

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

**BUY-SIDE REGULATORY HORIZON SCANNER**  
APRIL 2022

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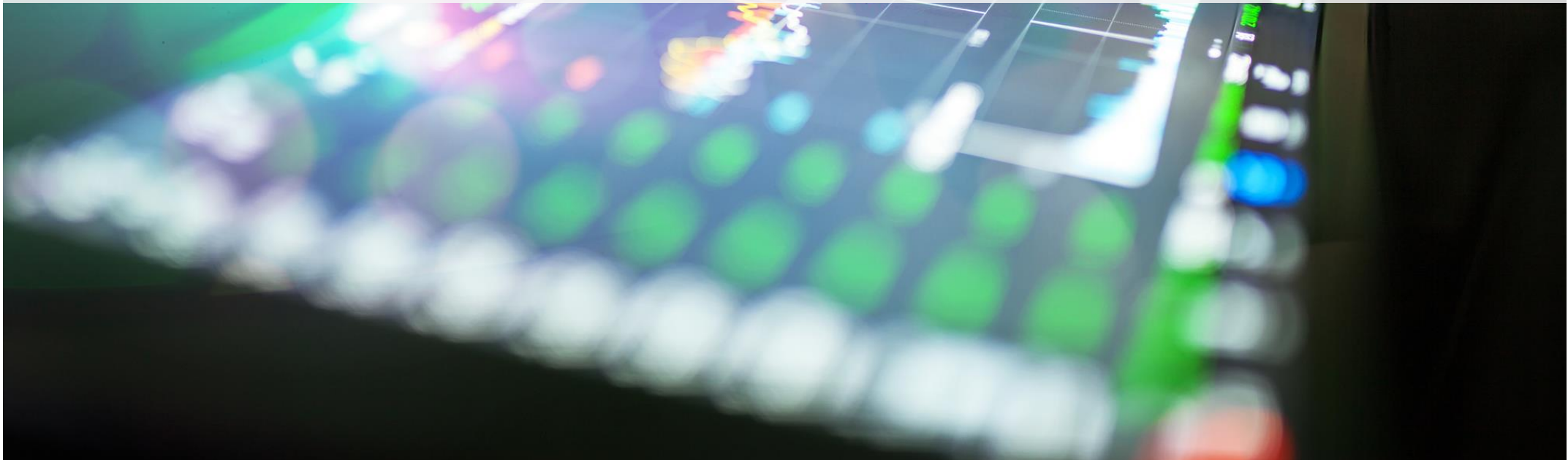
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## **INTRODUCTION**



# INTRODUCTION

## KEY UK CONTACTS AND FURTHER RESOURCES

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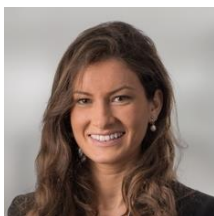
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### Our buy-side regulation practice

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

Our understanding of each part of the investment management industry, coupled with 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 from around the world, whether in relation to AIFMD or EMIR or under Dodd-Frank.

Our clients include the world's leading asset management companies, alternative investment funds, private equity funds, 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.

### Further Clifford Chance resources

#### The Financial Markets Toolkit

The Financial Markets Toolkit provides the cutting-edge knowledge you need for your business. It brings together, in a "one-stop shop", a wide range of practical, user-friendly resources. The Financial Markets Toolkit comprises a growing collection of web-based videos, publications and other key resources on an expansive range of topics, from regulatory developments to transactional matters: (<http://financialmarketstoolkit.cliffordchance.com>).

#### Training and events

Sharing know-how is central to our ethos. Our London Perspective series is a seasonal series of talks addressing 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.

#### Alerter: Finance Industry

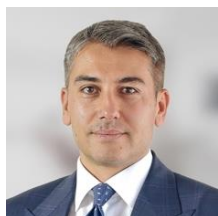
Our daily 'Alerter: Finance Industry' email and our weekly 'International Regulatory Update' email keep our clients up-to-date with a comprehensive, up-to-the-minute summary of regulatory and legal developments from around the world as well as links to relevant Clifford Chance publications and contacts.

#### Briefings

We regularly produce short, practical briefings on regulatory developments and longer, thought leadership pieces on industry and legal trends and issues. These are distributed to our existing clients and collated on our Financial Markets Toolkit.

# INTRODUCTION

## KEY EUROPEAN CONTACTS



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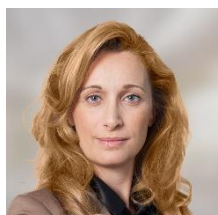
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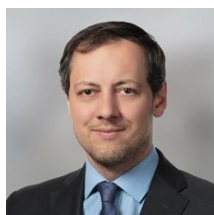
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# INTRODUCTION

## 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.

The tracker identifies and summarises 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 are not specific to asset managers but nonetheless affect asset managers, such as MLD5.

The horizon scanner also sets out projected timelines for the finalisation and implementation of the relevant developments, covering approximately the next 18 months to 2 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 April 2022. It does not constitute legal advice and is not intended to provide an exhaustive list of all provisions or requirements applicable to such firms during this period.

# INTRODUCTION

## THE EU BUY-SIDE REGULATORY LANDSCAPE

### The EU angle...



In June 2019, the European Council agreed on its agenda for the EU for the next five years. That agenda consisted of four priorities: developing a strong and vibrant economic base; building a climate-neutral, green, fair and social Europe; protecting citizens and freedoms; and promoting European interests and values on the global stage. It is the first two of those priorities that look set to dominate the forthcoming year of asset management regulatory developments.

In 2022, we expect to see the EU continuing its programme of work on the EU capital markets union. In particular, the Commission's proposals for revisions to a significant number of existing regimes - the AIFMD, UCITS, ELTIF, CSDR, AML and MiFID2 packages – are expected to continue their journey through the EU legislative process.

In the meantime, new regimes are also being developed. The EU's priority of developing a strong economic base includes a focus on the digital revolution. This will be evidenced in 2022 by anticipated progress with a number of digital-related initiatives, including the Commission's proposals for legislation on digital operational resilience, DORA, and on markets in cryptoassets, MiCA. Simultaneously, the priority of building a climate-neutral Europe will continue to develop following the Commission's recent publication of the SFDR and Taxonomy Regulation RTS.

# INTRODUCTION

## THE UK BUY-SIDE REGULATORY LANDSCAPE

### The UK angle...



In the UK, a three-pronged approach to the development of asset management regulation is emerging. One prong consists of targeted amendments to onshored EU legislation to ensure it remains suitable for the evolving asset management industry and to remedy perceived historic issues with that legislation. The recently-finalised amendments to the UK's PRIIPs regime are an example of such a development.

The second prong consists of a growing body of domestic, post-EU regulation. Examples include the introduction of LTAFs, the proposed new Consumer Duty, proposed sustainability-related investment product labels and the UK's TCFD-aligned disclosure regime for asset managers. Some of these, such as the LTAF and new Consumer Duty, reflect domestically-driven initiatives whilst others, such as the ESG developments, reflect the global direction of travel.

Finally, the UK continues to conduct broader, post-Brexit reviews of its approach to financial regulation. The UK's Future Regulatory Framework Review, which considers the UK's approach to onshored EU legislation post-Brexit, is expected to continue this year via the publication of HM Treasury's response to its most recent consultation on the topic. A review of disclosures to retail investors, which was originally expected to encompass at a minimum both PRIIPs and MiFID requirements, is also expected to continue but to focus solely on PRIIPs.



