 2024. The final advice is now expected in 2025.
- IFR/IFD reform may be included in the Commission's 2025 Workplan, which is expected in February 2025.
- In 2025 the Commission is expected to adopt an amending IFR Commission Implementing Regulation on reporting of information on certain K-factor requirements, following [draft ITS](#) submitted by EBA in December 2024.



**EU DEVELOPMENTS**  
II. ESG DEVELOPMENTS



# EU ESG: IN THIS SECTION

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related UK  
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## EU ESG Developments

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EU Sustainable Finance Omnibus Regulation .....	<a href="#">26</a>



# EU SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

[View related UK measures](#)



2025

2026



**2025:** Commission expected to adopt the RTS on content and presentation of PAI and product disclosures in 2025.

**21/05/25:** Transitional period ends for ESMA Guidelines on fund names.

**June 2025:** Commission SFDR Review expected in June 2025.

**Q3-Q4:** ESAs' annual report expected on the extent of voluntary disclosure of PAI under Article 18 of SFDR.

**02/07/26:** ESG Ratings Regulation applies to marketing communications involving ESG Ratings.

## SFDR

The Sustainable Finance Disclosure Regulation (SFDR) aims provide transparency to investors about the sustainability risks that can affect investments' value and about the adverse impacts such investments have on the environment and society. It also aims to strengthen investor protection and improve comparability of products.

SFDR requires financial market participants and financial advisers to disclose at entity and product level how they integrate sustainability risks and principal adverse impacts in their investment decision making processes. It also requires additional product disclosures for financial products making sustainability claims.

SFDR started to apply in 2021. However, staggered implementation deadlines and the development of supplementary technical standards have meant that firms' implementation projects continued long past this date.

The European evaluated the SFDR in 2023 and [consulted](#) on possible measures to improve the framework, which may result in changes to disclosure requirements and potentially a categorisation system for financial products. The ESAs also published a [joint Opinion](#) on review of the SFDR in June 2024. The Commission's SFDR Review proposal is expected in June 2025.

[Read more on this development here and here.](#)

## What's on the horizon?

- The ESAs submitted a [final report](#) to the Commission on 4 December 2023 on amendments to the RTS on the content and presentation of principal adverse impact (PAI) and product disclosures. The Commission was originally expected to adopt the RTS in 2024. It is now expected to do so in 2025.
- Between September and December 2023, the Commission consulted on SFDR implementation and on options to improve the framework. The focus is on assessing shortcomings in the SFDR to improve legal certainty, enhancing usability and improving the legislation's role in mitigating greenwashing. The Commission is expected to adopt a **SFDR Review** proposal in June 2025.
- In December 2024, the Platform on Sustainable Finance (PSF) published a report on its [proposals for categorisation of financial products](#) under SFDR. The PSF is suggesting three categories for product categorisation under SFDR: sustainable, transition and ESG collection. The PSF report will feed into the Commissions SFDR Review proposal.
- In May 2024, ESMA published [Guidelines](#) on funds' names using ESG or sustainability-related terms. The Guidelines have applied since 21 November 2024, subject to a transitional period for funds in existence before that date. The transitional period runs until 21 May 2025.
- From 2 July 2026, the ESG Ratings Regulation (see **Slide 25**) will amend SFDR Article 13 (Marketing Communications) to provide that financial market participants and financial advisers issuing and disclosing ESG ratings as part of their marketing communications will need to comply with that Regulation.

# EU TAXONOMY REGULATION



**End-January 2025:** PSF expected to publish its report on data and usability of the EU Taxonomy.  
**05/02/25:** PSF call for feedback closes.

**2025:** PSF expected to issue final recommendations on review of Climate Delegated Act and addition of activities to the EU Taxonomy.  
**2025:** Commission expected to conduct a review of the Disclosures Delegated Act and Climate Delegated Act.

## Taxonomy regulation

The Taxonomy Regulation sets out criteria that an activity must satisfy to be referred to as 'environmentally sustainable'. Two such criteria are that the activity must contribute substantially to at least one 'environmental objective' and that the activity must not cause significant harm to an 'environmental objective'.

The six 'environmental objectives' are set out in the Taxonomy Regulation. The Taxonomy Regulation also creates disclosure obligations for certain products that are within the scope of the related Sustainable Finance Disclosure Regulation (SFDR).

Read more on this development [here](#).

## What's on the horizon?

- Under Article 8 of the Taxonomy Regulation, undertakings that fall within the scope of the Corporate Sustainability Reporting Directive (CSRD) must report in their annual reports to what extent their activities are covered by the EU Taxonomy (Taxonomy-eligibility) and comply with the criteria set in the Taxonomy delegated acts (Taxonomy-alignment). These obligations have applied from financial years starting on or after 1 January 2024. Other companies that do not fall under the scope of CSRD can decide to disclose this information on a voluntary basis.
- The Taxonomy Regulation is supplemented by four delegated acts: (i) the Climate Delegated Act ((EU) 2021/2139); (ii) the Taxonomy Complementary Delegated Act ((EU) 2022/1214); (iii) the Taxonomy Environmental Delegated Act ((EU) 2023/2486); and (iv) the Disclosures Delegated Act ((EU) 2021/2178).
- The Disclosures Delegated Act specifies the content, methodology and presentation of information to be disclosed by non-financial undertakings and financial undertakings (asset managers, credit institutions, investment firms and insurance and reinsurance undertaking) concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. Under the Disclosures Delegated Act, which supplements Article 8 of the Taxonomy Regulation, financial undertakings have been required to disclose certain key performance indicators from 1 January 2024.
- The Commission has been conducting work to enhance the usability of the Taxonomy and has produced a range of [online tools](#) to guide users. The Commission tasked the Platform on Sustainable Finance (PSF) with delivering recommendations to: (i) ensure the taxonomy criteria and disclosures are usable on the ground for all actors in scope; and (ii) enhance the usability of the taxonomy for non-EU players or economic activities conducted outside the EU. The PSF is expected to report in February 2025.
- The Commission will review the Disclosures Delegated Act and Climate Delegated Act during 2025. The PSF issued a [call for feedback](#) seeking responses by 5 February 2025 on preliminary recommendations for the review of the Climate Delegated Act and the addition of activities to the EU taxonomy.

# CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CS3D)



2025

2026



**24/07/24:** CS3D has been in force since this date.

**26/07/26:** Member States to adopt and publish national implementing measures for CS3D by 26 July 2026.

**2025/2026:** Commission potentially to call for technical advice from ESAs and/or consult designated experts in Member States to assist in formulation of delegated acts under Arts. 3(2) and 16 and guidelines under Art.19 of CS3D.

**26/07/26:** Latest date by which Commission to produce report on due diligence requirements for regulated financial undertakings.

## CS3D

The Corporate Sustainability Due Diligence Directive (**CS3D**) sets out an EU legal framework on sustainable corporate governance, including cross-sector corporate due diligence along global value chains.

The main effect of the CS3D will be to introduce obligations on in-scope EU and non-EU companies to adopt and implement due diligence policies and processes to identify and address adverse human rights and environmental impacts (known as human rights and environmental due diligence, or "**HREDD**") with which the companies may be involved through their own operations, through those of their subsidiaries or through the business relationships in their value chain.

HREDD must be conducted **upstream** (i.e., on providers of goods or provision of services to the company) and **downstream** (i.e., on those involved in distribution, transport and storage of a company's products). Article 22 of CS3D will also require in-scope companies to adopt climate transition plans but those already reporting a transition plan under CSRD will be deemed to comply with this CS3D requirement.

Read more on this development [here](#), [here](#), and [here](#).

## What's on the horizon?

- **CS3D** entered into force on 24 July 2024. Member States must adopt and publish implementing measures by 26 July 2026, with phased deadlines for compliance starting on 26 July 2027.
- CS3D will apply to large EU companies and large non-EU companies active in the EU.
  - **EU Companies** are defined as: (i) companies with more than 1000 employees and a net global turnover of more than EUR450 million; or (ii) ultimate parent companies of groups that reach these thresholds; or (iii) companies (or ultimate parent companies of groups) with franchising or licensing agreements in the EU (separate thresholds apply).
  - **non-EU Companies** are defined as companies or ultimate parent companies of groups: (i) that have a EUR450 million net turnover generated in the EU, with no requirement to meet an employee threshold; or (ii) with franchising or licensing agreements in the EU (with the same separate thresholds as apply to EU companies).
- **Regulated financial undertakings** (as defined in CS3D) must conduct upstream HREDD but have been exempted from the requirement to conduct due diligence on their downstream value chain. However, this may change. By 26 July 2026 at the latest, the European Commission is required to submit a report on the necessity and extent of any inclusion of the financial sector within the scope of the CS3D (Recital 98 and Article 36, CS3D).
- AIFs and UCITS are exempt from the Directive, but their managers fall within the definition of regulated financial undertakings.
- CS3D does not mandate any Level 2 technical standards but the Commission is to adopt delegated acts under Articles 3(2) and 16 and guidelines under Article 19. One delegated act (due by 31/03/27) will specify the content of the annual statement on CS3D compliance that in-scope companies must publish on their website. This delegated act will be designed to ensure there is no duplication in reporting for companies subject to reporting under Article 4 of SFDR (see **Slide 21**).

# EU ANTI-GREENWASHING DIRECTIVE: AMENDMENTS TO UCPD



2025

2026



**2025:** Member States working on development of national implementing measures.

**27/03/26.:** Member States must adopt and publish national implementing measures by this date.

**27/09/26:** Member States must apply the Directive's implementing measures from this date.

## Anti-Greenwashing Directive

Directive (EU) 2024/825 on Empowering Consumers for Green Transition (referred to as **the Anti-Greenwashing Directive**) was published in the Official Journal on 6 March 2024. The new Directive aims to strengthen consumer rights and protections with respect to commercial practices, including greenwashing, that prevent sustainable purchases.

The Directive amends the **Unfair Commercial Practices Directive (UCPD)** to:

- extend the list of product characteristics about which a trader cannot mislead consumers to cover the environmental or social impact;
- extend the list of actions which are to be considered misleading if they cause or are likely to cause the average consumers to take a transactional decision that they would not have otherwise taken; and
- add 12 new practices, including forms of greenwashing, to the existing 'blacklist' of prohibited unfair commercial practice.

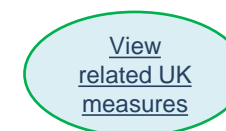
The Directive also amends the Consumer Rights Directive with respect to pre-contract information requirements.

## What's on the horizon?

- The [Anti-Greenwashing Directive](#) entered into force on 27 March 2024. It forms part of a package of measures put forward in March 2022 as part of the Commission's New Consumer Agenda and Circular Economy Action Plan, aimed at making sustainable products the norm in the EU, boosting circular business models, and empowering consumers for the green transition. The Anti-Greenwashing Directive is designed to ensure consumers take informed and environment-friendly decisions when buying products, and the rules strive to strengthen consumer protection against untrustworthy or false environmental claims by banning greenwashing and other practices that mislead consumers.
- The new practices that have been added to the list of practices that are automatically considered unfair, and therefore prohibited are added to Annex I of the Unfair Commercial Practices Directive. Of the 12 new banned practices, the key claims relevant to financial products and services include:
  - Misleading sustainability labels;
  - Unsubstantiated generic environmental claims;
  - Overly-wide environmental claims; and
  - Claims based on greenhouse gas offsetting.
- Member States must adopt and publish the measures necessary to comply with the Directive by 27 March 2026.
- The Directive applies from 27 September 2026.



# EU ESG RATINGS REGULATION



2025

2026



**02/01/25:** ESG Ratings Regulation in force from this date. Implementation period runs to July 2026.

**02/10/25:** Deadline for submission by ESMA of draft RTS under Articles 6(3), 12(9), 16(5), and 23(4) and guidelines under Article 29(1).

**02/10/25:** Date by which ESMA to develop guidelines under Article 49(3) on amendments to SFDR on disclosures in marketing communications.

**02/07/26:** ESG Ratings Regulation applies from this date.

**02/08/26:** Deadline – ESMA notifications by larger ESG ratings providers.

**02/11/26:** Deadline – ESMA notifications by small ESG ratings providers and authorisation/recognition applications by larger ESG ratings providers.

## EU regulation of ESG ratings providers

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem.

The ESG Ratings Regulation was published in the Official Journal on 12 December 2024. Its provisions are designed to address: (i) lack of transparency on the characteristics of ESG ratings, their methodologies and their data sources; (ii) the lack of clarity on how ESG rating providers operate; and (iii) conflicts of interest at ESG rating providers' level.

The ESG Ratings Regulation is intended to complement and avoid duplication of requirements in existing legislation such as the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Bonds Regulation.

Read more on this development [here](#).

## What's on the horizon?

- The [ESG Ratings Regulation \(EU\) 2024/3005](#) was published in the Official Journal on 12 December 2024 and entered into force on 2 January 2025. It is set to apply directly across the EU from 2 July 2026.
- A transitional regime will apply to ESG Rating providers that were already operating in the EU on 2 January 2025. 'Small' providers must notify ESMA by 2 November 2026 if they wish to continue offering their services. Larger providers must notify ESMA by 2 August 2026 and apply for authorisation or recognition by 2 November 2026.
- Among other things, the Regulation sets out provisions to:
  - Introduce an authorisation requirement for ESG ratings providers (a lighter-touch temporary registration regime will operate for small ESG rating providers based in the EU), with providers to be directly supervised by ESMA;
  - Introduce a regime for third country ESG ratings providers wishing to provide ESG ratings in the EU;
  - Set out transparency requirements and principles on the integrity and reliability of ESG rating activities; and
  - Impose obligations relating to the independence and management of conflict of interests of ESG rating providers.
- There are numerous exemptions from the scope of the Regulation which benefit from close reading. Among others, the Regulation will not apply to internal or private ESG ratings that are not intended for public disclosure or distribution, raw ESG data or credit ratings. ESG ratings provided on a reverse solicitation basis by third country providers are also outside scope provided certain conditions are met.
- ESMA has been mandated to develop a range of technical standards (RTS and ITS) and guidelines to supplement the Regulation and is expected to consult during 2025 on RTS to be submitted to the Commission by 2 October 2025.

