

Funds and Investment Management News

October 2024

Welcome to Clifford Chance's Funds and Investment Management News. This monthly update covers legal and regulatory developments from around the world in the funds and investment management sector, as well as our briefings and details of our conferences, events, and [Insights for Asset Managers webinar series](#).

If you would like to know more about a particular development, please get in touch with your usual Clifford Chance contact or any of our team listed at the end of this newsletter.

Further details and related resources, including [previous editions of this newsletter](#) and [our ESG newsletter](#), can be found on the [Clifford Chance Financial Markets Toolkit](#) and [Clifford Chance Funds and Investment Management page](#).

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Headlines

The European Supervisory Authorities (ESAs) have published a [report](#) highlighting risks and vulnerabilities in the EU financial system due to ongoing economic and geopolitical uncertainties.

The UK Government and the Financial Conduct Authority (FCA) have [announced](#) plans to reform retail disclosure rules, temporarily exempting investment trusts from certain EU law requirements.

The FCA has [published](#) its approach to recognising funds under the Overseas Funds Regime (OFR), detailing the application and decision-making processes.

The FCA has [announced](#) temporary flexibility for firms to comply with the 'naming and marketing' rules under the Sustainability Disclosure Requirements (SDR) until 5pm on 2 April 2025.

The Hong Kong Monetary Authority (HKMA) has issued a [circular](#) highlighting good practices and key observations on authorised institutions' (AIs) governance of climate-related risks.

The Monetary Authority of Singapore (MAS) has updated its [FAQs](#) on Licensing of Fund Management Companies (FMCs).

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United States of America

Financial Investors Circle US Professional Sports Leagues

Until recently, the ownership of US professional sports franchises was the preserve of wealthy individuals. In 2019, Major League Baseball (MLB) eased its ownership and investment rules to permit financial investors to invest in its teams. Major League Soccer (MLS), the National Basketball Association (NBA), the National Hockey Association (NHL) and the National Women's Soccer League (NWSL) soon followed suit and by early 2024, over 30 sports teams across these leagues had received some degree of financial investor backing. In August 2024, the National Football League (NFL) changed its ownership rules, becoming the last US major sports league to permit investments by financial investors. [Private equity investors continue to inject cash into US sports](#), as highlighted in recent multi-billion-dollar transactions involving financial investors such as Arctos Partners, RedBird Capital, Ares Management, CVC Capital Partners, Sixth Street Partners and the Qatar Investment Authority.

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Europe

European Union

Capital Markets Union: EU Council adopts Listing Act package

The EU Council has adopted the [Listing Act](#), which includes amendments to the Prospectus Regulation, Market Abuse Regulation (MAR), and MiFID2, as well as a new directive on multiple-vote share structures. This legislative package aims to make EU capital markets more attractive by reducing administrative burdens for companies, particularly SMEs, to facilitate their access to public funding. The EU Parliament adopted the texts in April 2024. They will be published in the Official Journal soon and enter into force 20 days later. Member States will have 18 months to transpose the Listing Act Directive and two years to transpose the Directive on multiple-vote shares.

MiCA: EU Commission adopts RTS on handling of complaints by CASPs

The EU Commission has adopted a [Delegated Regulation](#) under the Markets in Cryptoassets Regulation (MiCA) setting out regulatory technical standards (RTS) specifying the requirements, templates and procedures for the handling of complaints by cryptoasset service providers (CASPs).

MiCA: ITS on cooperation and exchange of information between competent authorities and EBA and ESMA published in Official Journal

[Commission Implementing Regulation \(EU\) 2024/2494](#) laying down implementing technical standards (ITS) for the application of the Markets in Cryptoassets Regulation (MiCA) with regard to standard forms, templates and procedures for the cooperation and exchange of information between competent authorities and the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) has been published in the Official Journal. The Implementing Regulation will enter into force on 15 October 2024.