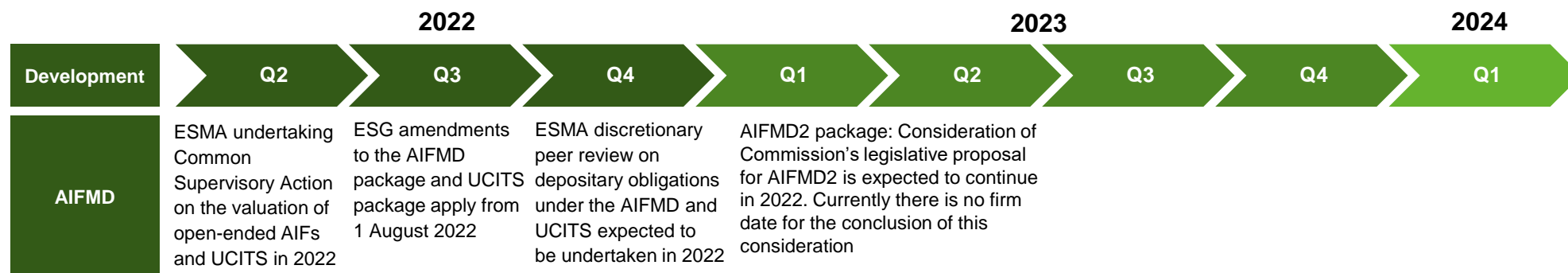


## **HORIZON SCANNER**

### **A. EU DEVELOPMENTS**

#### I. ASSET MANAGEMENT DEVELOPMENTS

# 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.

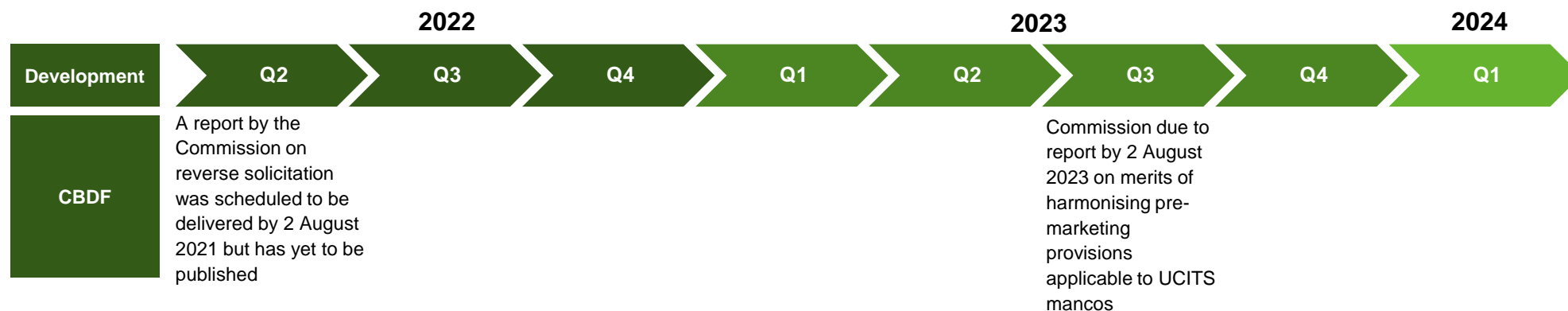
Read our in-depth briefings on each step of the AIFMD2 review, including the Commission's ultimate legislative proposal, [here](#), [here](#), [here](#), [here](#) and [here](#).

## What's on the horizon?

- In January 2022, ESMA announced the launch of a Common Supervisory Action with EU national competent authorities on the valuation of open-ended AIFs and UCITS across the EU. A Common Supervisory Action is one of the tools available to ESMA to aide the achievement of common supervisory practice amongst EU national competent authorities. ESMA has stated that the purpose of this Common Supervisory Action is to assess AIFMs' and UCITS managers' compliance with the valuation provisions of the AIFMD and UCITS frameworks, in particular the valuation of less liquid assets.
- The AIFMD has been amended to introduce sustainability-related requirements. These will apply from 1 August 2022. Please see slide 22 for further details on this development.
- ESMA has announced that it expects to undertake a peer review into depositary obligations under the AIFMD and UCITS Directive in 2022.
- The Commission has undertaken a review of the AIFMD. In November 2021, this review culminated in the Commission adopting a legislative proposal for a directive that would amend both the AIFMD (resulting in the so-called 'AIFMD2') and the UCITS Directive. The Commission's legislative proposal is now being considered by the Council of the EU and the European Parliament. There is, as yet, no firm date on which those considerations will conclude. Once an agreement is reached on the text of AIFMD2, it will be adopted as law, following which there is likely to be an implementation period (usually approximately two years) before the provisions enter into application.

We have produced a detailed briefing on the Commission's legislative proposal, together with a redline showing its proposed changes to the text of the AIFMD. The briefing and redline are available [here](#).

# EU CBDF



## CBDF

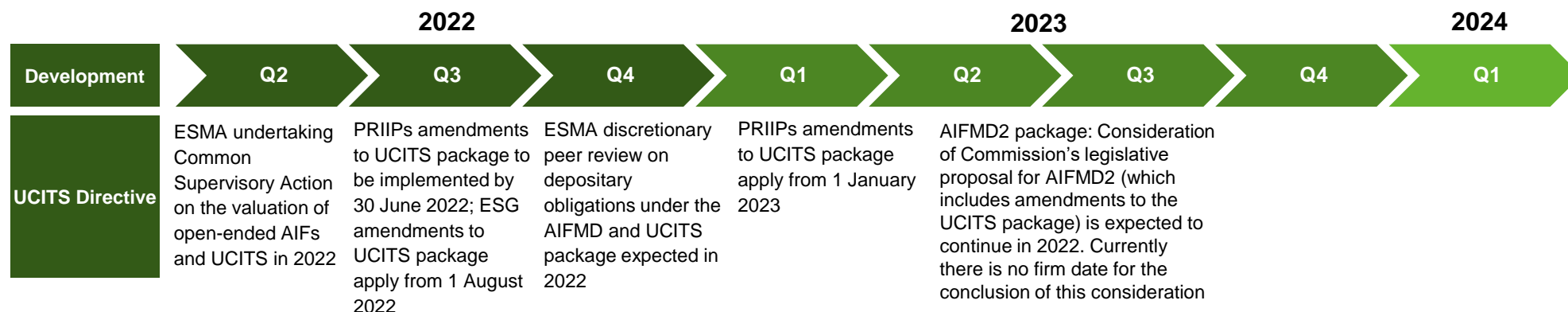
The CBDF amends the UCITS Directive, AIFMD, EuVECA Regulation, EuSEF Regulation and PRIIPs Regulation with regards to fund marketing. The new requirements aim to improve transparency by aligning national marketing and pre-marketing requirements, amongst other measures. The majority of the CBDF’s provisions came into force on 1 August 2019 and 2 August 2021.

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 remains outstanding.
- 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 (amongst 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.
- The Commission is 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.
  - The Commission is also required to conduct an evaluation of the application of the CBDF by 2 August 2024.

# EU UCITS DIRECTIVE



## UCITS Directive

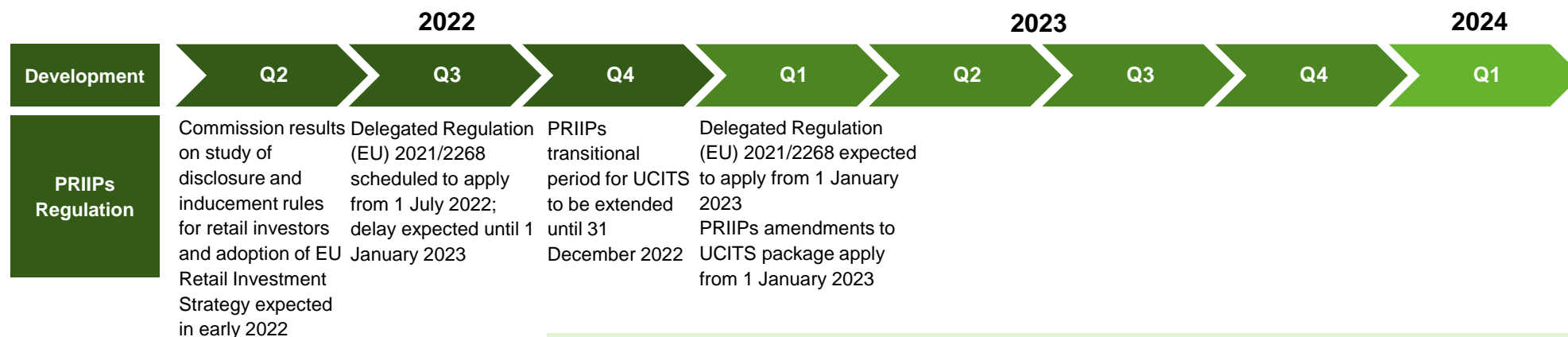
The UCITS Directive provides an EU-wide framework for UCITS (investment funds suitable for marketing to retail investors that meet relevant requirements). Since the first UCITS Directive in 1985, subsequent directives have aimed to expand and simplify the UCITS regime. Following the Commission's review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

Read our briefing on the Commission's proposed changes to the UCITS regime as part of its AIFMD2 package [here](#).