# SUSTAINABLE FINANCE OMNIBUS REGULATION



**26/02/25:** Expected date for publication of the Omnibus Simplification Package.

## Proposed Omnibus Regulation

Following the [informal meeting](#) of heads of state or government, Budapest, 7-8 November 2024, Commission President Ursula von der Leyen [announced](#) that the Commission intends to introduce an “Omnibus Regulation” designed to reduce red tape in companies’ reporting obligations without “changing the content” of the law.

In terms of potential scope and subject matter, it is understood the proposal would streamline the reporting requirements of existing sustainable finance legislation to reduce overlaps and redundancies. Ms von der Leyen said “...we will look at the triangle of the Taxonomy Regulation, the Corporate Sustainability Reporting Directive and the Corporate Sustainability Due Diligence Directive.”

## What’s on the horizon?

- The Commission’s [indicative College Agenda](#) to 5 March 2025 indicates that the ‘Omnibus Simplification Package’ is expected to be launched on 26 February 2025.
- No further information is available at this time.

The background of the slide is a blurred image of a financial market display. It features a candlestick chart on the left and several line graphs in various colors (blue, green, white) on the right. The charts are set against a dark background with some numerical data points visible, such as 24.90, 30.00, 20.00, 13.90, 67.00, 2.58, 1.21, 2.26, 10.70, and 468.00. A semi-transparent white banner is overlaid across the middle of the image, containing the text.

## **EU DEVELOPMENTS**

### III. CROSS-SECTORAL DEVELOPMENTS

# EU CROSS-SECTOR: IN THIS SECTION

[View related UK measures](#)

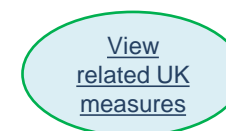


## EU Cross-sectoral Developments

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# EU MiFID2/MiFIR



2025

2026



**17/01/25:** DORA-related amendments to MiFID2 apply.  
**03/02/25:** MiFIR designated publishing entity regime applies.  
**29/03/25:** ESMA to submit draft RTS under amended MiFIR Arts. 5, 9(5), 14(7), 15(1).

**29/09/25:** MiFID3 provisions apply.  
**29/09/25:** ESMA to submit draft RTS under amended MiFIR Arts. 11a, 26(9), 27ha.

**29/03/26:** ESMA to submit draft RTS under amended MiFIR Art. 1(8).

**Q1:** Commission considering ESMA draft RTS/ITS under amended MiFIR Arts. 11(4), 13(3), 14, 22b, 22c, 27d, 27db, 27h.

- ——— MiFIR2 Article 54(3) transitional provision applies pending application of new MiFIR2 delegated acts ——— •

## EU MiFID2/MiFIR package

The MiFID2 Framework (comprising the MiFID2 Directive and the MiFIR Regulation) is the cornerstone of EU legislation governing the authorisation and operation of investment firms and the buying, selling and organised trading of financial instruments.

The MiFID2 ‘Quick Fix’ measures in response to Covid-19 have applied since February 2022 and measures to integrate sustainability into the package were introduced in August and November 2022.

The ‘**MiFID3/MiFIR2**’ package published in the Official Journal in March 2024 amends the MiFID2 Framework mainly to improve access to market data (including to enable introduction of an EU consolidated tape – see **Slide 12**) and improve trade transparency. Related Level 2 measures will be under development throughout 2025. MiFID2 will also see further changes due to initiatives being introduced under the Capital Markets Union (CMU) Action Plan.

Read more on these developments [here](#), [here](#) and [here](#).

## What’s on the horizon?

- The MiFID3/MiFIR2 package was published in the Official Journal on 8 March 2024 and entered into force on 28 March 2024. The [MiFIR2](#) amendments to MiFIR have applied from 28 March 2024. EU Member States must bring into force the [MiFID3](#) amendments to MiFID2 by 29 September 2025.
- ESMA is required to develop and submit to the Commission a large number of draft RTS and ITS under MiFIR2 which will be adopted as Level 2 delegated acts. These Level 2 measures will be under development throughout 2025 and 2026. In Q1 2025 the Commission is considering whether to endorse final draft RTS/ITS submitted to it by ESMA in December 2024.
- A transitional provision in new Article 54(3) to MiFIR provides that delegated acts adopted under MiFIR that were applicable before 28 March 2024 will continue to apply until the date of application of new delegated acts reflecting reforms made by MiFIR2.
- As part of the EU’s **Digital Finance Strategy**, Directive (EU) 2022/2556 supporting the DORA Regulation (see **Slide 37**) amends various sectoral Directives including MiFID2 to ensure that their requirements on operational risk and risk management are cross-referenced to the DORA Regulation. These amendments have applied from 17 January 2025.
- The recently adopted **Listing Act package** to support access to EU public markets, will among other things amend MiFID 2’s provisions on research unbundling and SME growth markets to stimulate investment in SMEs, introduce a Code of Conduct for issuer-sponsored research, and amend MiFIR RTS on order book data.
- The Commission’s proposed **Retail Investment package** sets out measures to increase consumer participation in capital markets (see **Slide 17**) and includes proposed amendments to sectoral legislation including MiFID2 to introduce simplified/improved disclosures on products, new provisions relating to sophisticated retail investors and harmonisation of professional standards for advisers. The European co-legislators will continue to consider the package during 2025.



2025

2026



**24/12/24:** The majority of EMIR 3.0 requirements have applied from this date.  
**27/01/25:** ESMA consultation on Active Account Requirement (AAR) draft RTS closes.

**25/06/25:** AAR applies to the first group of in-scope counterparties from this date. ESMA to submit draft RTS to the Commission.  
**25/06/25:** Member States must implement the new requirements in CRD and the IFD by this date.  
**30/06/25:** Original expiry date for equivalence decision for UK CCPs (has been extended to 30 June 2028).  
**30/06/25:** End of temporary exemptions from the clearing and margining requirements for intragroup transactions.

**25/12/25:** ESMA to submit to the Commission other technical standards required under EMIR 3.0.  
**25/12/25:** ESMA to publish guidelines on data quality procedures and arrangements.

**25/06/26:** Member States to transpose the new requirements in UCITS, CRD and the IFD.  
**25/06/26:** EBA to publish guidelines on integrating concentration risk arising from exposures to CCPs into supervisory stress testing.  
**25/06/26:** ESMA to assess the effectiveness of the active account obligation.

## EU EMIR

The European Market Infrastructure Regulation (EU EMIR) places clearing, risk mitigation and reporting requirements on counterparties to derivatives contracts, central counterparties ((CCPs) and trade repositories. EU EMIR also sets out registration and supervision requirements applicable to CCPs and trade repositories.

Since its application, EMIR has been amended by EMIR REFIT and EMIR 2.2. Most recently, the EMIR 3.0 package was published in the Official Journal on 4 December 2024 and entered into force on 24 December. The package comprises (i) a regulation amending EMIR, CRR and the MMF Regulation and (ii) the EMIR 3.0 Directive amending CRD and the IFD as well as the UCITS Directive.

The EMIR 3.0 package aims to increase clearing at EU CCPs and reduce reliance on UK Tier 2 CCPs. It also makes other targeted changes which will impact EU counterparties that trade derivatives, as well as their trading partners.

Read more on EMIR [here](#) and [here](#).

## What's on the horizon?

- Intragroup transactions - Commission Delegated Regulations (EU) 2023/314 and (EU) 2023/315 extended the deferred date of the application of EMIR's margin requirements and the clearing obligation for intragroup transactions to 30 June 2025.
- The Commission has extended the equivalence decision for UK CCPs to 30 June 2028.
- Active Account Requirement (AAR) - In-scope counterparties will need to open (by 26 June 2025) and maintain an active clearing account with at least one EU CCP. Operational conditions for the account will apply and in-scope counterparties must meet extensive reporting requirements. Those in-scope counterparties with EUR 6bn or more must also meet a so-called 'representativeness' requirement. The AAR is to be supplemented by RTS under development by ESMA, which is [consulting](#) until 27 January 2025 on draft RTS with a view to submitting them to the Commission as soon as possible, by the legislative deadline of 25 June 2025.
- Other Level 2 measures - ESMA will be consulting through 2025 on other EMIR 3.0 mandates. ESMA has been asked to develop new or revised RTS/ITS in line with Arts. 4a, 4b, 7c, 7d, 10, 11 and 12 of EMIR (as amended by EMIR 3.0). All draft RTS must be submitted by 25 December 2025 to the Commission for endorsement. These will cover a wide range of areas, including: revised supervisory procedures; requirements regarding participation, margin transparency, procyclical effects of collateral haircuts, and interoperability links for derivatives; organisational requirements, margin requirements, liquidity risks controls and collateral requirements; clearing thresholds; and post trade risk reduction services. In 2025, ESMA will also publish draft RTS on public data, development of which ESMA had [postponed](#) due to EMIR REFIT provisions applying in April 2024.
- Level 3 measures – ESMA is mandated to develop guidelines under Art 9(4a) of EMIR on data quality procedures and arrangements. EBA is to develop guidelines (under Art. 100(5) of CRD) on integrating concentration risk arising from exposures to CCPs into supervisory stress testing.

# EU SFTR



**01/01/25:** Revisions to Delegated Regulation (EU) 2019/360 on ESMA's fees for trade repositories apply from this date.

**2025:** ESMA's supervisory focus is on monitoring of data reconciliation and the accuracy and integrity of SFTR reports by trade repositories.

**2025:** ESMA will publish an SFTR data quality report during 2025.

**2025:** ESMA plans to publish its postponed report on efficiency of SFTR reporting during 2025.

## EU SFTR

SFTR aims to increase transparency and reduce perceived “shadow banking” risks by requiring counterparties to report securities financing transactions (SFTs) to a trade repository and among other things requiring UCITS managers and AIFMs to make pre-contractual and periodical disclosures to investors about their use of SFTs and total return swaps. SFTR also imposes conditions on the re-use of financial instruments that have been provided as collateral.

ESMA Guidelines for the transfer of data between trade repositories under EMIR and the SFTR were published in March 2022 and have applied since October 2022.

## What's on the horizon?

- The key challenge with securities financing transactions (SFTs) is that, while many core regulatory and supervisory activities of the authorities rely on the data reported and disclosed by market participants, lack of reliable data can present difficulties in identifying property rights and counterparties and monitoring risk concentration.
- With respect to fees charged to trade repositories, [Commission Delegated Regulation \(EU\) 2024/1704](#) applies from 1 January 2025. It amends Delegated Regulation (EU) 2019/360 as regards harmonisation of certain aspects of fees charged by ESMA to trade repositories.
- In April 2024, ESMA published its fourth annual [Report on Quality and Use of Data](#), covering the datasets in the following sectoral regulations under ESMA's remit: EMIR (transactions and positions in derivatives), SFTR (SFTs), MiFIR (transactions in financial instruments), Securitisation Regulation, AIFMD and MMFR (funds data), CRAR (ratings) and Prospectus Regulation. In 2025, ESMA will publish a fifth annual report to show the effectiveness of the collective supervisory efforts of ESMA and the NCAs supervising reporting entities.
- In 2025, ESMA plans to publish a report on the efficiency of SFTR reporting. Required under Art 29(1) this report had an original deadline in 2021. ESMA [explained](#) in May 2024 that this report had been postponed.
- In 2025, as in 2024, ESMA's supervisory focus will be on monitoring the correct reconciliation of data and the adequate verification of accuracy and integrity of SFTR reports by trade repositories.

Read more on EU SFTR [here](#).

# EU CSDR



2025

2026



**01/01/25:** From this date, all transferable securities admitted to trading or traded on a trading venue must be represented in electronic book-entry form.  
**17/01/25:** Delivery date for a wide range of draft RTS and ITS from ESMA and EBA

**July 2025:** ESMA to deliver draft RTS on settlement discipline and tools to improve settlement efficiency including report on tools to improve settlement efficiency.

**02/11/25:** Deferred mandatory buy-in rules apply from this date.

**17/01/26:** Application date for remaining CSDR REFIT amendments to EU CSDR.

**Q4:** ESMA to deliver draft RTS on the mandatory buy-in process.

## EU CSDR

EU CSDR aims to harmonise certain aspects of securities settlement, such as the timing of settlement and the authorisation process for EEA CSDs. The next major phase of implementation, the introduction of a mandatory buy-in regime, was intended to come into effect on 1 February 2022, but has been suspended and will now take effect from 2 November 2025. In the meantime, the CSDR REFIT entered into force on 16 January 2024. Some of its provisions applied from that date. Others have applied from 1 May 2024 or will apply from 17 January 2026. CSDR REFIT amends the CSDR to:

- Enhance supervisory co-operation;
- Simplify the CSDR passporting process;
- Facilitate CSDs' access to banking-type ancillary services;
- Clarify elements of the settlement discipline regime; and
- Introduce an end-date for the grandfathering clause for EU and third-country CSDs and a notification requirement for third-country CSDs.

Read more on this development [here](#).

## What's on the horizon?

- CSDR REFIT was published in the Official Journal on 27 December 2023 and entered into force on 16 January 2024. CSDR REFIT will apply fully from 17 January 2026.
- CSDR REFIT mandated ESMA to deliver a report on shortening the settlement cycle – see **Slide 38** for details.
- Following consultations in July 2024, ESMA expects to deliver the following final draft RTS/ITS in 2025, mandated by CSDR REFIT:
  - CSDR Art 22: RTS on review and evaluation – Information to be provided; and ITS on review and evaluation – Standards, forms and templates.
  - CSDR Art 25: RTS on information to be notified to ESMA by Third Country CDSs.
  - CSDR Art 47a RTS on deferred settlement.
  - ESMA is also working on mandates for guidelines under the CSDR REFIT.
- In 2025, the Commission is expected to adopt a delegated act on the scope of the settlement discipline following [Technical Advice](#) from ESMA.
- In 2025, EBA is expected to work on its CSDR REFIT mandates to deliver: (i) draft RTS on thresholds for provision of banking-type ancillary services; (ii) RTS on rules and procedures on conflict of interests; and (iii) a report on provisioning of banking-type ancillary services for CSDs.
- In July 2025, ESMA intends to deliver a CSDR report on CSD settlement efficiency and internalised settlement.
- The CSDR's mandatory buy-in regime was intended to apply from 1 February 2022. The application of the relevant rules has been delayed until 2 November 2025. Under CSDR REFIT, ESMA was mandated to develop by 17 January 2025 draft RTS on the mandatory buy-in process. In May 2024 ESMA [explained](#) it would postpone delivery of these RTS to Q4 2026.