ESAs Joint Committee publishes 2025 work programme

The Joint Committee of the European Supervisory Authorities (ESAs) has published its [2025 work programme](#), focusing on sustainability disclosures, digital operational resilience, consumer protection and financial innovation, sustainable finance, cross-sectoral risk assessments, securitisation, and financial conglomerates

ESAs report on risks and vulnerabilities in EU financial system

The European Supervisory Authorities (ESAs) have published a [report](#) highlighting risks and vulnerabilities in the EU financial system due to ongoing economic and geopolitical uncertainties. The report advises financial institutions and supervisors to prepare for high interest rates, monitor credit risks, remain agile, and address inflation and cyber-risks. It also includes a detailed analysis of credit risks in the financial sector. The European Securities and Markets Authority (ESMA) has separately released its second risk monitoring [report](#) of 2024

MiFIR Review: ESMA consults on changes to RTS on transaction data reporting and order book data

The European Securities and Markets Authority (ESMA) has launched [consultations](#) on amendments to RTS 22 and RTS 24 under the MiFIR Review, aiming to enhance and harmonize transaction and order book data reporting. These revisions are expected to improve data quality and reduce the reporting burden for market participants. Comments are due by 3 January 2025, with the final report and draft technical standards to be submitted to the EU Commission by the end of Q2 2025.

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Germany

German Federal Ministry of Finance publishes draft Second Future Financing Act

The German Federal Ministry of Finance (BMF) has released a [draft](#) of the Second Future Financing Act (ZuFinG II), aiming to enhance Germany's competitiveness as a financial hub and improve financing options for young companies. This draft law, part of the Growth Initiative approved on 17 July 2024, also seeks to boost investments in infrastructure and renewable energy by establishing a secure legal framework. The next step is for the draft to be reviewed and potentially amended by the German Federal Cabinet.

BaFin updates minimum contractual content requirements in DORA implementation note

The German Federal Financial Supervisory Authority (BaFin) has [updated](#) its supervisory statement on DORA, focusing on ICT risk management and third-party risk management. This update follows the final report on draft regulatory technical standards for subcontracting ICT services under DORA. BaFin has also translated the statement into English to ensure broader accessibility.

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Luxembourg

CSSF publishes 2023 annual report

The Luxembourg financial sector supervisory authority, CSSF, has published its [2023 annual report](#), highlighting its organisation, priority action areas, and key challenges. The report emphasizes the importance of preventing money laundering and terrorist financing, despite Luxembourg's positive FATF evaluation. It also addresses issues such as inflation, the Capital Markets Union, cyber risk, green finance, artificial intelligence, consumer challenges, and financial literacy.

CSSF publishes circular clarifying obligations on identification and verification of identity of ultimate beneficial owners

The Luxembourg financial sector supervisory authority, CSSF, has issued [Circular CSSF 24/861](#), amending Circular 19/732 on the Prevention of Money Laundering and Terrorist Financing. The amendment modifies point 74 to implement a risk-based approach for identifying and verifying legal persons or arrangements between the customer and the ultimate beneficial owner, rather than specifying a list of required information and documents. The circular includes a marked-up version of Circular 19/732 showing the changes.

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Netherlands

Dutch Ministry of Finance, AFM and DNB present recommendations for review of EU prudential framework for investment firms

The Ministry of Finance, AFM, and DNB have [recommended](#) strengthening the EU Investment Firms Regulation (IFR) and Directive (IFD). While acknowledging the current framework functions well, they

suggest improvements to enhance its risk-based nature, ensure a level playing field, prevent regulatory arbitrage, and increase proportionality and clarity in governance. These recommendations are detailed in their joint non-paper on the IFR and IFD review.

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UK

FSMA 2023 (Commencement No. 7) Regulations made

The Financial Services and Markets Act 2023 (Commencement No. 7) Regulations 2024 ([SI 2024/891](#)) have been enacted. Effective 1 November 2024, these regulations will revoke the EU Securitisation Regulation and related instruments, including the Securitisation Regulations 2018 and Commission Delegated Regulation (EU) No 625/2014, which supplemented the Capital Requirements Regulation.