## What's on the horizon?

- In January 2022, ESMA announced the launch of a Common Supervisory Action with EU national competent authorities on the valuation of open-ended AIFs and UCITS across the EU. The purpose of the Common Supervisory Action is to assess AIFMs' and UCITS managers' compliance with the valuation provisions of the AIFMD and UCITS frameworks, in particular the valuation of less liquid assets.
- The UCITS package is being amended to provide that KIDs that comply with PRIIPs are considered to satisfy the requirements for KIIDs set out in the UCITS package. These amendments must be implemented by EU member states by 30 June 2022 and applied by EU member states from 1 January 2023.
- The UCITS Directive has been amended to introduce sustainability-related requirements. These will apply from 1 August 2022. Please see slide 22 for further details on this development.
- ESMA has announced that it expects to undertake a peer review into depository obligations under the AIFMD and UCITS Directive in 2022.
- Certain ESMA workstreams such as follow-up work to its peer review into guidelines on ETFs and other UCITS issues are expected to continue during 2022.
- The Commission's legislative proposal for AIFMD2, published in November 2021, included proposed amendments to the UCITS Directive. The Commission's proposal is now being considered by the Council of the EU and the European Parliament. There is, as yet, no firm date on which those considerations will conclude. We have produced a detailed briefing on the Commission's legislative proposal, together with a redline showing its proposed changes to the UCITS Directive. The briefing and redline are available [here](#).

# EU PRIIPS REGULATION



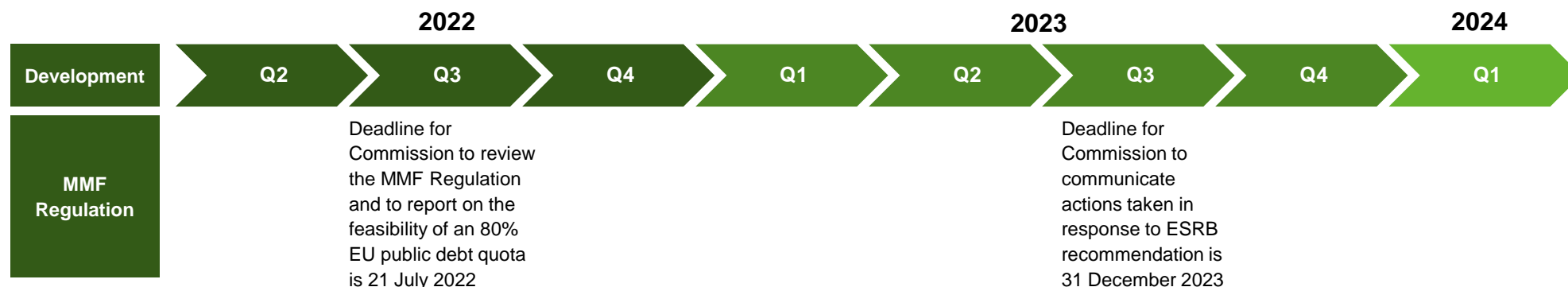
## PRIIPs Regulation

The PRIIPs Regulation obliges manufacturers of PRIIPs to produce a concise pre-contractual disclosure document, the 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.

## What's on the horizon?

- The results of a study by the Commission on disclosure and inducement rules for retail investors are expected to be published in early 2022.
- The Commission is reviewing the PRIIPs Regulation as part of a wider assessment of the EU's retail investment strategy. The retail investment strategy is expected to be adopted in early 2022 and may propose amendments to the PRIIPs Regulation.
- Delegated Regulation (EU) 2021/2268 amends certain requirements relating to the presentation and content of KIDs. It is currently scheduled to apply from 1 July 2022 but, in light of a further delegated regulation which has yet to enter into force (Delegated Regulation C(2022) 1541 final), it is expected that the 1 July 2022 application date will be delayed until 1 January 2023.
- Regulation 2021/2259 extends the exemption from PRIIPs requirements for UCITS until 31 December 2022. Delegated Regulation C(2022) 1541 final, referred to above, will also extend the transitional arrangements for UCITS until 31 December 2022.
- Directive (EU) 2021/2261 amends the UCITS package to provide that KIDs that comply with PRIIPs are considered to satisfy the requirements for KIIDs set out in the UCITS package. The directive must be implemented by EU member states by 30 June 2022 and applied by EU member states from 1 January 2023.

# EU MMF REGULATION



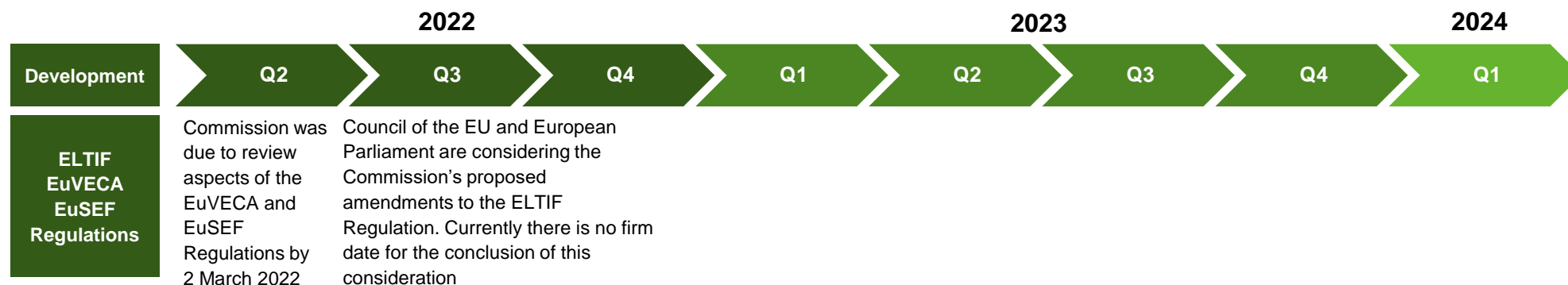
## MMF Regulation

The 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 requires the Commission to review the MMF Regulation by 21 July 2022 and to propose amendments to the MMF Regulation if the Commission considers this to be appropriate. As a precursor to publishing this report, the Commission published a public consultation on the MMF Regulation in April 2022.
- The MMF Regulation also requires the Commission to present a report on the feasibility of establishing an 80% EU public debt quota by 21 July 2022.
- In January 2022, the ESRB announced the publication of a recommendation (ESRB/2021/9) to the Commission regarding reforms to MMFs. The ESRB makes a number of recommendations in the document, 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 relevant liquidity management tools are anti-dilution levies, liquidity fees and swing pricing for MMFs with a fluctuating NAV. The deadline for the Commission to communicate the actions that it has taken in response to the recommendation is 31 December 2023.

# EU ELTIF, EUVECA AND EUSEF REGULATIONS



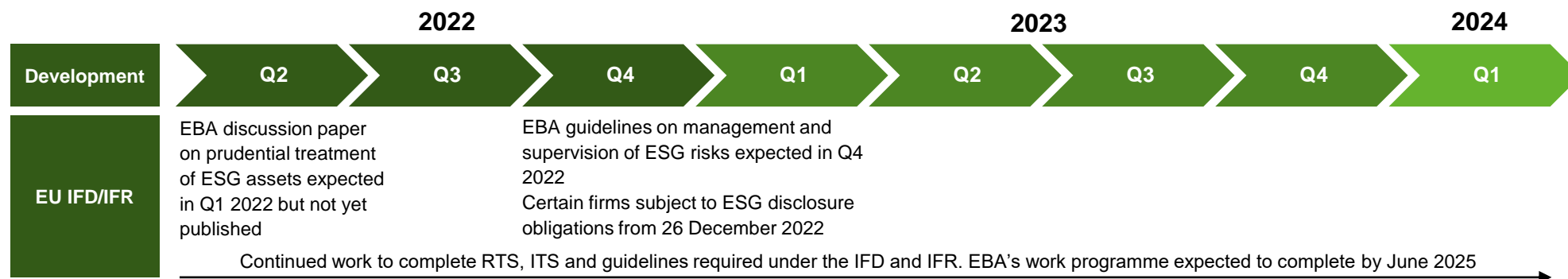
## ELTIF, EuVECA and EuSEF Regulations

The 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. EuVECAs, 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.

### 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.
- The Commission has undertaken a review of the ELTIF Regulation. In November 2021, this review culminated in the Commission adopting a legislative proposal for a regulation that would amend the ELTIF Regulation. The Commission's legislative proposal is now being considered by the Council of the EU and the European Parliament. There is, as yet, no firm date on which those considerations will conclude.

# EU IFD/IFR



## IFD/IFR

The IFD and IFR created a new harmonised prudential regime for EU investment firms. Certain larger investment firms are now treated as credit institutions and subject to the capital regime under CRD4. Other firms are subject to the new IFD and IFR prudential regime, which includes capital, consolidation, reporting, governance and remuneration requirements. The IFD and IFR will be accompanied by a number of RTS, ITS and guidelines, not all of which have been finalised.