# SRD2



2025

2026



**11/02/25:** Commission Work Programme 2025 expected. May include proposals on shareholder rights.

## SRD2

The original Shareholder Rights Directive (SRD) established rules promoting the exercise of shareholder rights at general meetings (GMs) of companies with offices in the EU and whose shares were admitted to trading on a regulated market within the EU.

The revised Shareholder Rights Directive (SRD2) introduced amendments to SRD to enable shareholders to exercise voting and information rights in EU companies traded on regulated markets across the EU.

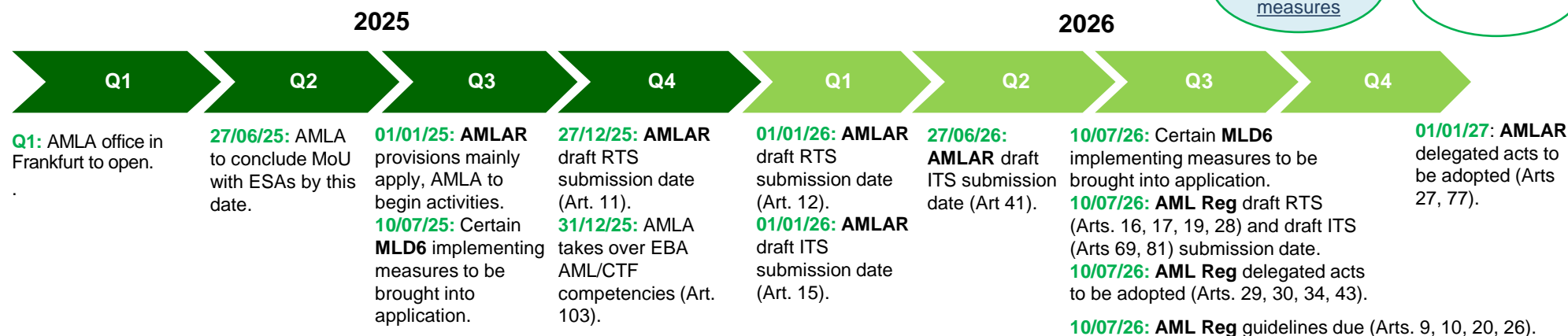
Amendments to the SRD addressed perceived shortcomings relating to transparency and a lack of shareholder engagement. The amendments relate to the link between directors' pay and performance, related party transactions, advice given by proxy advisers and facilitation of the cross-border exercise of voting and information rights.

EU Member States were required to transpose SRD2's amendments to SRD by 10 June 2019. Review clauses in Articles 3f(2) and 3k(2) of the SRD require the Commission to report on aspects of the regime.

## What's on the horizon?

- By 10 June 2023, the Commission was due to report on and, if appropriate, propose amendments to provisions on:
  - Shareholder identification, transmission of information and facilitation of exercise of shareholder rights; and
  - Implementation of the provisions on the transparency of proxy advisers.
- The Commission requested that both ESMA and the EBA be involved in the preparation of the input to be provided regarding Chapter Ia of the SRD2, in particular Articles 3a-3e, which regulate companies' and intermediaries' rights and obligations regarding 9 shareholder identification, transmission of information and the facilitation of the exercise of shareholder rights. ESMA was also asked to provide input on the implementation of Article 3j of the SRD2, which regulates the transparency of the proxy advisory industry.
- On 27 July 2023, ESMA and the EBA published a [report](#) on Implementation of SRD2 provisions on proxy advisors and the investment chain.
- The Commission's report is still awaited. The Commission Work Programme for 2025 is expected to be delivered on 11 February 2025 and may include proposals on shareholder rights.

# NEW EU AML AND CTF FRAMEWORK



## MLD4, MLD5 and the new AML and CTF package

MLD4 contains the EU’s anti-money laundering (AML) and Counter-terrorist financing (CTF) framework. MLD5 made targeted amendments to MLD4 to increase transparency around owners of companies and trusts through the establishment of public beneficial ownership registers, prevent risks associated with the use of virtual currencies for terrorist financing, restrict the anonymous use of pre-paid cards, improve the safeguards for financial transactions to and from high-risk third countries and enhance Financial Intelligence Units’ access to information.

In 2024, an ambitious new package of legislative proposals was finalised, intended to modernise, strengthen and reshape the regulatory, institutional and supervisory AML framework, by establishing a Single AML Rulebook directly applicable in all Member States and an EU AML Authority (AMLA). This is intended to lead to an integrated and more centralised EU AML and CTF supervisory system.

The new framework is entering into application on a phased basis.

Read more on AML/CTF developments [here](#).

## What’s on the horizon?

- Adopted by the Commission in July 2021, the package of new legislative proposals was finalised 2023-2024 and comprises:
  - The [revised recast Wire Transfer Regulation](#) to ensure traceability of transfers of funds and cryptoassets for AML and CTF purposes. Adopted in May 2023, it has applied from 30 December 2024 to payment services providers and cryptoasset services providers.
  - The [AML Regulation \(AMLAR\)](#) (in force 25 June 2024), establishing a new EU AML and CTF authority. AMLA will be fully operational by 2028. It will oversee all national supervisors (including non-financial sector) and directly supervise certain high-risk institutions. Provisions of the AMLA Regulation apply variously from 26 June 2024, 1 July 2025 and 31 December 2025.
  - The [AML Regulation \(AML Reg\)](#) (in force 9 July 2024), a new regulation on AML and CTF, containing and expanding certain provisions moved from MLD4 to make them directly applicable.
  - [MLD 6](#) (in force 9 July 2024), a sixth directive on AML and CTF, containing provisions governing the institutional AML and CTF system at Member State level (e.g. beneficial ownership registers).
- The new framework will require an AMLA/ESAs MoU and the development of a number of Level 2 and Level 3 provisions supporting the new Single AML Rulebook. Submission and adoption deadlines run from 2025 to 2027 meaning AMLA’s direct supervision will begin from 2028:
  - AMLAR:** AMLA must submit a range of draft RTS and ITS to the Commission by deadlines between December 2025 and June 2026. The Commission is also mandated to adopt delegated acts by January 2027.
  - AML Regulation:** AMLA must submit draft RTS and ITS to the Commission by July 2026 and develop guidelines by deadlines in July 2026 and July 2027. The Commission is also mandated to adopt delegated acts.
  - MLD6:** Member States must apply certain implementing measures from 10 July 2025 and 10 July 2026.

# EU MAR AND CSMAD



Commission report on EU MAR has yet to be published.

**05/06/26:** Amendments to EU MAR with respect to issuer disclosures, introduced by the EU Listing Act package, apply from this date.

**2025:** In 2025 ESMA is expected to continue working on regulatory and supervisory convergence measures further to the implementation of the listing act amendments to MAR.

## EU MAR and CSMAD

An EU-wide framework for tackling market abuse and market manipulation was first introduced in 2005. EU MAR and CSMAD aimed to update and strengthen this framework. From 2016, EU MAR extended the scope of the market abuse regime and introduced new requirements including in relation to insider lists, disclosure of inside information and reporting of suspicious orders and transactions.

CSMAD sets minimum requirements for EU Member States' criminal sanctions regimes for market abuse.

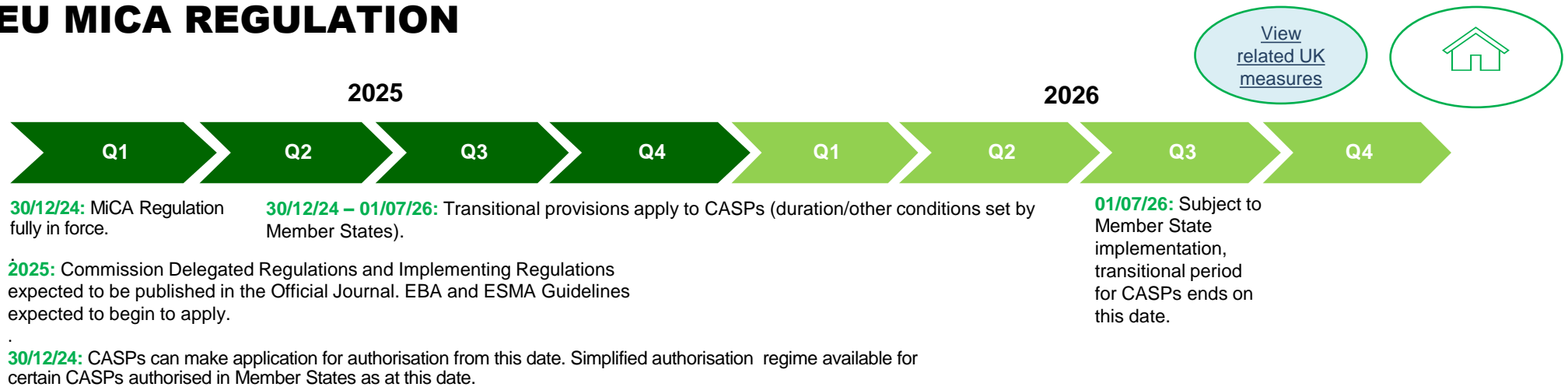
The first in-depth review of EU MAR since its implementation was carried out by ESMA, with the outcomes published in September 2020. ESMA's recommendations will feed into the European Commission's review of EU MAR.

Read more on this development [here](#).

## What's on the horizon?

- EU MAR required the Commission to submit a report on EU MAR and, if the Commission considered this to be appropriate, a proposal for amendments to EU MAR, by 3 July 2019. In September 2020, ESMA published a report on EU MAR. The Commission's report has yet to be published.
- The recently published EU Listing Act package includes changes to the rules under EU MAR on share buy-backs, market soundings, issuer obligations, managers' disclosures and other matters. Most of the changes to EU MAR took effect on 4 December 2024. Amendments to EU MAR with respect to issuer disclosures will apply from 5 June 2026.
- In 2025, ESMA is expected to continue working on regulatory and supervisory convergence measures further to the implementation of the EU Listing Act amendments to EU MAR.
- In 2025, ESMA will continue focusing on the impact of social media on market surveillance and market integrity and may revise its guidance on this topic. ESMA will also monitor the convergent implementation and application of the market abuse rules stemming from EU MAR, to identify new forms of market abuse and threats to market integrity. ESMA will also keep on monitoring the deployment of existing accepted market practices (AMPs) and will deliver opinions with respect to new or revised AMPs. If needed, ESMA will consider updating its opinion on points for convergence in relation to AMPs on liquidity contracts.

# EU MiCA REGULATION



## EU MiCA Regulation

The Markets in Cryptoassets Regulation (MiCA) aims to harmonise cryptoasset regulation across the EU.

MiCA applies with respect to cryptoassets that do not qualify as MiFID financial instruments, deposits or structured deposits or traditional e-money under existing EU financial services legislation. In-scope cryptoassets are stablecoins ('Asset Referenced Tokens' (ARTs) and 'e-money Tokens' (EMTs)) and utility tokens ('other cryptoassets').

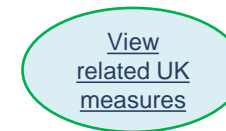
As well as placing obligations on those who issue or offer cryptoassets to the public, MiCA provides a framework for cryptoasset service providers (CASPs), which imposes separate authorisation and ongoing requirements for activities such as trading and custody of this asset class. It will ensure among other things that customer assets are properly segregated from a cryptoasset firm's own assets and will ensure the cryptoassets firm has enough liquidity on hand in the form of reserves to meet customer withdrawals. MiCA also introduces a market abuse regime tailored to cryptoassets.

Read more on MiCA [here](#), [here](#), [here](#), and [here](#).

## What's on the horizon?

- MiCA was published in the Official Journal on 9 June 2023 and entered into force on 29 June 2023. MiCA's provisions related to stablecoins (Asset Referenced Tokens and E-Money Tokens) applied from 30 June 2024, with the remainder of its provisions applying from 30 December 2024.
- Transitional provisions under Article 143 of MiCA will operate to enable CASPs that were authorised under existing national regimes as at 30 December 2024 to continue to providing services until whichever is sooner of such time as their application for authorisation is granted/refused or 1 July 2026 (i.e. 18 months after MiCA's entry into force). However, in practice this varies as not all Member States have applied the full transitional period and some Member States have imposed deadlines for authorisation applications for CASPs wishing to benefit from the transitional period. ESMA [published](#) a list of Member States' decisions on transitional periods in December 2024.
- MiCA is supplemented by an extensive set of further Level 2 delegated acts, RTS and ITS, and Level 3 guidelines.
  - Since H2 2023, EBA and ESMA have launched multiple consultation packages to develop Level 2 measures and submitted their final drafts to the Commission. The Commission adopted a number of draft Commission Delegated Regulations and Implementing Regulations in Q3 and Q4 2024. Subject to scrutiny, these are expected to be published in the Official Journal in H1 2025. In 2025, the Commission is also expected to adopt further draft Commission Delegated Regulations that have not yet been adopted.
  - Both EBA and ESMA have consulted on and published Level 3 Guidelines. A number of Guidelines were published in Q4 2024 which are expected to begin to apply in 2025. Other Guidelines are expected to be finalised.

# EU DORA



2025

2026



**17/01/25:** DORA and related Directive apply.

**31/03/25:** NCAs to send details of systemic financial entities to ESAs.

**H1:** Commission and ESAs finalising outstanding Level 2 materials. EBA reviewing existing ICT guidelines.

**30/04/25:** NCAs to send registers of information on contractual arrangements to ESAs.

**H2:** First designations of critical ICT third-party service providers expected to be made.

**31/01/26:** NCAs to send details of systemic financial entities to ESAs.

**31/03/26:** NCAs to send registers of information on contractual arrangements to ESAs.

## EU Digital Operational Resilience Act (DORA)

Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (**DORA**) was published in the Official Journal of the European Union in December 2022 and entered into force on 16 January 2023.

DORA puts in place a detailed and comprehensive framework on digital operational resilience for EU financial entities. EU entities must ensure they have the capacity to build, assure and review their operational integrity to ensure that they can withstand all types of disruptions and threats relating to information and communication technologies (ICT). DORA introduces an EU-level oversight framework to identify and oversee ICT third party service providers deemed “critical” for financial entities.

DORA will be supported by Level 2 technical standards and Level 3 guidelines, many of which were delivered in 2024 but some of which are still under development.

Read more on this development [here](#), [here](#) and [here](#).