Draft Packaged Retail and Insurance-based Investment Products (Retail Disclosure) (Amendment) Regulations 2024 laid

The [draft Packaged Retail and Insurance-based Investment Products \(Retail Disclosure\) \(Amendment\) Regulations](#) have been laid in Parliament, making transitional amendments to the PRIIPs Regulation and MiFID Org Regulation. Investment trusts and related advisors will not need to produce the Key Information Document or disclose costs and charges under these regulations. This interim measure will be replaced by the new UK retail disclosure framework for Consumer Composite Investments (CCIs) in 2025.

Digital assets: Property (Digital Assets etc) Bill introduced

The Property (Digital Assets etc) Bill has been [introduced](#) in the House of Lords to confirm that certain digital assets can constitute property, as recommended by the Law Commission. The Government has accepted the recommendation to set up an expert group on digital asset control and is reviewing further recommendations on financial collateral arrangements. The second reading of the Bill is yet to be scheduled.

Enterprise Investment Scheme and Venture Capital Trust scheme extended to 5 April 2035

The UK Government has [extended](#) the Enterprise Investment Scheme (EIS) and the Venture Capital Trust (VCT) scheme by ten years, now ending on 5 April 2035. These schemes encourage investment in new or young companies through tax-relief incentives, offering up to 30% upfront income tax relief and exemption from capital gains tax on profits from the sale of shares.

Pensions Investment Review: UK Government launches call for evidence

The UK Government has initiated a [call for evidence](#) to inform the first phase of the Pensions Investment Review, focusing on defined contribution (DC) workplace schemes and the Local Government Pension Scheme (LGPS). The review will explore topics such as the benefits and risks of a more consolidated DC market, the role of Single Employer Trusts, barriers to consolidation, the success of LGPS asset pooling, potential government interventions, and the impact of increased investment in UK asset classes on economic growth.

UK-US Financial Regulatory Working Group publishes joint statement on tenth meeting

HM Treasury (HMT) has released a [joint statement](#) on the tenth US-UK Financial Regulatory Working Group meeting held on 3 September 2024 in Washington D.C. The meeting covered various topics, including economic stability, banking, digital finance, sustainable finance, and non-bank financial intermediation (NBFi). The importance of international dialogue and continued implementation of NBFi reforms was emphasized, with the next meeting scheduled for May 2025.

UK Government and FCA announce plans to reform retail disclosure requirements in financial services

The UK Government and the FCA have [announced](#) plans to reform retail disclosure rules, temporarily exempting investment trusts from certain EU law requirements. Draft legislation to replace the PRIIPs Regulation with a new framework for Consumer Composite Investments (CCIs) is expected in H2 2024, with the new regime anticipated by H1 2025. As an interim measure, investment trusts are exempt from current PRIIPs requirements until the new framework is in place.

FCA updates statement on forbearance for investment trusts

The Financial Conduct Authority (FCA) has updated its [statement](#) on forbearance regarding investment trust disclosure requirements. The update outlines expectations for firms to collaborate in distributing investment trust securities while adhering to general obligations towards retail investors, including the Consumer Duty, ensuring fair and clear communications, and acting in the best interests of clients.

FCA publishes its approach to recognition of funds under Overseas Funds Regime

The FCA has [published](#) its approach to recognising funds under the Overseas Funds Regime (OFR), detailing the application and decision-making processes. The OFR allows certain non-UK investment funds to be promoted in the UK if they meet specific criteria, with applications submitted via the FCA Connect System. The FCA has also provided guidance and resources to help applicants prepare their submissions.

FCA sets out temporary measures on naming and marketing sustainability rules

The Financial Conduct Authority (FCA) has [announced](#) temporary flexibility for firms to comply with the 'naming and marketing' rules under the Sustainability Disclosure Requirements (SDR) until 5pm on 2 April 2025. This applies to UK authorised investment funds that have submitted an application for amended disclosures by 1 October 2024 and are currently using terms like 'sustainable' or 'impact' in their names. The FCA expects firms to comply with the rules as soon as possible, even if they don't need the temporary flexibility.

FCA publishes Quarterly Consultation No. 45

The Financial Conduct Authority (FCA) has released its latest quarterly consultation paper ([CP24/18](#)) proposing amendments to the FCA Handbook. The proposals include redefining 'firm' to include designated coordination bodies under the Enforcement Guide and Decision Procedure and Penalties Manual, and allowing non-UCITS retail schemes to invest in long-term asset funds without the constraints of the second scheme rules. The FCA is seeking feedback on these proposals. Comments are due by 11 October 2024.