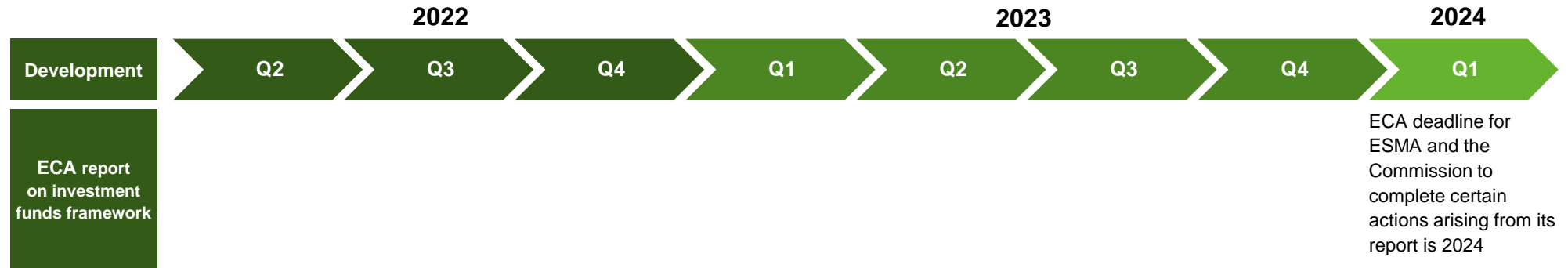
Read our in-depth briefings on this development [here](#) and [here](#).

## What's on the horizon?

- The EBA was required to report by 26 December 2021 on whether dedicated prudential treatment of assets exposed to activities associated substantially with environmental or social objectives, in the form of adjusted K-factors or adjusted K-factor coefficients, would be justified from a prudential perspective. The report has not been published. The EBA has indicated that it will publish a discussion paper on the topic in Q1 2022.
- In June 2021, the EBA issued a report on the management and supervision of ESG risks for credit institutions and investment firms. The report indicates that guidelines based on the content of the report will be published in Q4 2022 and that the report may also be followed by legislative changes.
- Certain smaller investment firms will be subject to ESG disclosure obligations from 26 December 2022.
- In June 2020, the EBA published a roadmap setting out its proposed approach to completing IFD- and IFR-related items for which it has responsibility. The EBA's proposed timetable for completing those mandates was divided into four phases: (i) items for delivery by December 2020 (mainly items relating to thresholds, capital requirements, reporting and remuneration and governance); (ii) items for delivery by June 2021 (mainly items relating to supervisory convergence and SREP); (iii) items for delivery by December 2021 (mainly items relating to remuneration and ESG); and (iv) items for delivery between December 2021 and June 2025 (mainly items relating to supervisor convergence, SREP and ESG). Due to the number and uncertainty of timing of many of these measures, they are not indicated individually on the timeline.
- The Commission is required to report on the IFD and IFR, with legislative proposals to amend the package if it considers this to be necessary, by 26 June 2024.



# ECA REPORT 'INVESTMENT FUNDS – EU ACTIONS HAVE NOT YET CREATED A TRUE SINGLE MARKET BENEFITING INVESTORS'



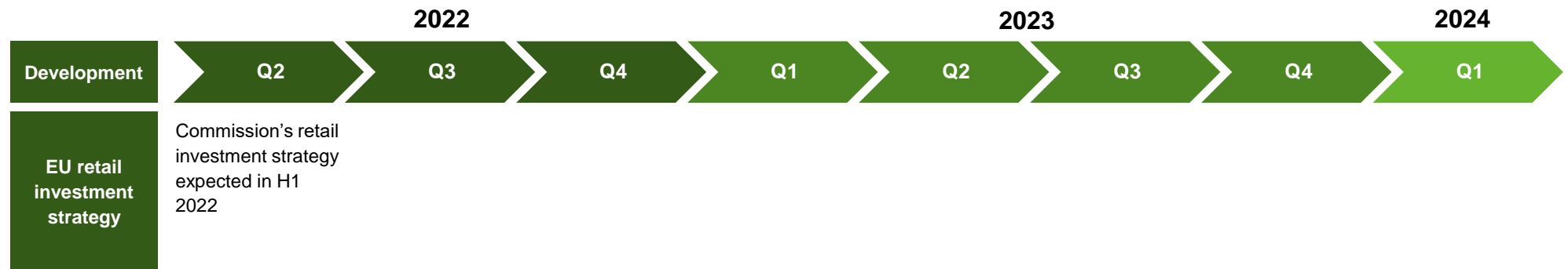
## ECA report on investment funds framework

In February 2022, the ECA published a special report on the EU's investment funds framework, entitled 'Investment funds – EU actions have not yet created a true single market benefiting investors'. The report focused on whether a single market for investment funds that ensures investor protection and financial stability has been established. The report's overall conclusion was that 'although EU actions have enabled a single market for investment funds to be established, they have not yet achieved the desired outcomes, as true cross-border activities and benefits for investors remain limited'.

## What's on the horizon?

- The report contains a number of recommended actions for ESMA and the Commission, which the ECA states should be completed by 2024 and 2025. These are:
  - Recommendation 1 – Assess the suitability of the existing framework to achieve the desired objectives. Actions to be completed by the Commission by 2024.
  - Recommendation 2 – Enhance the effectiveness of ESMA's convergence work. Actions to be completed by ESMA and the Commission by 2024.
  - Recommendation 3 – Protect investors better against undue costs and misleading information. Actions to be completed by ESMA and the Commission by 2024.
  - Recommendation 4 – Improve the identification of systemic risk. Actions to be completed by ESMA by 2025.
  - Recommendation 5 – Streamline data collection and update reporting regimes. Actions to be completed by the Commission by 2024.

# EU RETAIL INVESTMENT STRATEGY



## EU retail investment strategy

In May 2021, the Commission published a consultation paper entitled 'A retail investment strategy for Europe'. The Commission states that the aim of the consultation is to ensure that retail investors can take full advantage of capital markets and that rules are coherent across legal instruments.

## What's on the horizon?

- The Commission's consultation paper states that the Commission intends to publish a strategy for retail investments in the EU in the first half of 2022. It is expected that the strategy will include a number of proposed legislative initiatives.



**HORIZON SCANNER**  
**A. EU DEVELOPMENTS**  
II. ESG DEVELOPMENTS

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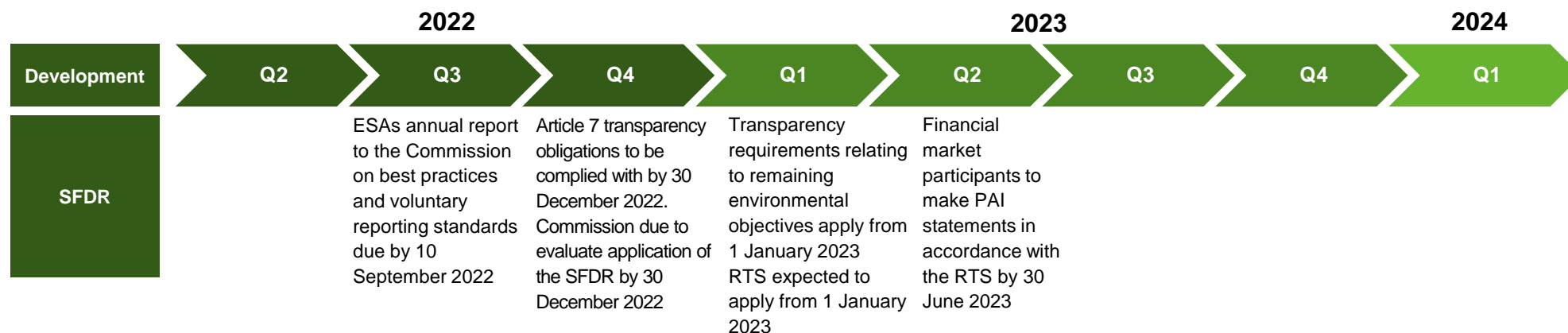
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# EU SFDR