## What’s on the horizon?

- [DORA](#) applies from 17 January 2025. There is no phased implementation and the ESAs [made clear](#) that financial entities were expected to be compliant from day 1. On the same date, the related [Directive](#) applies, amending operational resilience requirements in a number of existing EU directives, including the UCITS Directive, the AIFMD and MiFID II.
- In November 2024, the ESAs adopted a [Decision](#) concerning the reporting by national competent authorities (NCAs) to the ESAs of information necessary for the designation of critical ICT third party service providers in accordance with Article 31(1)(a) of DORA. To be able to assess criticality, the ESAs need to be sent annually: (1) the registers of information on contractual arrangements on the use of ICT services provided by ICT third-party providers to be maintained and updated by financial entities under DORA; and (2) the information regarding financial entities that rely on relevant ICT third-party service providers and that are identified as systemic by NCAs under Commission Delegated Regulation (EU) 2024/1502 (except credit institutions as EBA already has that information). In 2025, these items are required by 30 April 2025 and 31 March 2025 respectively.
- In addition to finalising the Level 2 and Level 3 mandates under DORA, the EBA is engaged in an exercise to review and, if necessary, update its existing guidelines on ICT risk management to align with DORA.
- In 2025, ESMA will be monitoring DORA compliance of entities it directly supervises.
- In 2025, 2025, the ESAs plan to start the collection of fees for the oversight of CTPPs under DORA.

# EU T+1 SETTLEMENT



**17/01/25:** Deadline for ESMA to submit a report on shortening the settlement cycle. Report was published prior to the deadline, in November 2024.

**2025-2026:** ESMA expects to be engaged on an ongoing basis on progress toward T+1 settlement in the EU.

**Q1:** ESMA establishing the governance structure for the move to T+1 settlement.

## EU T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

Speaking in July 2024, ESMA Chair Verena Ross commented that, given that the EU markets are strongly interlinked, a misalignment in the settlement cycle between the UK, the EU and Switzerland could be damaging.

ESMA was mandated under CSDR REFIT (see **Slide 32**) to submit a report by 17 January 2025 on its assessment of shortening the settlement cycle. ESMA ran a call for evidence October-December 2023 on shortening the settlement cycle and published a feedback report in November 2024.

## What's on the horizon?

- ESMA's [report](#) on its assessment of the shortening of the settlement cycle in the European Union was published in November 2024. ESMA recommends The migration to T+1 should be achieved in Q4 2027, preferably 11 October 2027 and preferably coordinated with the T+1 transition in UK and Switzerland.
- A move to T+1 is likely to require changes to the EU CSDR and existing Level 2 regulations, as well as further regulatory guidance.
- In 2025, ESMA expects to continue working on progress towards T+1 settlement, being actively involved in preparatory work and coordination with the relevant public and private sector stakeholders towards shortening of the settlement cycle.
- As outlined in a [joint ESMA, Commission and ECB statement](#) in October 2024, ESMA, in close coordination with national competent authorities, DG FISMA and the ECB's DG MIP has agreed to establish a governance structure, incorporating the EU financial industry, as soon as possible to oversee and support the technical preparations of any future move to T+1. ESMA's work is underway in Q1 2025.
- China is already operating at T+0 and Japan, Singapore, Australia are all actively considering a move to real time settlement. In its report, ESMA stated its view that the conditions in which a move to T+1 would occur in the EU should not prevent a later move to T+0 and that the discussion on the possibility to further shorten the settlement cycle to T+0, including the role that new technologies may play here, should continue following a successful transition to T+1.



## **UK DEVELOPMENTS**

### I. ASSET MANAGEMENT DEVELOPMENTS

# UK ASSET MANAGEMENT DEVELOPMENTS: IN THIS SECTION

[View related EU measures](#)



## UK Asset Management Developments

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# REFORMS TO UK ASSET MANAGEMENT FRAMEWORK



2025

2026



**H1:** FCA to decide on whether to extend payment research optionality to fund managers.

**Q2:** Next iteration of the regulatory initiatives grid due to be published.  
**Q2:** Financial Services Growth & Competitiveness Strategy due to be published.

**2025:** FCA to collaborate with the Monetary Authority Singapore (MAS) to explore the regulatory considerations for tokenisation within the asset and wealth management sector

## Reforms to UK asset management framework

Reform of UK UCITS and AIFMD was allocated by the previous government to Tranche 3 of the 'Smarter Regulatory Framework' programme (see **Slide 55**).

While much of that framework is expected to follow a 'lift and shift' approach on migration to the FCA Handbook, the FCA has also been exploring ways to modernise the asset management regulatory regime to improve outcomes for UK markets and consumers, and to support the UK's position as a world-leading centre for asset management.

In 2025 we can expect to see a range of developments affecting the sector.

## What's on the horizon?

- In February 2023, the FCA issued a discussion paper ([DP23/2](#)) seeking stakeholder feedback on proposed approaches for updating and improving the UK regime for asset management. This was followed in October 2023 by [confirmation](#) from FCA Chair Ashley Alder, that, following industry feedback, the FCA would not take forward some of the DP proposals, including the proposal to consolidate the rules for different types of asset managers. Mr. Alder also outlined the FCA's strategic approach for next steps in 2024 and 2025
- In March 2024, FCA highlighted in a [Dear CEO letter](#) to asset managers that the three main priorities for reform identified through feedback are: (i) making the regime for alternative fund managers more proportionate; (ii) updating the regime for retail funds; and (iii) supporting technological innovation.
- In DP23/2, the FCA highlighted the need to ensure UK rules interact with rules in other jurisdictions given the global nature of the sector. It should be noted that the EU AIFMD2 now diverges from the UK rules with respect to loan origination, liquidity management and delegation (see **Slide 11**).
- No timing has yet been given for HM Treasury work or for the FCA's planned consultation for reform of the UK regime (originally expected in 2024). The next iteration of the Regulatory Initiatives Grid expected in Q2 may provide further detail.
- Asset management has been [highlighted](#) by the government as one of the priority opportunities for growth in the financial sector. As such, it is expected to feature prominently in the government's Financial Services Growth and Competitiveness Strategy, due to be published in Spring 2025.
- Following [consultation](#), the FCA is expected to feed back in H1 on whether it will proceed with allowing funds to take advantage of the new payment option for investment research that applies to MiFID managers for segregated accounts.
- During 2025, at an international level as part of its work on [Project Guardian](#), the FCA plans to collaborate with the Monetary Authority Singapore (MAS) to explore the regulatory considerations for tokenisation within the asset and wealth management sector.

Read more on this development [here](#).

# OVERSEAS FUNDS REGIME



2025

2026



**Q2:** Next iteration of the regulatory initiatives grid due to be published

**September 2026:** The final landing slot closes for non-MMF TMPR schemes (see roadmap).

**December 2026:** TMPR ceases in respect of non-MMF schemes. The Government can choose to extend the TMPR (see roadmap).

**2025:** Delayed HM Treasury consultation may be issued on applying the SDR and labelling regime to OFR firms. Should HM Treasury decide to apply that regime to OFR firms, it will need to lay secondary legislation before Parliament and FCA will need to consult on rules/guidance.

## Overseas Funds Regime (OFR)

The Overseas Funds Regime (OFR) is a new UK regime for the marketing of non-UK retail funds and non-UK money market funds (MMFs) to UK investors. Introduced to replace the post-Brexit Temporary Marketing Permissions Regime (TMPR), it will simplify the process through which these funds must pass to be marketed to UK investors. The regime centres on "outcomes-based" equivalence determinations.

HM Treasury will have the power under FSMA (in respect of retail funds) or the UK MMF Regulation (in respect of MMFs) to determine that other jurisdictions' regimes for investment funds are equivalent to that of the UK, following which retail funds and MMFs domiciled in an 'equivalent' jurisdiction will be able to use a simplified process to apply to the FCA for the recognition needed for the fund to be marketed to applicable UK investors. In the case where MMFs are marketed solely to professional clients, the equivalence determination will allow them to make a notification to the FCA under the national private placement regime (NPPR).

Read more on this development [here](#).

## What's on the horizon?

- The majority of the legislative provisions that introduced the OFR entered into force in February 2022.
- HM Treasury announced in October 2022 that the government had begun its equivalence assessment of the EU and the EEA for the purpose of the OFR. Subsequently, all EEA States were granted equivalence in [secondary legislation](#) in force from 16 July 2024 with regard to funds structured as UCITS that are not authorised as MMFs.
- Following consultation ([CP23/26](#)) between December 2023 and February 2024 on operationalising the OFR regime, the FCA finalised its policy in July 2024 ([PS24/7](#)). Those FCA rules have applied since 31 July 2024.
- In 2025, HM Treasury may issue a consultation (originally planned for 2024) on application of the Sustainability Disclosure Requirements and investment labelling regime to funds in the Overseas Funds Regime (OFR). Should HM Treasury decide to apply that regime to OFR firms, it will need to lay secondary legislation before Parliament and FCA will need to consult on rules/guidance. Should no announcements be made in Q1 2025, more details may be set out in the next iteration of the regulatory initiatives grid, which is expected to be published in Q2 2025.
- In 2025, HM Treasury and the FCA are progressing through the [roadmap](#) to implementing the OFR that they issued in 2024.
- No equivalence determinations have yet been made with respect to non-UK MMFs. In the roadmap, HM Treasury and the FCA explained that the government is designing a more permanent access route for MMFs (and will potentially consider extensions to the TMPR if necessary to avoid 'cliff edge' risks for these funds). The government issued a [policy note and draft secondary legislation](#) on the MMF framework in December 2023 as part of the 'Smarter Regulatory Framework' programme (under which revocation and reform of the UK MMF Regulation was allocated to Tranche 2 - see **Slide 55**). The FCA also consulted ([CP23/28](#)) on related rules. As yet, no further updates have been issued.

# UK RETAIL DISCLOSURE FRAMEWORK TO REPLACE UK PRIIPS REGULATION



**20/03/25:** FCA CP24/30 on the CCI regime rules closes on this date.

**2025:** FCA expects to publish finalised policy on the CCI regime during 2025.

**31/12/26:** Exemption for UCITS funds from the requirements of the UK PRIIPs regime expires on this date.

## UK PRIIPs regulation and new UK CCI regime

On UK withdrawal from the EU, the UK onshored the EU PRIIPs Regulation and subsequently made a series of targeted amendments to the UK PRIIPs regime, including extending the exemption from PRIIPs requirements for UCITS until the end of 2026. FSMA 2023 provides for the future revocation of the UK PRIIPs regulation.

In December 2022, the UK began the process of more holistic review of the regime for retail disclosure by publishing consultation and discussion papers on repealing and replacing the UK PRIIPs regime.

In 2025, we can expect the FCA to finalise its policy for the firm-facing rules under the new framework.

## What's on the horizon?

- The UK has extended the exemption for UCITS funds from the requirements of the UK PRIIPs regime until 31 December 2026. The FCA has similarly extended the ability for the manager of a NURS to choose whether to provide a PRIIPs KID or a NURS-KII until 31 December 2026. From 1 January 2027, these funds will need to comply with the requirements of the Retail Disclosure Framework.
- As part of the December 2022 Edinburgh Reforms (see **Slide 56**), HM Treasury consulted between December 2022 and March 2023 on repeal of the UK PRIIPs regulation and its replacement with a more flexible regime for PRIIPs and UCITS disclosures, to be set out in the FCA Handbook.
- In its consultation response on 11 July 2023, HM Treasury confirmed, among other things, that it would entirely remove all PRIIPs firm-facing retail disclosure requirements from legislation, and that UCITS vehicles will be brought into scope of the new retail disclosure regime. HM Treasury also set out its vision for the future UK retail disclosure framework, including some additional tailored powers for the FCA so that it can deliver the regime in respect of certain unauthorised firms and overseas funds. The regime will apply to any firm that manufactures or distributes a CCI to retail investors in the UK. Not all persons or entities who carry out a CCI-designated activity will be an authorised person; however, the legislation empowers the FCA to make rules that also apply to non-authorised persons in relation to their CCI activities.
- [The Consumer Composite Investments \(Designated Activities\) Regulations 2024 \(SI 2024/1198\)](#) were made on 21 November 2024. The regulations entered into force for limited purposes on 22 November 2024 and will apply in full on the revocation of the UK PRIIPs regulation. These regulations set out the legislative basis for the new UK retail disclosure framework. Products formerly under the PRIIPs regime and UCITS disclosure requirements, including overseas funds in the Overseas Funds Regime (OFR), will fall under the umbrella of Consumer Composite Investments (CCIs). All CCI product information rules will be in the FCA Handbook.
- Separately, following a December 2022 discussion paper, the FCA launched a consultation ([CP24/30](#)) on proposed firm-facing rules in December 2024. The FCA envisages a more flexible regime, with firms using their judgement more, focusing on consumer outcomes aligned with the Consumer Duty (see **Slide 57**).
- The CCI regime will apply in tandem with HM Treasury's revocation of the UK PRIIPs regime. It is expected that a transitional period will apply before firms must comply with the new CCI regime.

Read more on this development [here](#), [here](#) and [here](#).

# INVESTMENT FIRMS PRUDENTIAL REGIME (IFPR)



**Q1:** FCA consultation expected on the definition of regulatory capital in MiFIDPRU.

**2025:** FCA potentially to consult on ESG disclosures and MIFIDPRU clarifications.

## Investment Firms Prudential Regime (IFPR)

The UK introduced the IFPR, a revised prudential regime for FCA-authorized investment firms, on 1 January 2022.

The IFPR is based on, but not identical to, the EU IFD and IFR package. It incorporates key concepts from that package, including the calculation of capital using the so-called 'K-factors', governance and risk management requirements and a new remuneration code.

The IFPR applies to a significant number of FCA-authorized firms including, in addition to MiFID investment firms, collective portfolio management investment firms (so-called 'CPMI firms'), i.e., UCITS managers and AIFMs that, in either case, have MiFID top-up permissions.