FCA publishes final statement on forthcoming end of LIBOR

The Financial Conduct Authority (FCA) has [announced](#) that the 1-, 3-, and 6-month US dollar LIBOR settings will be published in synthetic form until 30 September 2024, after which they will cease

permanently. Firms are reminded to continue their transition efforts as this marks the final milestone in the move away from LIBOR. The FCA will not compel further publication beyond this date.

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Asia Pacific

Australia

ASIC publishes corporate plan for period 2024–25 and beyond

The Australian Securities and Investments Commission (ASIC) has released its [corporate plan](#) for 2024–25, outlining key strategic priorities. These include improving consumer outcomes in financial products and services, enhancing market integrity, supporting better retirement planning, managing technology and cyber risks, and strengthening market integrity across public and private sectors. The plan focuses on areas such as climate-related disclosure, greenwashing, and resilience against technology-enabled scams.

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Hong Kong

HKMA issues circular on climate-related risk governance good practices

The Hong Kong Monetary Authority (HKMA) has issued a [circular](#) highlighting good practices and key observations on authorised institutions' (AIs) governance of climate-related risks. The HKMA noted that AIs have developed climate risk governance structures aligned with supervisory expectations, focusing on climate strategy, risk management oversight, and fostering a strong climate risk culture. The HKMA encourages AIs to adopt these practices and plans to enhance its supervisory approach to address common challenges like data insufficiency and risk measurement difficulties.

HKMA issues circular on severe weather trading implementation

The Hong Kong Monetary Authority (HKMA) has issued a [circular](#) reminding authorised institutions (Ais) to finalize preparations for the Severe Weather Trading (SWT) arrangements, set to launch on 23 September 2024. While Ais have confirmed their readiness, the HKMA emphasizes the need for comprehensive contingency plans and effective customer communication to address potential operational challenges. Ais are also encouraged to review feedback from personnel and customers to assess the effectiveness of their SWT arrangements post-implementation.

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Singapore

MAS revises FAQs on licensing of fund management companies

The Monetary Authority of Singapore (MAS) has updated its [FAQs](#) on Licensing of Fund Management Companies (FMCs), emphasizing the need for stability in the CEO, directors, and management team. The MAS expects the CEO and Executive Directors to maintain effective control over operations and, if not part of an established business group, to hold a controlling stake. The MAS is open to alternative measures proposed by FMCs that ensure management stability and alignment with investor interests.

MAS revises forms, FAQs, guidelines and compliance toolkits regarding fund management

Following the repeal of the registered fund management regime on 1 August 2024, the Monetary Authority of Singapore (MAS) has [updated](#) the application process for a capital markets services licence (CMS Licence). From 29 August 2024, all applicants, including those for fund management (LFMC) and venture capital fund management (VCFM), must use the same application form (Form 1) and submit through eLicensing. Additionally, several guidelines and forms, including Form 3A and Form 25A, have been revised to reflect these changes.

MAS consults on proposed amendments to Business Trusts Regulations and Securities and Futures (Licensing and Conduct of Business) Regulations

The Monetary Authority of Singapore (MAS) has launched a [consultation](#) on proposed amendments to the Business Trusts (BTs) Regulations and the Securities and Futures (Licensing and Conduct of Business) Regulations 2018 (SF(LCB)R). These amendments aim to support the implementation of the Business Trusts (Amendment) Act 2022, align governance-related provisions for registered BTs with those for real estate investment trusts (REITs), and introduce new regulations for better consumer protection and operational transparency. The MAS seeks public feedback on these proposals to ensure effective regulatory updates. Comments due by 18 October 2024.

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Clifford Chance publications

- (27 September) Briefing - [Ukraine: The latest Global Sanctions and Export Controls](#) as at 01:30am BST on 27 September 2024
- (25 September) - Briefing - [Financial Investors Circle US Professional Sports Leagues](#)
- (17 September) – Briefing - [UK Government enacts Digital Markets, Competition and Consumers Act](#)

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