## SFDR

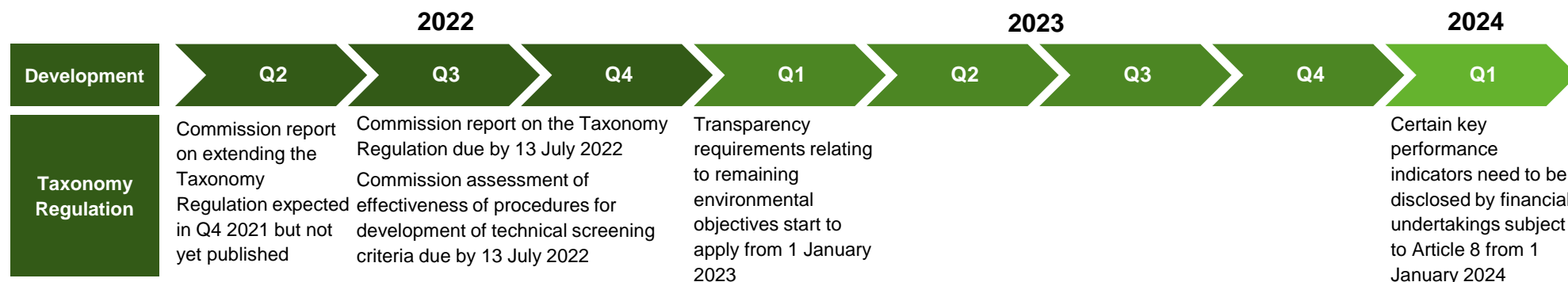
The SFDR sets out harmonised rules on disclosures to investors regarding the integration of sustainability risks and the consideration of adverse sustainability impacts in investment decision-making and investment advice. While most of the SFDR’s provisions have applied since 10 March 2021, later application dates for certain requirements combined with repeated delays to the publication of RTS containing detailed transparency requirements will mean that firms’ SFDR implementation will continue in 2022.

Read our in-depth briefing on this development [here](#).

## What’s on the horizon?

- Many of the SFDR’s transparency requirements began to apply from 1 January 2022. RTS, which will contain detailed provisions relating to these transparency requirements, were due to apply from 1 July 2022. The RTS have been delayed and are now expected to apply from 1 January 2023.
- The ESAs are due to provide their first report to the Commission on best practices relating to voluntary disclosures under the SFDR by 10 September 2022, with further reports by the ESAs on this topic due annually thereafter.
- Article 7 transparency obligations, which set out product-level disclosure requirements, should be complied with by 30 December 2022.
- The Commission is due to evaluate the SFDR by 30 December 2022 and to consider whether any amendments to the SFDR should be adopted.
- Transparency requirements relating to additional environmental objectives will begin to apply from 1 January 2023.
- Financial market participants that are required to publish ‘principal adverse impact’ (PAI) statements under Articles 4(1)(a), 4(3) or 4(4) of the SFDR will need to comply with the disclosure requirements set out in the RTS by 30 June 2023. The first reference period under the RTS will be from 1 January 2022 to 31 December 2022.

# EU TAXONOMY REGULATION



## 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 significantly harm 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 SFDR.

Read our in-depth briefing on this development [here](#).

## What’s on the horizon?

- A Commission report describing the provisions that would be required to extend the scope of the Taxonomy Regulation beyond environmentally sustainable activities, e.g. to other sustainability objectives such as social objectives, was due by 31 December 2021 but has yet to be published.
- A Commission report on the application of the Taxonomy Regulation and a Commission assessment of the effectiveness of the procedures for the development of technical screening criteria are due by 13 July 2022.
- Transparency requirements relating to additional environmental objectives will begin to apply from 1 January 2023.
- Under Article 8 of the Taxonomy Regulation, undertakings that are required to publish non-financial information under Articles 19a or 29a of the Non-Financial Reporting Directive must include sustainability information in their non-financial disclosures. Under Commission Delegated Regulation 2021/2178, which supplements Article 8 of the Taxonomy Regulation, financial undertakings will need to disclose certain key performance indicators from 1 January 2024.

# SUSTAINABILITY AMENDMENTS TO EU AIFMD, UCITS DIRECTIVE AND MIFID2



## Sustainability amendments to AIFMD, UCITS Directive and MIFID2

Delegated legislation integrating sustainability into the AIFMD, UCITS Directive, MiFID2, the Insurance Distribution Directive and Solvency II will begin to apply in 2022. Amendments include the requirement for managers to take into account sustainability risks when conducting investment due diligence and for investment firms that provide portfolio management to carry out a mandatory assessment of sustainability preferences of clients.

Read our in-depth briefing on this development [here](#).

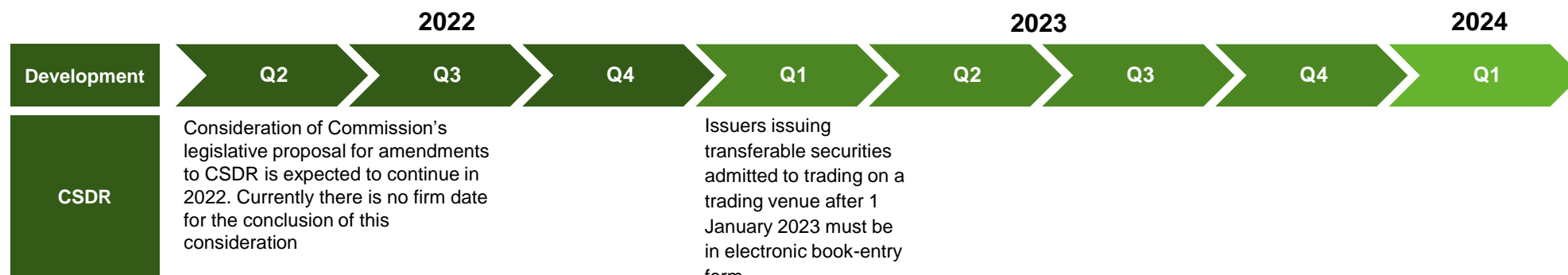
## What's on the horizon?

- The amendments to the AIFMD package apply from 1 August 2022.
- Member states are required to transpose the amendments to the UCITS package apply by 31 July 2022 and to apply those measures from 1 August 2022.
- Certain amendments to the MiFID2 package will apply from 2 August 2022.
- Member states are required to transpose the remaining amendments to the MiFID2 package by 21 August 2022 and to apply those measures from 22 November 2022.

The background of the slide is a blurred image of a financial market data visualization. It features a dark blue grid with various colored lines (green, red, yellow, orange) and candlestick charts. The text is overlaid on a semi-transparent white rectangular area in the center.

**HORIZON SCANNER**  
**A. EU DEVELOPMENTS**  
III. CROSS-SECTORAL DEVELOPMENTS

# EU CSDR



## CSDR

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. This, however, has been postponed. In the meantime, in March 2022 the Commission published a legislative proposal with proposed amendments to the CSDR.

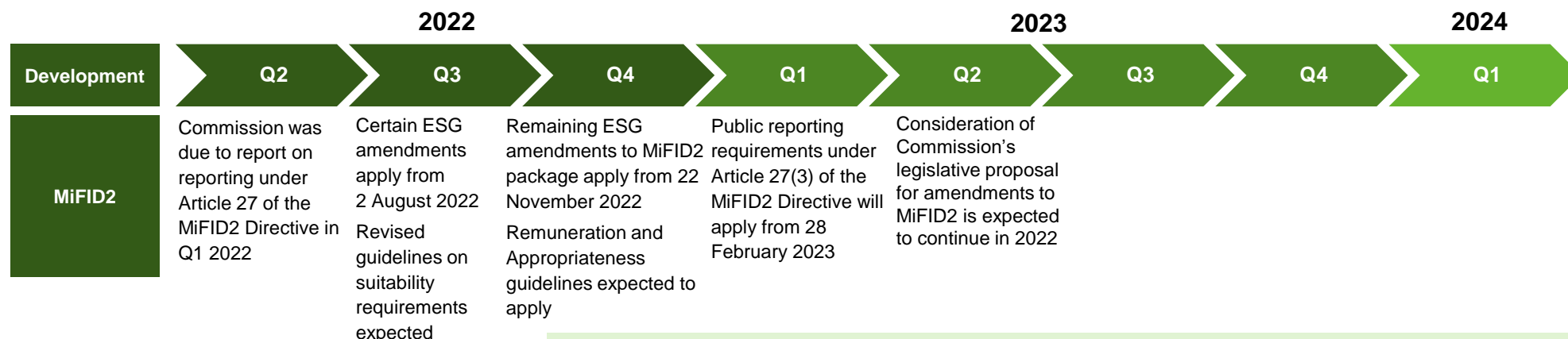
Read our in-depth briefing on this development [here](#).