## What's on the horizon?

- IFPR applies to investment firms engaged in MiFID (Markets in Financial Instruments Directive) activities such as fund managers, asset managers, investment platforms, firms which deal on their own account, depositaries, and securities brokers. The majority of the FCA rules relating to the IFPR are located within MIFIDPRU, the prudential sourcebook for solo-regulated investment firms.
- IFPR requires all in-scope firms to complete an Internal Capital Adequacy and Risk Assessment (ICARA) process, by which firms identify the risk of harm in their operations and assess appropriate resources to mitigate harm, whether as a going concern or when winding down. The FCA undertook a multi-firm review of firms' implementation of requirements on the ICARA process and reporting under the IFPR. It published its [concluding report](#) on 27 November 2023, recommending that firms review the good and poor practices in the report and that they consider the applicability of the FCA's observations to their own processes.
- MIFIDPRU defines regulatory capital through a number of cross-references to a 'frozen in time' version of the UK Capital Requirements Regulation). FCA will consult in Q1 2025 on removing these references, bringing the definition into MIFIDPRU, tailored where necessary to investment firms.
- The FCA indicated in the November 2023 version of the Regulatory Initiatives Grid that it planned to issue a further consultation paper in Q2 2024 in relation to ESG disclosures and MIFIDPRU clarifications. This consultation was not published in 2024 and may potentially be published in 2025.



## UK DEVELOPMENTS

### II. ESG DEVELOPMENTS



# UK ESG: IN THIS SECTION

[View related EU measures](#)



## UK ESG Developments

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# UK GREEN STRATEGY



2025

2026



**06/02/25:** Response deadline for UK Green Taxonomy consultation.

**Spring 2025:** UK Financial Sector Growth and Competitiveness strategy expected.

**Q2:** Next iteration of the Regulatory Initiatives Grid expected.

**H1:** Government to launch consultations on (i) mandatory transition plan requirements for financial institutions and FTSE 100 companies; and (ii) voluntary carbon and nature market principles.

## UK Green Strategy

The UK's '**Smarter Regulatory Framework**' for UK financial services (see **Slide 55**) includes ESG-related initiatives announced as part of the Edinburgh Reforms in 2022 and at Mansion House in 2023.

More recently, at Mansion House in November 2024, the new government stated its intention to create a world-leading framework for sustainable finance, including measures impacting the SRF programme such as a consultation on UK green taxonomy. Other measures were announced in the Labour government's election manifesto and/or take forward some of the ambitions the updated UK [Green Finance Strategy](#) published in 2023.

It is not yet clear what reforms will be made to the Modern Slavery Act 2015 (**MSA**), as recommended by the House of Lords in an October 2024 [report](#) on how the MSA should be updated for international alignment. The report included recommendations on supply chain due diligence (similar to CS3D in the EU). The government [responded](#) in December 2024.

Read more on this development [here](#) and [here](#).

## What's on the horizon?

- In November 2024 the government launched a [call for evidence](#) on the UK's Financial Services Growth & Competitiveness Strategy, which is expected to be published in Spring 2025. Sustainable finance has been identified as one of the priority growth opportunities for the financial sector. Further initiatives may be announced in H2 2025 to support the strategy with the aim of leveraging UK financial services firms to support the transition to a net zero, climate resilient, nature positive economy, and to capitalise on increasing demand globally for sustainable financial products.
- In her [Mansion House speech](#) in November 2024, the UK Chancellor announced the government's ambition to create a world-leading framework for sustainable finance including through the following :
  - **UK green taxonomy** – the government is [consulting](#) until 6 February 2026 on the value case for a UK Green Taxonomy as part of the UK's wider sustainable finance framework.
  - **Corporate sustainability disclosures** – the government plans to consult on streamline sustainability disclosures for economically significant companies – see **Slide 48**.
  - **Transition plans** – the government plans to launch a consultation on introducing mandatory transition plan requirements for financial institutions and FTSE 100 companies – see **Slide 48**.
  - **Transition finance** – working to scale transition finance (provision of funding for meeting the decarbonisation commitments to transition to net zero) by establishing a Transition Finance Council with the City of London Corporation, to carry forward the [recommendations](#) of the Transition Finance Market Review.
  - **ESG ratings providers** - confirmation that ESG ratings providers will be regulated by the FCA. See **Slide 51**.
  - **Voluntary Carbon and Nature Markets** – the government has published a set of [principles](#) for voluntary carbon and nature market integrity, and a [plan to consult](#) in early 2025 on their implementation.
- Further details and timing are likely to be found in the next iteration of the Regulatory Initiatives Grid, which is expected to be published in Q2 2025.

# CLIMATE-RELATED DISCLOSURES – LISTED ISSUERS



**Q1:** ISSB standards endorsement expected.

**Q1:** consultation on exposure drafts and publication of UK SRS.

**H1:** government consultation on mandatory transition plans; FCA consultation on transition plans for listed issuers.

**2025:** FCA to consult on updates to existing TCFD-aligned disclosure obligations for UK SRS.

**Q2:** government consultation on UK SRS disclosures by non-FCA-regulated companies and LLPs.

## Climate-related disclosures – listed issuers

In line with the UK Government's 2020 [roadmap](#) to introduce mandatory TCFD-aligned disclosure requirements across the UK economy by 2025, the FCA first introduced climate-related disclosure rules for listed issuers with a premium listing in 2020 (reporting from 2022), followed by extension of the requirement to standard listed issuers in 2021 (reporting from 2023).

The UK is now working towards adoption of the disclosure standards developed by the International Sustainability Standards Board (**ISSB standards**) which will involve both government and FCA consultations in 2025.

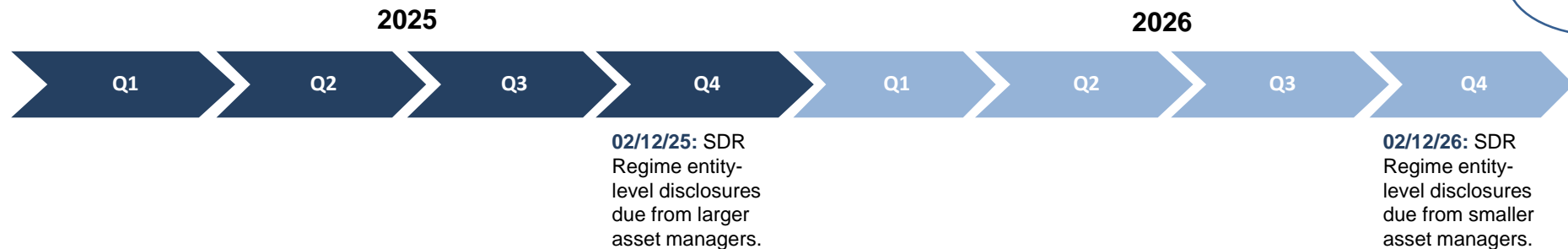
Read more on this development [here](#), [here](#) and [here](#).

## What's on the horizon?

- The International Sustainability Standards Board (ISSB) launched the first of its IFRS Sustainability Disclosure Standards in June 2023: (i) **IFRS S1** (General requirements for disclosure of sustainability related financial information); and (ii) **IFRS S2** (Climate related disclosures). These requirements, which aim to encourage reporting of consistent, decision-useful information, have been effective for reporting periods starting 1 January 2024. They were [endorsed](#) by IOSCO in July 2023.
- UK endorsement will involve the development of UK Sustainability Reporting Standards (**UK SRS**) based on IFRS S1 and IFRS S2. The government laid out a [framework](#) in May 2024 for the assessment, endorsement and implementation process. The following developments are expected in 2025 relating to UK SRS:
  - In Q1, an endorsement decision with respect to the ISSB standards will also be made.
  - In Q1, the government will consult on exposure drafts of the UK SRS, and publish the UK SRS.
  - In Q2, the government plans to consult to disclosure against the UK SRS by non-FCA regulated companies and LLPs.
  - In 2025, the FCA will consult on updating existing TCFD-aligned disclosure requirements for disclosures against UK SRS.
- It was announced at Mansion House in November 2024 (see **Slide 47**) that the government would launch a consultation in H1 2025 on introducing mandatory transition plan requirements for financial institutions and FTSE 100 companies. This will be followed by an FCA consultation on expectations for listed companies' transition plan disclosures, drawing on the outputs of the government's Transition Plan Taskforce (TPT).



# CLIMATE-RELATED DISCLOSURES – ASSET MANAGERS



## Climate-related disclosures – asset managers

In line with the UK Government's 2020 [roadmap](#) to introduce mandatory TCFD-aligned disclosure requirements across the UK economy by 2025, in December 2021, the FCA published its final rules on mandatory climate-related disclosure requirements for asset managers and asset owners (life insurers and FCA-regulated pension providers).

Asset managers and asset owners have been required to make disclosures in line with the ESG sourcebook under a phased implementation from January 2022.

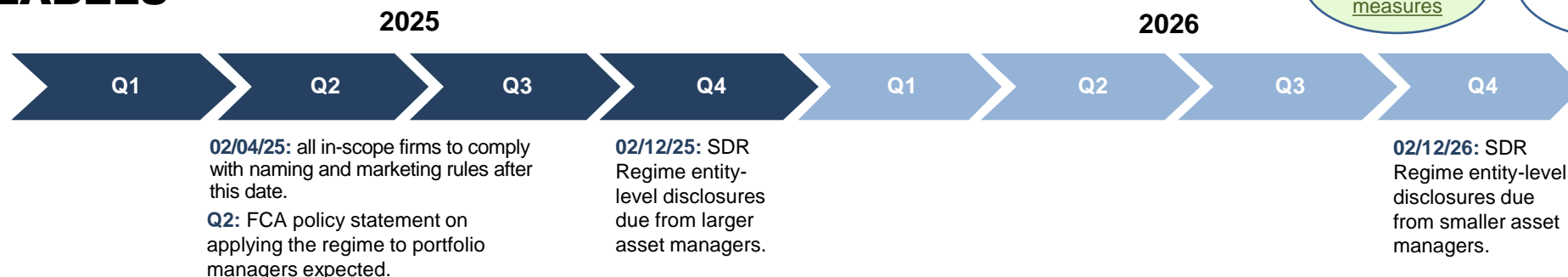
The TCFD-aligned disclosures form part of the FCA's SDR and labelling regime (see **Slide 50**).

## What's on the horizon?

- The new rules applied to larger firms (asset managers with AuM of more than £50 billion and asset owners with £25 billion or more in AuM or assets under administration) from 1 January 2022 and to other in-scope firms from 1 January 2023.
- Larger firms were required make their first public disclosures under the regime by 30 June 2023. Smaller firms must make their first public disclosures under the regime by 30 June 2024.
- In 2025, the requirements to publish entity-level sustainability disclosures, in the form of an annual entity level sustainability report, start to apply. All larger regulated asset managers in scope of the SDR regime will be required to report on how they manage sustainability risks and opportunities within their governance, strategy, risk management, metrics and targets. The requirements apply from one year later in respect of smaller asset managers.

Read more on this development [here](#).

# SUSTAINABILITY DISCLOSURES AND INVESTMENT LABELS



**2025:** FCA to consider further expansion to the regime and possibly consult.

**2025:** Delayed HM Treasury consultation may be issued on applying the regime to OFR firms.

## Sustainability disclosure requirements and investment labels

The FCA has introduced a sustainability disclosure framework with supporting product labels, primarily to ensure financial products that marketed as sustainable are in fact sustainable and that sustainable claims are appropriately evidenced. The SDR and labelling regime is designed to build trust in ESG products by ensuring consumers and other stakeholders have all necessary information.

An anti-greenwashing rule for all FCA authorised firms was introduced in May 2024, with the SDR and labelling regime starting to take effect (for in-scope firms) from 31 December 2024. The requirements are being introduced on a phased basis.

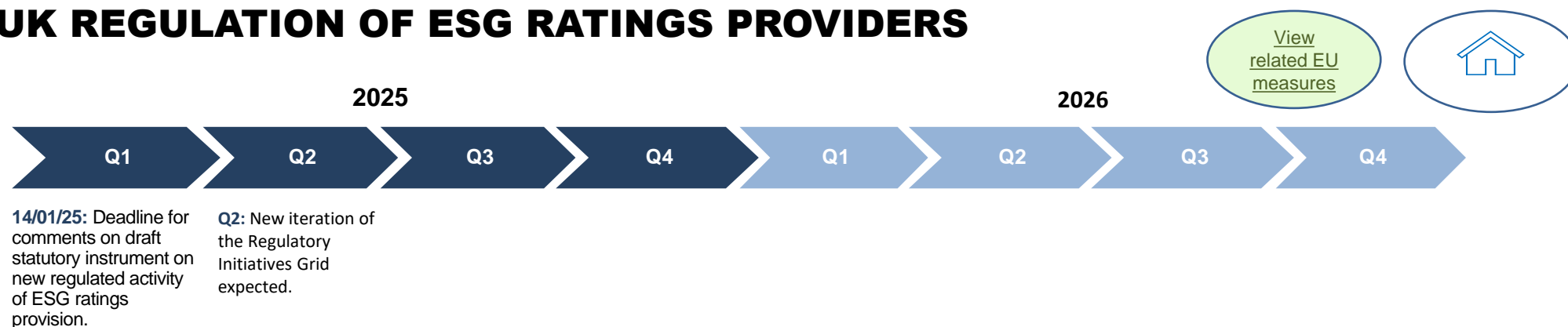
In 2025, we can expect compliance deadlines for firms to meet aspects of the regime for the first time, as well as possible consultations from the FCA on expansion of the regime beyond its current scope, and from HM Treasury on the regime's scope of application.

Read more on this development [here](#), [here](#) and [here](#).

## What's on the horizon?

- The SDR and labelling regime has introduced new requirements entering into force on a range of dates between 31 May 2024 and 2 December 2026. The regime comprises:
  - An anti-greenwashing rule (ESG 4.3.1R, in force from 31 May 2024), requiring all FCA-authorized firms making sustainability-related claims about their products and services to ensure those claims are fair, clear, and not misleading, and consistent with the sustainability profile. The FCA has published guidance ([FG24/3](#)) on the application of the rule.
  - Product labels ('sustainability focus', 'sustainability improvers', 'sustainability impact' and 'sustainability mixed goals'), available for use since 31 July 2024, subject to relevant criteria and required disclosures.
  - Disclosures for asset managers (customer-facing, pre-contractual, and ongoing product and entity-level), which started to apply from 2 December 2024.
  - Naming and marketing rules for asset managers, which have applied from 2 December 2024, subject to [temporary flexibility](#) for certain firms until 2 April 2025.
  - Targeted rules for distributors of relevant investment products to retail investors in the UK.
- In Q2, the FCA is expected to issue a policy statement following its consultation (CP24/8) on expansion of the regime to portfolio managers.
- In 2025, the FCA will consider potential further expansion of the regime to financial advisers, pension products and/or other investment products. HM Treasury may also issue a consultation (originally planned for 2024) on funds in the Overseas Funds Regime (OFR) (see **Slide 42**).
- The FCA also intends to build on its disclosure requirements over time in line with other UK developments (see, e.g., **Slide 48**) and international developments. Consultation on expansion of the scope of the regime is expected in due course.

# UK REGULATION OF ESG RATINGS PROVIDERS



## UK Regulation of ESG ratings

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem. However, provision of ESG ratings has given rise to concerns including on the transparency of methodologies, how rating processes are governed and how conflicts of interest are managed.

ESG ratings and data provision has been largely unregulated in the past. Jurisdictions globally have recently adopted voluntary codes or regulatory regimes to improve transparency on providers' methodologies and objectives and improve conduct in the sector.

Since December 2023, the UK has had in place a voluntary Code of Conduct for ESG ratings and data products providers. In 2025 the government plans to take forward plans to bring ESG ratings providers within the UK regulatory perimeter. The FCA will also consult on regulatory rules.

Read more on this development [here](#) and [here](#).

## What's on the horizon?

- A voluntary [Code of Conduct for ESG ratings and data products providers](#) was finalised on 14 December 2023. The code is a precursor to introduction of a regulatory regime for ESG ratings providers in the UK.
- Following a consultation March 2023 and a further announcement in the March 2024 Spring Budget, the government [confirmed](#) in November 2024 and published [draft legislation](#) (for comments by 14 January 2025) to make provision of ESG ratings a regulated activity, requiring FCA authorisation. HM Treasury expects to lay the legislation before Parliament in early 2025, subject to availability of Parliamentary time.
- HM Treasury intends to introduce a "regulated products and services" exclusion from the new regulated activity. Under the exclusion, firms would not need to apply for permission to provide ESG ratings where, in the course of carrying on another regulated activity in respect of which they are authorised, they create an ESG rating as part of the development and delivery of that other regulated activity.
- Similar to the approach taken by other jurisdictions, HM Treasury does not intend to make ESG data provision a regulated activity. Although providers of pure ESG data products will not be subject to FCA regulation, they may choose to adopt the voluntary Code of Conduct.
- The FCA is expected to consult on a regulatory framework to enhance transparency of ESG ratings products and methodologies, and to promote strong governance, operational systems and conflicts management. Affected firms would then go through the authorisation process with the regime ultimately going live at the end of the authorisation gateway. This timeline is subject to various factors, including the number of firms in scope of the regime.
- The interim Regulatory Initiatives Grid published in October 2024 made no mention of FCA's planned consultations. It is likely this will be included the next iteration of the Grid, expected in Q2 2025.

# DIVERSITY IN FINANCIAL SERVICES



**Early 2025:** FCA plans to publish a policy statement on the non-financial misconduct elements of the D&I proposals.

**2025:** FCA and PRA intend to publish policy statements on the remaining elements of the D&I proposals.

**2026:** D&I measures potentially to enter into force.

## Diversity in financial services

On 7 July 2021, the FCA, PRA and Bank of England published a joint discussion paper (DP21/2) on diversity and inclusion (D&I) in the financial services sector. The discussion paper sought views on how to accelerate the rate of change in D&I in the financial services sector. It set out the roles of the regulators in this context, steps that the regulators have taken to promote D&I, the regulators' existing requirements and expectations, and a series of questions intended to seek views on ways of improving D&I measures.

The discussion paper was followed by further consultations in September 2023, and finalised policy on supporting D&I in financial services is expected to be published in H2 2025.

Read more on this development [here](#), [here](#) and [here](#).

## What's on the horizon?

- The FCA and PRA are continuing their focus on culture and D&I. For financial years starting on or after 1 April 2022, FCA rules for public company boards and executive committees have required firms to meet 'comply or explain' targets on gender and ethnic diversity and make annual disclosures.
- As a follow-up to the 2021 joint FCA-PRA discussion paper, the FCA published feedback in December 2022 on its study of how financial services firms are designing and embedding D&I strategies.
- Originally expected in H1 2023, the regulators' consultations (PRA [CP 18/23](#) and FCA [CP 23/20](#)) on draft measures to support D&I in the financial sector were published on 25 September 2023 and closed for responses on 18 December 2023. The regulators worked closely together to produce consistent and coordinated proposals for consultation. However, their respective proposals differed as they were framed to meet their respective underlying statutory objectives. In broad terms, the regulators consultations' proposed measures across several policy areas: Non-financial misconduct, D&I Strategies, Data Reporting, D&I Disclosure obligations and setting D&I Targets.
- Under the proposals in the consultations, firms would be subject to different proposals depending on the number of employees, their Senior Managers and Certification Regime (SM&CR) categorisation and whether they are dual-regulated. Smaller firms with fewer than 251 employees will be exempt from many of the requirements. In-scope firms will be subject to the new rules 12 months after the publication of the finalised policy, subject to some limited transitional provisions.
- In July 2023, the House of Commons Treasury Committee launched an inquiry into Sexism in the City, looking at the barriers faced by women in finance. The Committee's [report](#) in March 2024 recommended that the proposals for data reporting and for setting D&I targets be dropped. The Committee made recommendations on tackling prevalence of sexual harassment and bullying and poor handling of allegations about this misconduct by firms. In the FCA's response it stated it would prioritise work on non-financial misconduct and issue its policy statement on that aspect early in 2025.
- The FCA's and PRA's finalised policy on the other aspects of the D&I framework are expected during 2025.



**UK DEVELOPMENTS**  
III. CROSS-SECTORAL DEVELOPMENTS



# UK CROSS-SECTOR: IN THIS SECTION

[View related EU measures](#)



## UK Cross-sectoral Developments

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# UK SMARTER REGULATORY FRAMEWORK



**Spring 2025:** UK Financial Sector Growth and Competitiveness strategy expected.

**Q2: 2025:** HM Treasury and regulators expected to update the Regulatory Initiatives Grid.

## Smarter Regulatory Framework

The planned post-Brexit ‘Smarter Regulatory Framework’ (SRF) for the UK is a **multi-year initiative** that will ultimately repeal all EU-derived financial services legislation, to be replaced by a new ‘FSMA-model’ approach involving UK framework legislation along with firm-facing requirements set out in regulatory rules. It is being carried forward by HM Treasury and the financial regulators through:

- **The Financial Services and Markets Act 2023 (FSMA 2023)** which enables review, repeal, reform and restatement of EU-derived (‘assimilated’) financial services legislation (listed in Schedule 1 of FSMA 2023). FSMA 2023 gave HM Treasury and the regulators a range of new powers to enable the new SRF to be put in place.
- The extensive package of **Edinburgh Reforms** published in December 2022 (supplemented by certain aspects of **Mansion House** initiatives published in July 2023 and **November 2024**).

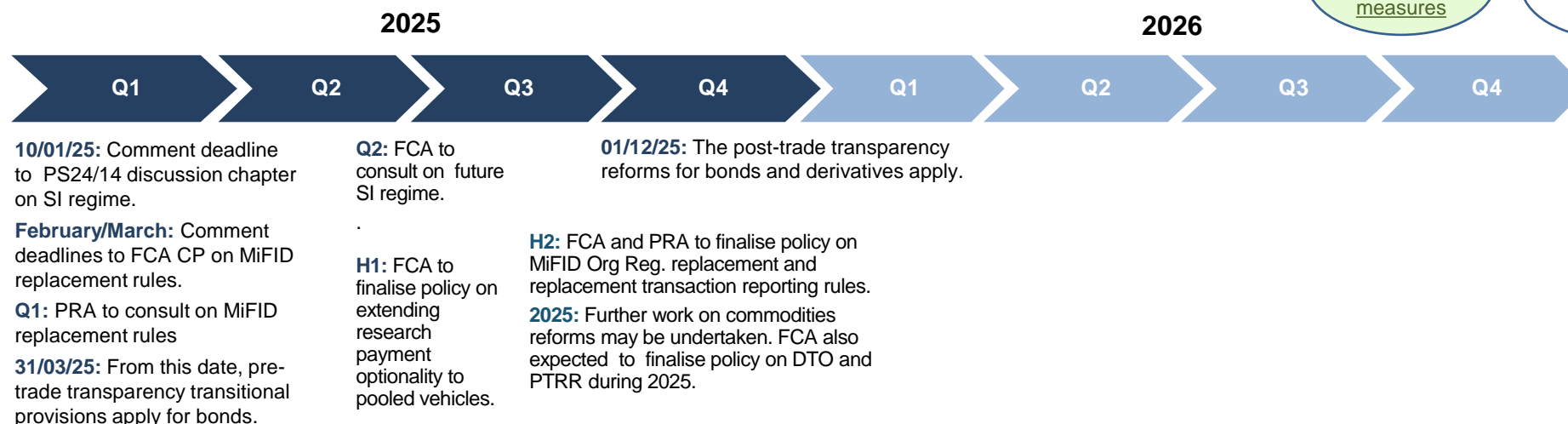
Areas of EU-derived law have been divided into 43 ‘core files’ and some have been allocated into ‘**Tranches**’ (work on a file can span more than one Tranche). Significant progress has been made on Tranches 1 and 2. Files in Tranche 3 were allocated mid-2024 but the new UK government may decide to alter the sequencing.

Work is progressing on the SRF and in 2025 we can expect periodic updates from HM Treasury and the regulators, and timing for further planned work from Q2, with the publication of a new Regulatory Initiatives Grid. Additionally, the SRF programme will likely be impacted by a new Financial Sector Growth and Competitiveness Strategy in Spring 2025.

THE 43 CORE FILES						
TRANCHE ALLOCATIONS						
Tranche 1		Tranche 2		Tranche 3	Tranche unallocated	
Alternative Investment Funds	Bank recovery and resolution	Benchmarks	Capital requirements	CSDs	Consumer Credit	Credit institutions (reorganisation and winding up)
CRAs	Cross-border payments	Deposit guarantee schemes	Distance marketing	EMIR	E-money	Financial collateral arrangements
Financial conglomerates	Insurance Distribution	Insurance mediation	Insurers (reorganisation and winding up)	Interchange fees	Life assurance	Listings
Long term investment funds	Market abuse	Markets in Financial instruments	Money Market funds	Mortgage credit	Motor insurance	Payment accounts
Payment services	PRIPs	Prospectus	Reinsurance	Securities Financing Transactions	Securitisation	Settlement Finality
Shareholder rights	Short selling	Social entrepreneurship funds	Solvency II	SFDR and Taxonomy	Transparency	UCITS
			Venture Capital Funds			

Read more on this topic [here](#), [here](#), [here](#), and [here](#).

# MIFID/R AND WHOLESALE MARKETS REVIEW



## MiFID/R and WMR

The Wholesale Markets Review (WMR) identified areas of reform to better calibrate the post-Brexit regulatory framework to the UK's secondary markets.

FSMA 2023 has played a key role in delivering the outcomes of the WMR by: (i) making immediate changes to retained EU law (including UK MiFIR) to deliver the WMR proposals considered highest priority; and (ii) delivering other proposals through the planned repeal and revocation framework for retained EU law which is set out in the Act.

The 'Smarter Regulatory Framework' programme (see Slide 51) has built on the recommendations of WMR by including MiFID/MiFIR in Tranches 1 and 2 of the government's repeal and reform programme, as well as including other measures to reform the UK wholesale market. In 2025, we can expect further consultations and policy and the implementation of further reforms.

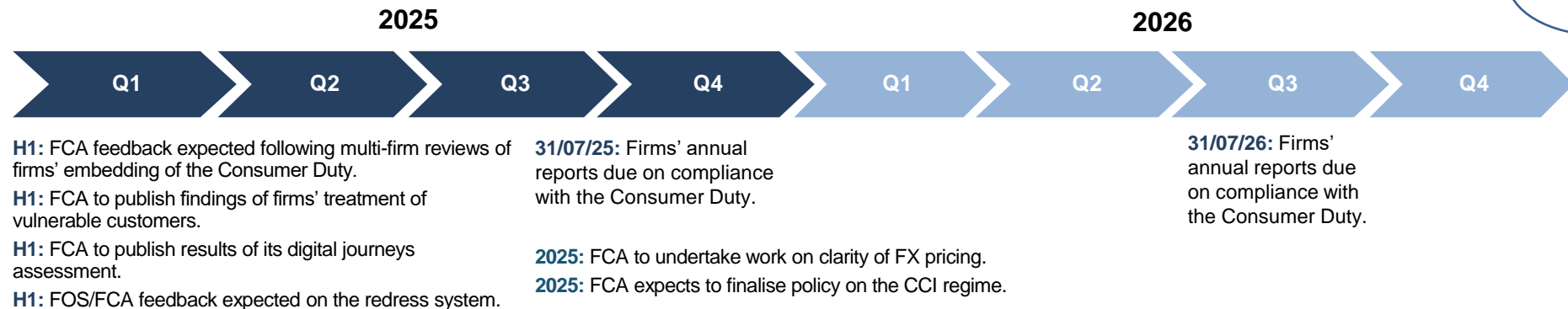
Read more on this topic [here](#), [here](#), and [here](#).

## What's on the horizon?

- Apart from a small number which were not taken forward, the recommendations of the Wholesale Markets Review (WMR) have been actioned under transitional amendments to the UK MiFID/R framework by FSMA 2023 or under pre-existing or new FCA rulemaking powers. Eventual repeal and replacement of the UK MiFID/R framework will take place in tandem with replacement regulatory rules. Meanwhile, a range of further developments will progress in 2025.
- **MiFID framework** – in late 2024 HM Treasury laid out [next steps](#) on reform of the MiFID/R framework and FCA issued a CP on transferring [the MiFID Org Reg](#) into its handbook and a DP on [transaction reporting](#). The PRA [plans](#) to consult in Q1 2025 on equivalent Rulebook changes. Both regulators expect to issue finalised policy in H2 2025. The FCA is also expected to finalise policy on the derivatives trading obligation (DTO) and post trade risk reduction (PTRR) following [consultation](#) in July 2024.
- **Bond/derivatives markets transparency and bonds consolidated tape** – The FCA's finalised policy ([PS 24/14](#)) makes significant changes to the transparency regime, with certain aspects taking effect on 1 December 2024, and transitional measures taking effect on 31 March 2025. The revised post-trade rules take effect 1 December 2025, after which the proposed consolidated tape for bonds can go-live.
- **Future SI regime** – The FCA included a discussion chapter in PS24/14 on the future of the SI regime, inviting comments by 10 January 2025. The FCA proposes to consult on the SI regime in Q2 2025.
- **Investment research** – The Investment Research Review (IRR) announced in the Edinburgh reforms resulted in FCA finalising rule changes in 2024 (PS24/9) for a new option of paying for investment research. The FCA expects to finalise policy in H1 2025 following consultation in late 2024 ([CP24/21](#)) on extending the optionality to pooled vehicles.
- **Commodities** – In line with WMR, HM Treasury [legislated](#) to simplify the ancillary activities exemption for commodities firms. Implementation of other WMR recommendations with a view to implementing a new commodities derivatives regime by 2027 (on which FCA [consulted](#) in 2023) is currently paused. We may see further progress in 2025.