## What's on the horizon?

- The CSDR's mandatory buy-in rules were intended to apply from 1 February 2022. In November 2021, the Commission announced that political agreement had been reached to amend the CSDR in order to allow for the date of application of the mandatory buy-in regime to be postponed from 1 February 2022. Whilst the postponement has not yet come into force from a legislative perspective, ESMA has issued a statement confirming that it does not expect national competent authorities to prioritise supervisory actions relating to the buy-in regime, effectively amounting to an informal postponement of the buy-in regime.
- In March 2022 the Commission adopted a legislative proposal to amend the CSDR. The Commission's legislative proposal is now being considered by the Council of the EU and the European Parliament. There is, as yet, no firm date on which those considerations will conclude.
- From 1 January 2023, any EU issuer that issues transferable securities that are admitted to trading or traded on trading venues must arrange for the securities to be represented in electronic book-entry form.



# EU MIFID2



## MiFID2

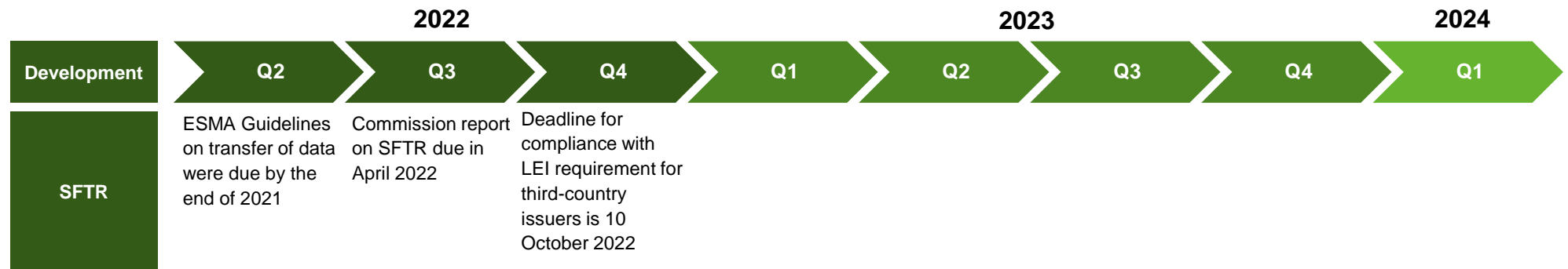
MiFID2 introduced important changes to the regulation of financial markets in Europe, including increased transparency and reporting requirements and heightened conduct of business requirements. It is now entering a phase of review and amendment. The Commission published its legislative proposals for amendments to MiFID2 in November 2021. These are now being considered by the European Parliament and Council of the EU. In the meantime, ESMA is also working on amendments to certain level three measures.

Read our in-depth briefing on this development [here](#) and [here](#).

## What's on the horizon?

- The Commission was due report on the adequacy of reporting requirements under Article 27 of the MiFID2 Directive by 28 February 2022. This report has yet to be published.
- Certain ESG amendments to the MiFID2 package will apply from 2 August 2022, with the remainder applying from 22 November 2022.
- ESMA is currently considering making amendments to its Guidelines on certain aspects of the suitability requirements under MiFID2. These amendments are intended to reflect recent amendments to MiFID2, such as the integration of sustainability amendments, in addition to the results of a 2020 Common Supervisory Action. Final revised guidelines are expected to be published in Q3 2022.
- ESMA's recently published Guidelines on certain aspects of the MiFID2 appropriateness and execution-only requirements and Guidelines on certain aspects of the MIFID2 remuneration requirements are expected to apply before the end of 2022.
- Public reporting requirements under Article 27(3) of the MiFID2 Directive will apply from 28 February 2023.
- In November 2021, the Commission adopted two legislative proposals to amend MiFID2. The Commission's legislative proposals are now being considered by the Council of the EU and the European Parliament. We have produced a detailed briefing on the Commission's legislative proposal, together with redlines showing the proposed changes to MiFID2. The briefing and redlines are available [here](#).
- ESMA's 2022 Work Programme indicates that it expects to conduct a number of other MIFID2 workstreams in 2022, although firm dates for most of these have not yet been published.

# EU SFTR



## SFTR

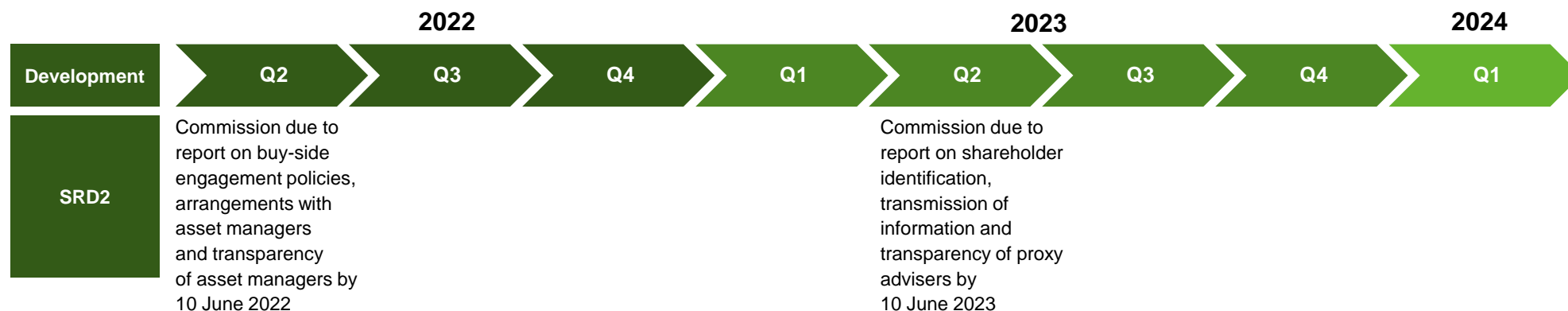
SFTR aims to increase transparency and reduce perceived “shadow banking” risks by requiring counterparties to report securities financing transactions (SFTs) to a trade repository, requiring UCITS managers and AIFMs to make pre-contractual and periodical disclosures to investors about their use of SFTs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

## What’s on the horizon?

- ESMA Guidelines for the transfer of data between trade repositories under EMIR and the SFTR were expected to be published by the end of 2021 but have yet to be published.
- A Commission report on the SFTR was due in April 2022 but has yet to be published.
- The SFTR prescribes the use of LEIs to identify entities in SFT reporting. In January 2020, in recognition of the fact that many securities issued by non-EU issuers did not yet have an LEI, ESMA allowed for a transitional period during which reports without the LEI of third-country issuers that do not have an LEI would be accepted. That transitional period is due to expire on 10 October 2022.

Read our in-depth briefing on this development [here](#).

# EU SRD2



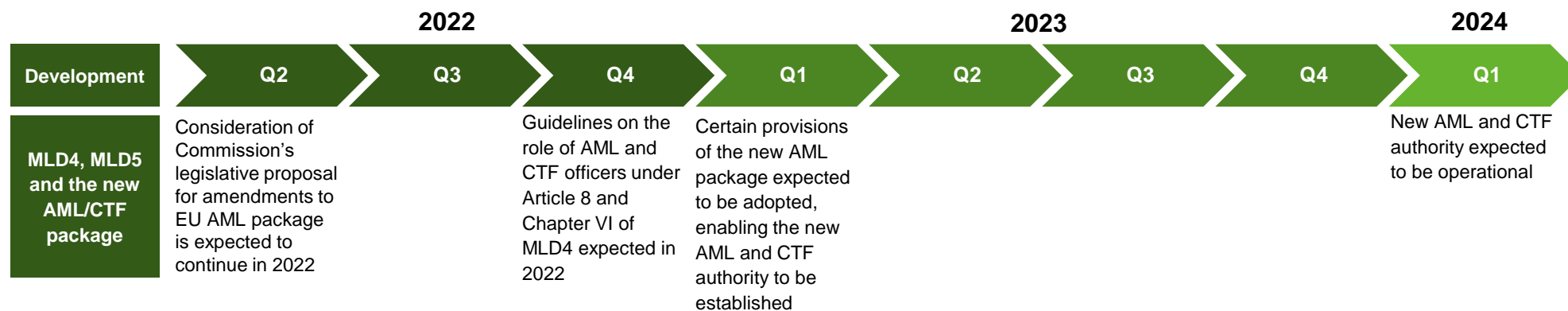
## SRD2

SRD2 seeks to enable shareholders to exercise voting and information rights in EU companies traded on regulated markets across the EU. Amendments to the SRD address 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.

## What’s on the horizon?

- The Commission is due to report on and, if appropriate, propose amendments to provisions on institutional investor and asset manager engagement policies, institutional investors’ investment strategy and arrangements with asset managers and transparency of asset managers by 10 June 2022.
- The Commission is 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 transparency of proxy advisers by 10 June 2023.

# EU MLD4, MLD5 AND THE NEW AML AND CTF PACKAGE



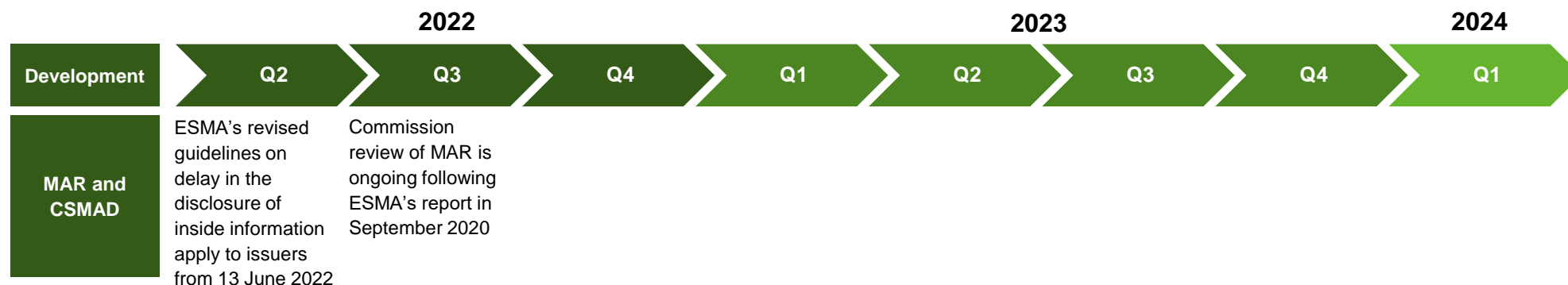
## MLD4, MLD5 and the new AML and CTF package

MLD4 contains the EU's anti-money laundering 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 2021, the Commission adopted an ambitious new package of legislative proposals, intended to further strengthen the AML and CTF framework.

## What's on the horizon?

- In July 2021, the Commission adopted a package of legislative proposals including a regulation establishing a new EU AML and CTF authority, a new regulation on AML and CTF and a sixth directive on AML and CTF. Agreement on the legislative proposals is expected to be reached during 2022, with most of the regime coming into force three years later. The provisions relating to the creation of the new AML and CTF authority are expected to come into effect earlier, in 2023. The new AML and CTF authority is expected to be operational by Q1 2024.
- In 2021, the EBA has launched a consultation on draft guidelines on the role of AML and CTF compliance officers under Article 8 and Chapter VI of MLD4. Finalised guidelines are expected to be published in 2022.

# EU MAR AND CSMAD



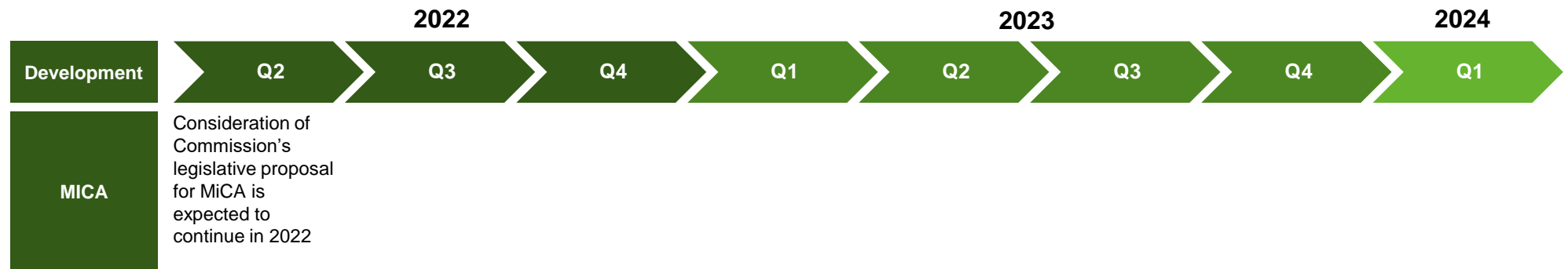
## MAR and CSMAD

An EU-wide framework for tackling market abuse and market manipulation was first introduced in 2005. MAR and CSMAD aimed to update and strengthen this framework. 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 Member States' criminal sanctions regimes for market abuse.

## What's on the horizon?

- In January 2022, ESMA published revised guidelines on delay in the disclosure of inside information and interactions with prudential supervision under MAR. The revised guidelines will apply to issuers from 13 June 2022.
- MAR required the Commission to submit a report on MAR and, if the Commission considered this to be appropriate, a proposal for amendments to MAR, by 3 July 2019. The Commission is currently undertaking its review of MAR. It has not yet published its report.

# MICA



## MiCA

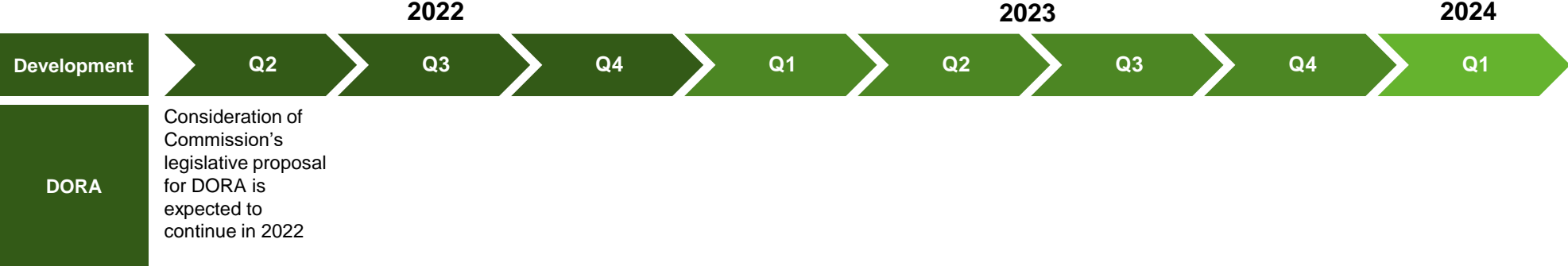
MiCA aims to establish a harmonised EU regulatory framework for activities relating to those cryptoassets that are not covered by existing EU financial services legislation. It includes provisions relating to: the issuance and admission to trading of cryptoassets, including disclosure and transparency requirements; licensing and associated conduct of business requirements for cryptoasset service providers; and a market abuse regime prohibiting market manipulation and insider dealing with respect to cryptoassets.

Read our in-depth briefing on this development [here](#).

## What's on the horizon?

- The Commission adopted its legislative proposal for MiCA in September 2020. Consideration of the legislative proposal is well underway and, most recently, the European Parliament's Committee on Economic and Monetary Affairs (ECON) published its report on the proposed legislation in March 2022. Consideration of MiCA is expected to continue in 2022 and it is currently anticipated that MiCA will enter into force towards the end of 2023.

# DORA



## DORA

On 24 September 2020, the Commission published legislative proposals for digital operational resilience requirements in the form of a proposed new legislative package (DORA). DORA aims to put in place a detailed and comprehensive framework on digital operational resilience for EU financial entities. In this context, digital operational resilience is the capacity of firms 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). In addition, DORA will, for the first time, create an EU-level oversight framework to identify and oversee ICT third party service providers deemed “critical” for financial entities.

Read our in-depth briefing on this development [here](#).

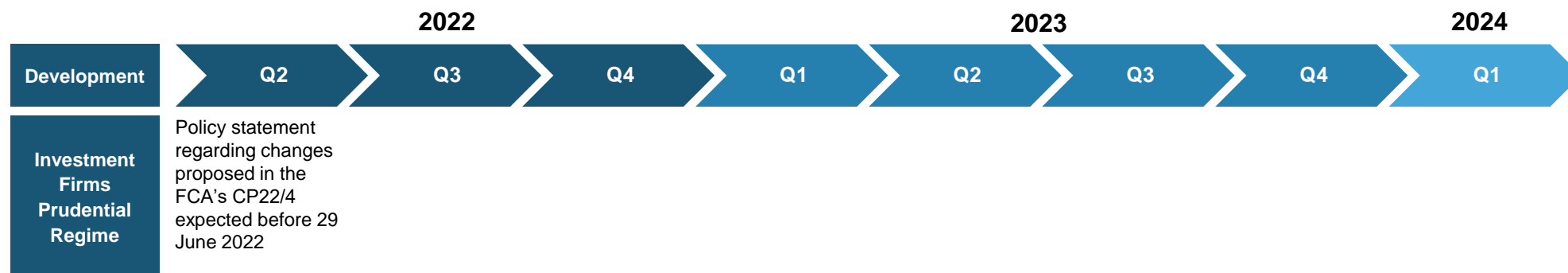
## What’s on the horizon?