# UK CONSUMER DUTY



## The Consumer Duty

The 'Consumer Duty' introduced in July 2023 aims to create a higher level of consumer protection in retail financial markets. The Consumer Duty comprises a package of measures, comprised of a new Principle 12 (the 'Consumer Principle') of the FCA's Principles for Businesses, supported by detailed rules and guidance.

The Consumer Duty applies to products and services sold to retail clients and will extend to firms that are involved in the manufacture or supply of products and services to retail clients even if they do not have a direct relationship with the end retail customer where the firm's role in the manufacture and distribution chain of the product or service allows it to determine, or exercise a material influence over, retail customer outcomes.

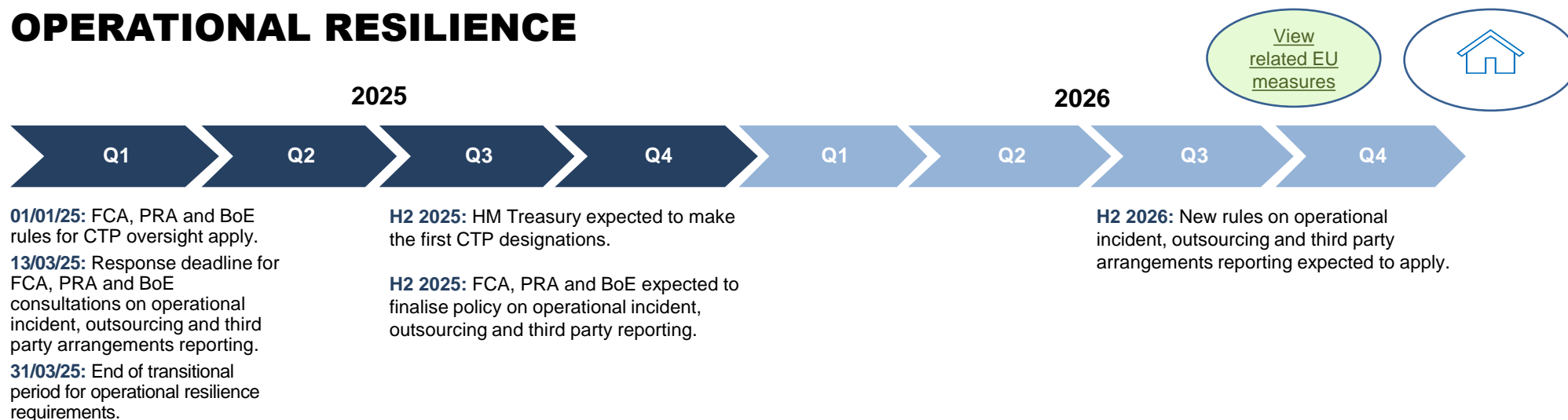
The Consumer Duty has applied from 31 July 2023 new and existing services and additionally from 31 July 2024, the first annual board reports from firms with open products and the rollout of the Duty to closed products and services. In 2025, the FCA is monitoring firms' compliance and conducting targeted thematic and other work to assess how well the Duty has been embedded. Consultations on FCA Handbook changes, on the new retail disclosure framework and on the redress framework will also impact Consumer Duty-related policy.

Read more on this development [here](#) and [here](#).

## What's on the horizon?

- With the Consumer Duty in force for all products since 31 July 2024, the FCA continues to impress on firms in speeches and announcements that the Consumer Duty is not a 'once and done' project. Compliance with the Consumer Duty requires firms to ensure that customers' interests are central to their culture and purpose, and that this is embedded throughout the organisation in their strategy, governance, leadership and people policies.
- The FCA's focus has been on assessing firms' implementation and surveys of how firms have embedded the Duty. The FCA expects to publish feedback in H1 2025 from its [ongoing work](#) in specific sectors, which includes retail banking, payments, consumer finance and retail investments.
- Some key specific outputs in 2025 include:
  - In 2025, the FCA expects to undertake work on the clarity of foreign exchange (FX) pricing in payment services.
  - During 2025 the FCA also expects to publish finalised policy on the new, more Consumer Duty-reliant, retail disclosure regime that will replace the UK PRIIPs Regulation (the CCI regime – see **Slide 43**).
  - Early in 2025 the FCA expects to provide feedback following responses to its 2024 [call for input](#) on the FCA Handbook changes that might be made following introduction of the Consumer Duty to, e.g., remove overlapping rules and reduce regulatory uncertainty. The FCA considers outcomes-focused obligations with fewer prescriptive rules will give firms flexibility to innovate and contribute to growth of the UK economy.
  - In H1 2025, the FCA will publish the findings of its review of retail banks' treatment of customers in vulnerable circumstances and the results of its 'digital journeys assessment' of whether consumer finance firms' digital tools sufficiently help consumers to understand credit agreements. The FCA and FOS are also expected to feed back following their November 2024 [call for input](#) on modernising the redress system, which closes on 30 January 2025.

# OPERATIONAL RESILIENCE



**01/01/25:** FCA, PRA and BoE rules for CTP oversight apply.

**13/03/25:** Response deadline for FCA, PRA and BoE consultations on operational incident, outsourcing and third party arrangements reporting.

**31/03/25:** End of transitional period for operational resilience requirements.

**H2 2025:** HM Treasury expected to make the first CTP designations.

**H2 2025:** FCA, PRA and BoE expected to finalise policy on operational incident, outsourcing and third party reporting.

**H2 2026:** New rules on operational incident, outsourcing and third party arrangements reporting expected to apply.

## Operational resilience

The FCA, PRA and BoE introduced a new operational resilience regime in 2021. The regime included an implementation period, under which firms and FMI needed to complete certain actions before 31 March 2022.

The initial implementation deadline was followed by a transitional period which is due to end on 31 March 2025. Firms and FMIs need to have strategies, processes and systems that enable them to address risks to their ability to remain within their impact tolerance for each of their important business services in the event of a severe but plausible disruption.

FSMA 2023 introduced the framework for a Critical Third Parties regime (CTP regime) for oversight of the resilience of cloud service providers and other designated 'critical third parties' providing services to UK regulated firms and FMIs. The regulatory rules for the CTP regime took effect on 1 January 2025.

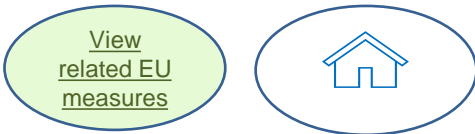
More recently, the regulators have consulted on introducing proposed operational incident, outsourcing and third party arrangements reporting obligations.

Read more on this development [here](#), and [here](#).

## What's on the horizon?

- FSMA 2023 introduced (from 29 August 2023) a new Part 18 Chapter 3C into FSMA, to establish the **CTP regime**. HM Treasury has been given a power to designate third party providers of services to financial sector firms and FMIs as as critical third parties (**CTPs**) and gives a range of powers to the regulators with respect to CTPs.
- Following a discussion paper in 2022 and a joint consultation in 2023, in November 2024 the regulators published [finalised rules](#) with a view for the CTP regime becoming operational from 1 January 2025. The new rules align with international standards and similar regimes such as EU DORA.
- In December 2024, the BoE, PRA and FCA published joint consultation papers on operational incident, outsourcing and third party arrangements reporting, in order to:
  - clarify what information firms/FMIs should submit when operational incidents occur; and
  - collect certain information on firms' outsourcing and third party arrangements in order to manage the risks that they may present to the FCA's, PRA's or BoE's objectives, including resilience, concentration and competition risks.
- That consultation closes on 13 March 2025. Firms may wish to respond, including on aspects of these proposals that may cause implementation and compliance challenges, for example the requirements for materiality assessments of all third party arrangements (which includes non-outsourcing arrangements) and consideration of the thresholds for operational incident reporting. The regulators expect to finalise their policy in H2 2025, with new incident and third party arrangements reporting rules to take effect in H2 2026.
- In H2 2025, HM Treasury is expected to begin designating the first third party service providers as CTPs, to be subject to regulator oversight.
- 31 March 2025 is the end of the three year-transitional period in which firms/FMIs were to implement and refine strategies, processes, and systems that enable them to address risks to their ability to remain within their impact tolerance for each important business service in the event of a severe but plausible disruption.

# UK AML/CTF REGIME



2025

2026



Q1-Q2: FCA expected to consult on stablecoin regulation.

Q2: Next iteration of the UK Regulatory Initiatives Grid expected.

Q2: FCA 2025/2026 Business Plan expected.

## UK AML/CTF Regime

The UK’s anti-money laundering and counter and terrorist finance (AML/CTF) system must continually evolve to tackle new and emerging threats, technological change and changes in the legislative landscape.

In March 2023, the second Economic Crime Plan, covering the period 2023-2026, outlined an ambition for an improved end-to-end response to tackling money laundering, which would require further targeted consultations.

Additionally, HM Treasury has been conducting a wider review of the AML regime in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017). HM Treasury published a report on this in June 2022, recommending further reform to the UK’s AML regime, including to its supervisory framework, on which HM Treasury launched a consultation in June 2023. This was followed by a further consultation in March 2024 on proposals for improving the effectiveness of the MLRs 2017. Responses to these consultations are yet to be issued.

In the meantime, the UK’s new Labour government has emphasised the importance of digital verification services and the role of the MLRO in ensuring compliance to prevent illicit activities.

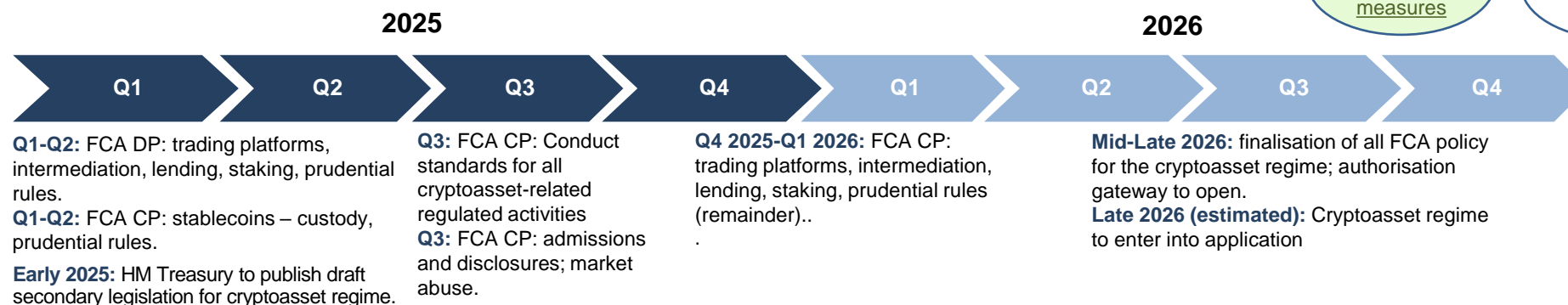
The FCA is expected to publish a 2025/2026 work plan in early Q2 2025, along with a new three year strategy to replace its 2022-2025. This is likely to highlight its new priorities under its integrity objective.

Read more on AML/CTF developments [here](#).

## What’s on the horizon?

- The [Economic Crime Plan 2023-2026](#) set out a range of commitments aimed at combatting the criminal abuse of cryptoassets. FCA engagement on the commitments has included actions to improve understanding of the UK cryptoasset regime and providing tailored communications where necessary to improve understanding of cryptoasset regulation, and engaging with cryptoasset businesses and monitoring their compliance with the "travel rule".
- In June 2023, HM Treasury consulted on potential reform of the AML/CTF supervisory regime, which set out four possible future supervisory models. That consultation closed in September 2023, with HM Treasury originally planning to issue a response document in Q2 2024. That response is awaited.
- In March 2024, HM Treasury launched a consultation on proposals to improve the effectiveness of the MLRs 2017 (confirming at the same time that it was still reviewing responses to its June 2023 consultation). Building on the findings of its 2022 review, HM Treasury highlighted areas for improvement, including: clarifying the scope of the MLRs 2017, Customer Due Diligence (CDD), trust registration services requirements, and better co-ordination in the AML system. That consultation closed in June 2024 and a response is awaited.
- FSMA 2023 mandated the FCA to review its guidance on the treatment of Politically Exposed Persons (PEPs). The FCA [consulted](#) in July 2024, but a feedback statement and amended guidance is still awaited.
- The next iteration of the Regulatory Initiatives Grid is expected in Q2 2025. This may contain further detail on HM Treasury’s and FCA’s publication plans for the outstanding responses listed above.
- The FCA is exploring (in DP 23/4, published November 2023) how the UK’s AML framework and the FCA’s financial crime rules and guidance should apply to stablecoin issuers and custodians when the UK’s cryptoasset framework is implemented. The FCA’s recently published ‘Crypto Roadmap’ highlights that a follow-up consultation on stablecoin regulation is expected in Q1-Q2 2025 (see **Slide 60**).

# DEVELOPING UK CRYPTOASSETS REGIME



## Developing UK regulatory regime for cryptoassets

Proposals for a UK regulatory regime for cryptoassets have been under consideration for several years. There have been calls for the UK to act faster in this space and significant progress is expected to be made in 2025 with a view to commencing cryptoasset regulation during 2026. The government aims to promote the UK as a global hub for cryptoasset technology and the top choice for starting and scaling a cryptoasset business.

FSMA 2023 empowered HM Treasury to expand the UK's regulated activities framework (and potentially make use of the new designated activities regime (DAR)) to provide for regulation of cryptoasset related activities. The new UK government plans to introduce regulation in of stablecoins and unbacked cryptoassets simultaneously, rather than take the originally planned two-phase approach, the sequencing of which would have prioritised regulation of fiat-backed stablecoins used as a means of payment.

In 2025 we will see draft legislation and a significant package of regulatory consultations.

Read more on these topics [here](#) and [here](#).

## What's on the horizon?

- Overview:** the government plans to regulate cryptoassets under FSMA 2000, introducing new specified investments and new regulated activities tailored to the stablecoin and other cryptoasset markets. Persons engaged in these activities **in or to** the UK by way of business would require authorisation. The DAR may also be used, should any particular activities in relation to cryptoassets be designated under that regime, which would attach regulatory obligations to those activities but not trigger an authorisation requirement.
- Fiat-backed stablecoins:** HM Treasury will take forward [October 2023](#) proposals to create new regulated activities for issuance and custody of fiat-backed stablecoins. This will form part of the regime for cryptoassets outlined below. A proposal to amend payments regulation to regulate use of fiat-backed stablecoins in payments chains is not proceeding,
- Other cryptoassets:** HM Treasury set out its approach in 2023, in a February [consultation](#) followed by an October [response](#) outlining the intended regulatory outcomes the new regulatory framework would seek to achieve. The cryptoasset framework is expected initially to cover: Issuance and disclosures; venue operation (adapted MTF model); cryptoasset investment/risk management (adapted intermediation permissions); custody (adapted safeguarding and administration permissions); lending platform operation (adapted MTF model); lending/borrowing activity (adapted intermediation permissions); staking; market abuse; and tailored prudential rules. Activities such as advice, portfolio management, wholesale lending, mining, protocol validation, and post-trade activities need further consideration and will likely be covered at a future date.
- 2025 activity:** In late 2024 both [HM Treasury](#) and the FCA provided further updates. HM Treasury plans to lay the secondary legislation for the cryptoasset (including stablecoin) regime in early 2025. This will include the mechanism for establishing if a cryptoasset is in scope and a full list of activities that will be regulated. The FCA published a detailed [crypto roadmap](#) for the sequencing of its planned programme of discussion papers (DP) and consultation papers (CP) culminating in release of finalised policy. The regime is intended to go live in 2026.
- The new regime will not endorse or prohibit particular business models, but the FCA will closely scrutinise at the application stage how an applicant plans to manage conflicts of interest and risks to market integrity. Vertically integrated business models will need to comply with rules for each regulated activity they carry on. Where an applicant for authorisation is based overseas, the FCA will decide whether a physical UK presence is required (e.g., require an authorised UK subsidiary of an overseas exchange).

# UK T+1 SETTLEMENT



**February 2025:** Final recommendations of Accelerated Settlement Technical Group expected. The finalised recommendations will recommend an implementation date and a schedule of work covering the period of transition to T+1, with tasks being identified for completion in 2025, 2026 or by the time of implementation in 2027.

**2025:** Decision over final implementation date to be taken by HM Treasury (with input from the FCA).

**31/12/25:** certain operational changes to facilitate the transition to T+1 should take place by no later than this date.

**11/10/27:** T+1 go-live date.

## UK T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

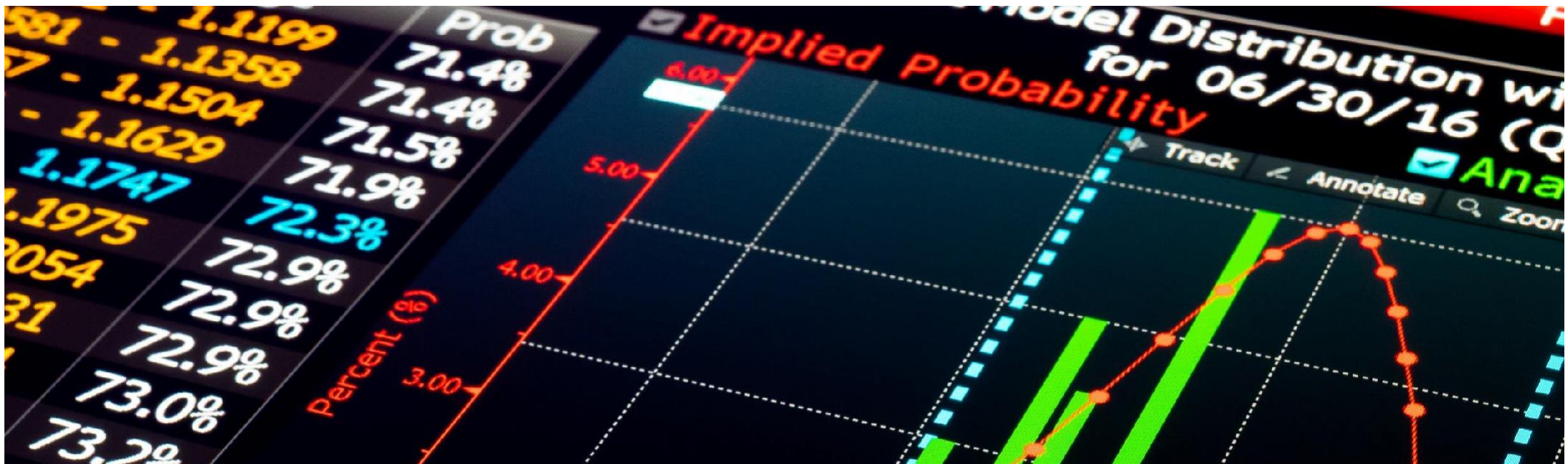
Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

As part of the Edinburgh Reforms in December 2022 (see **Slide 51**), the Chancellor announced the establishment of an industry-led Accelerated Settlement Taskforce (AST). The AST reported in March 2024, recommending, among other things that the UK commit to a move to T+1 settlement no later than 31 December 2027. It has subsequently confirmed the date as 11 October 2027.

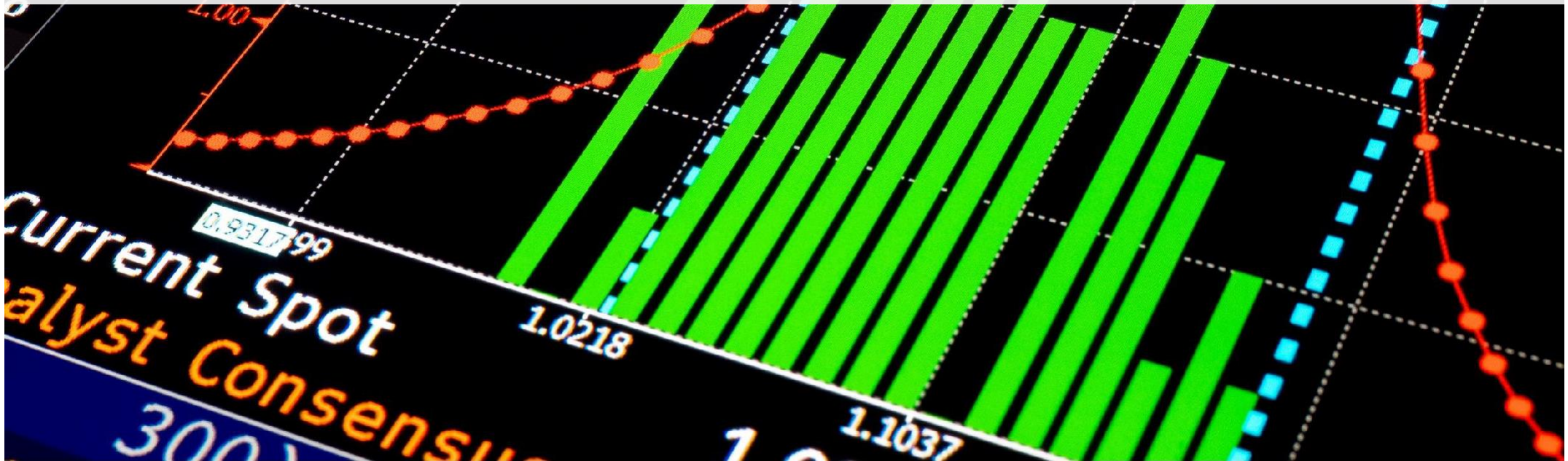
A technical group is now tasked with devising a roadmap for implementation of the transition.

## What's on the horizon?

- In March 2024, the UK government [accepted](#) the recommendations of the AST and endorsed the proposed timeframe including the recommendation that the UK seek to align the transition date with the date committed to by other European jurisdictions. The government also accepted the recommendation that certain operational changes to facilitate the transition to T+1 should take place by no later than 31st December 2025.
- The government also established an [Accelerated Settlement Technical Group](#) (ASTG) to develop the technical and operational changes necessary for the UK to transition to T+1, and to set out how these should be implemented. The group is also to determine the appropriate timing for mandating these changes, which should be a date in 2025, and the overall 'go-live' date for T+1.
- In September 2024, the ASTG published a [draft recommendations report and consultation](#), setting out 43 principal recommendations and 14 additional recommendations as well as clarifying which instruments will be in scope of T+1 settlement.
- The finalised recommendations were due at the end of 2024, but the final report has not yet been published and is expected early February 2025. The AST confirmed in January 2025 that the final 'go-live date will be 11 October 2027.
- It is intended that the final version of the recommendations will constitute a 'Post-trade Code of Conduct' to which all UK market participants will be expected to adhere.
- China is already operating at T+0 and Japan, Singapore, Australia are all actively considering a move to real time settlement. In the UK, the AST also considered the potential for a move to T+0 and atomic/instantaneous settlement in due course, but recommended that such a move should not take place until after the move to T+1.



**GLOSSARY**



# GLOSSARY

**AI** - Artificial Intelligence

**AI Act** - Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act)

**AIF** - Alternative investment fund

**AIFM** - Alternative investment fund manager

**AIFMD** - Alternative Investment Fund Managers Directive (Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011)

**AIFMD2** - Directive (EU) 2024/927 of the European Parliament and of the Council of 13 March 2024 amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, the provision of depositary and custody services and loan origination by alternative investment funds

**AMLA** – Anti Money Laundering Authority

**AMLA Regulation** - Regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010

**AML Regulation** - Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing

**AML/CTF** - Anti-money laundering and counter-terrorist financing

**AuM** – Assets under management

**BoE** – Bank of England

**CCI** – Consumer Composite Investment

**CCP** - Central counterparty

**Commission** - The European Commission

**CBDF** - Cross-border Distribution of Funds Directive and Regulation (Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019)

**CRR3** - Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

**CSD** – Central securities depository

**CSDR** - Central Securities Depositories Regulation (Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012)

**CSDR REFIT** - Regulation (EU) 2023/2845 of the European Parliament and of the Council of 13 December 2023 amending Regulation (EU) No 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third-country central securities depositories and amending Regulation (EU) No 236/2012

**CS3D** - Corporate Sustainability Due Diligence Directive

**CSMAD** - Criminal Sanctions for Market Abuse Directive (Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse)

**CTP** – Critical Third Party

**DORA** - Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA) entered into force on 16 January 2023 and will start to apply from 17 January 2025

**EBA** – European Banking Authority

**ECA** – European Court of Auditors

**ELTIF** - European long-term investment fund

**ELTIF Regulation** - European Long-Term Investment Fund Regulation (Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015)

**ELTIF2** - The revised version of the ELTIF Regulation

**EMIR** - European Market Infrastructure Regulation (Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories)

**EMIR 3.0** - Regulation (EU) 2024/2987 of the European Parliament and of the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets

**EMIR 3.0 Directive** - Directive (EU) 2024/2994 of the European Parliament and of the Council of 27 November 2024 amending Directives 2009/65/EC, 2013/36/EU and (EU) 2019/2034 as regards the treatment of concentration risk arising from exposures towards central counterparties and of counterparty risk in centrally cleared derivative transactions

**ESAs** – European Supervisory Authorities

**ESG** - Environmental, social and governance

# GLOSSARY (CONTINUED)

**ESG Ratings Regulation** - Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, and amending Regulations (EU) 2019/2088 and (EU) 2023/2859

**ESMA** – European Securities and Markets Authority

**EuSEF** - European social entrepreneurship fund

**EuSEF Regulation** - European Social Entrepreneurship Fund Regulation (Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013)

**EuVECA** - European venture capital fund

**EuVECA Regulation** - European Venture Capital Fund Regulation (Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013)

**FCA** – UK’s Financial Conduct Authority

**FSMA 2023** - The Financial Services and Markets Act 2023, which was enacted on 29 June 2023

**IFD** - Investment Firms Directive (Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU)

**IFPR** – Investment Firms Prudential Regime

**IFR** - Investment Firms Regulation (Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014)

**ITS** – Implementing Technical Standards

**KID** – Key Information Document

**KIID** – Key Investor Information Document

**LTAF** – Long Term Asset Fund

**MAR** - Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014)

**MiCA** - Regulation (EU) 2023/1114 on markets in cryptoassets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937

**MiFID 2** - Second Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU)

**MiFID 3** - Directive (EU) (2024/790) amending Directive 2014/65/EU (the MiFID II Directive) on markets in financial instruments

**MiFIR** - Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

**MiFIR 2** - Regulation (EU) 2024/791 amending the Markets in Financial Instruments Regulation (600/2014) (MiFIR) as regards enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimising the trading obligations and prohibiting receiving payment for order flow

**MLD 4** – Fourth Money Laundering Directive (Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC

**MLD5** - Fifth Money Laundering Directive (Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU

**MLD6** - Directive (EU) 2024/1640 on the mechanisms to be put in place by member states for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849

**MMF** – Money Market Fund

**MMF Regulation** - The Money Market Funds Regulation (Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017)

**NAV** – Net asset value

**Non-Financial Reporting Directive** - Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013

**Non-performing Loans Directive** - Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021

**NURS** – Non-UCITS retail scheme

**NURS-KII** - Key investor information document for a NURS



# GLOSSARY (CONTINUED)

**PAI Statements** - Principal adverse impact statements – statements on the principal adverse impacts of investment decisions on sustainability factors, as required under the SFDR

**PRA** – UK’s Prudential Regulation Authority

**PRIIPs** – Packaged retail and insurance-based investment products

**PRIIPs Regulation** - Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products

**Prospectus Regulation** - Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017

**RTS** – Regulatory Technical Standards

**Securitisation Regulation** - Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017

**SFDR** - Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector)

**SFTR** - Securities Financing Transactions Regulation (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012)

**SRD2** - Second Shareholder Rights Directive (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement)

**Taxonomy Regulation** - Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088)

**TCFD** - Task Force on Climate-Related Financial Disclosures

**UCITS** - Undertaking for collective investment in transferable securities

**UCITS Directive** - Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009

**Unfair Commercial Practices Directive (UCPD)** - Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005

**C L I F F O R D**  
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