- The Commission adopted its legislative proposal for DORA in September 2020. Consideration of the legislative proposal is well underway and, most recently, the Council of the EU adopted its position on the proposal. Consideration of DORA is expected to continue in 2022 and it is currently anticipated that DORA will enter into force in 2023.





# INVESTMENT FIRMS PRUDENTIAL REGIME



## Investment Firms Prudential Regime

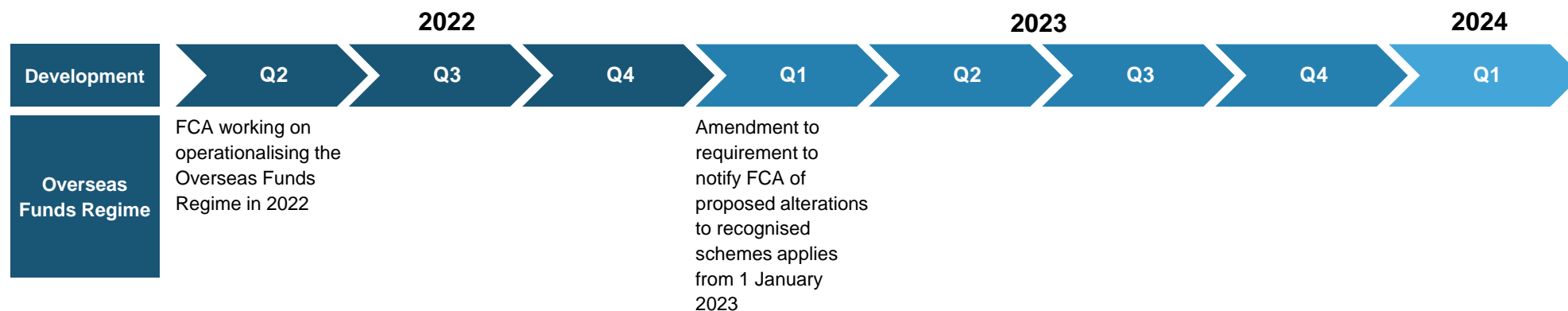
The UK introduced a revised prudential regime for FCA-authorized investment firms on 1 January 2022. The regime is based on, but not identical to, the EU IFD and IFR package. It incorporates key concepts from that package, including the calculation of capital using the so-called 'K-factors', governance and risk management requirements and a new remuneration code. The UK regime 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?

- The FCA published a consultation paper in March 2022 (CP22/4) which proposed to extend the deadline for firms to notify the FCA if they wanted to treat existing capital instruments as own funds under MiFIDPRU 3, together with certain related changes. The proposed extension would move the original notification deadline from 1 January 2022 to 29 June 2022. A policy statement regarding this change is expected before 29 June 2022.
- The Investment Firms Prudential regime includes a number of transitional provisions which allow firms to gradually increase their capital over a period of years.



# OVERSEAS FUNDS REGIME



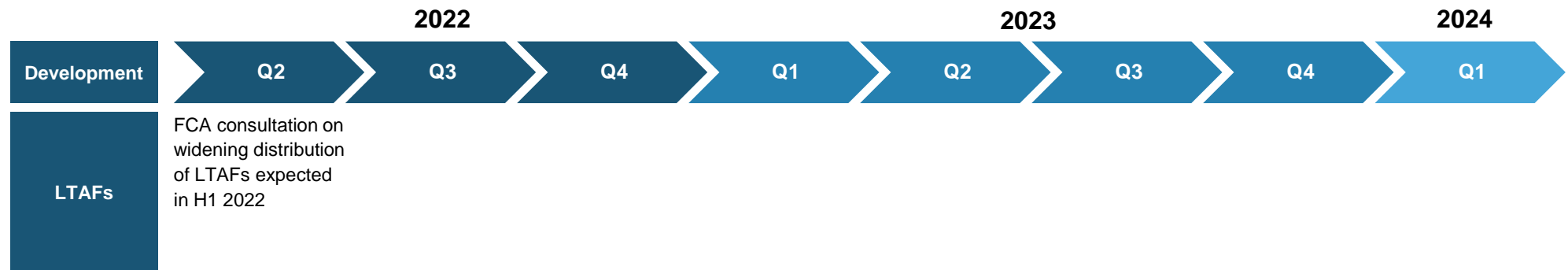
## Overseas Funds Regime

The Overseas Funds Regime is a new UK regime for the marketing of non-UK retail and non-UK money market funds to UK investors. Introduced to simplify the process through which these funds must pass to be marketed to UK investors, the regime centres on equivalence determinations. HM Treasury will have the power to determine that other jurisdictions' regimes for investment funds are equivalent to that of the UK, following which retail and money market funds 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.

## What's on the horizon?

- The majority of the legislative provisions that introduced the Overseas Funds Regime entered into force in February 2022. However, HM Treasury has yet to make any equivalence determinations. As a result, it is not yet possible for funds to use the Overseas Funds Regime.
- The FCA has indicated that it is now working on operationalising the Overseas Funds Regime and that it will consult on various aspects of this in 2022.
- An amendment to the existing requirements to notify the FCA of proposed alterations to currently-recognised schemes will enter into force on 1 January 2023. This amendment, which was introduced as part of the package of amendments that constitute the Overseas Funds Regime, adjusts the requirement to notify the FCA of alterations to recognised schemes such that they must only be notified if they are material.

# LTAFS



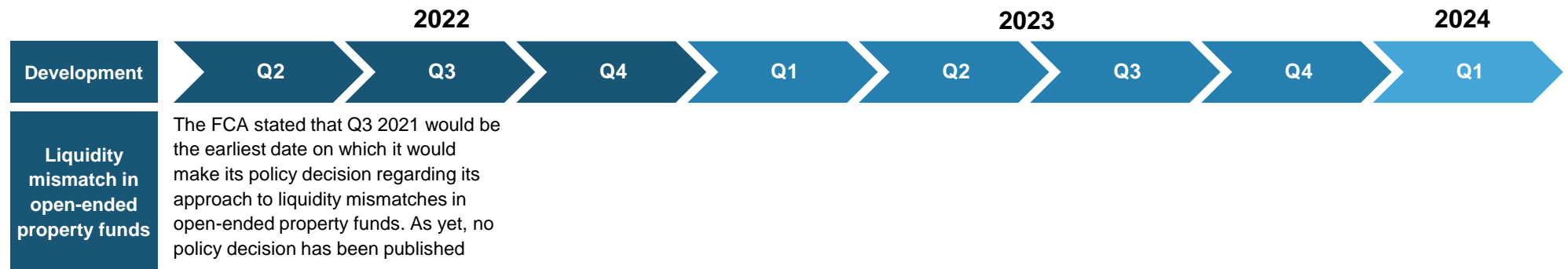
## LTAFs

In November 2021, FCA rules creating a new authorised fund regime for investment into long-term assets came into force. Funds subject to the regime are called LTAFs and able to invest mainly in assets that are long-term and illiquid in nature, or in other funds that invest in such assets. In the immediate-term, the FCA has restricted the marketing of LTAFs to professional investors and certain sophisticated retail investors. The FCA has confirmed that it expects to consult in H1 2022 on permitting the LTAF to be marketed to a wider range of investors.

## What's on the horizon?

- The FCA has confirmed that it expects to consult in H1 2022 on permitting the LTAF to be marketed to a wider range of investors than is currently the case. The FCA has stated that the aim of this consultation would be 'potentially opening a controlled route for retail investors' to receive marketing materials for LTAFs.

# LIQUIDITY MISMATCH IN OPEN-ENDED DAILY DEALT PROPERTY FUNDS



## Liquidity mismatch in open-ended daily dealt property funds

In August 2020, the FCA consulted on proposals to address liquidity mismatches in authorised open-ended property funds. The FCA published its feedback to this consultation paper in May 2021. Many respondents to the FCA's consultation paper defended the utility of open-ended property funds, although responses were broadly evenly balanced in response to the question of whether to introduce notice periods for UK authorised property funds.

## What's on the horizon?

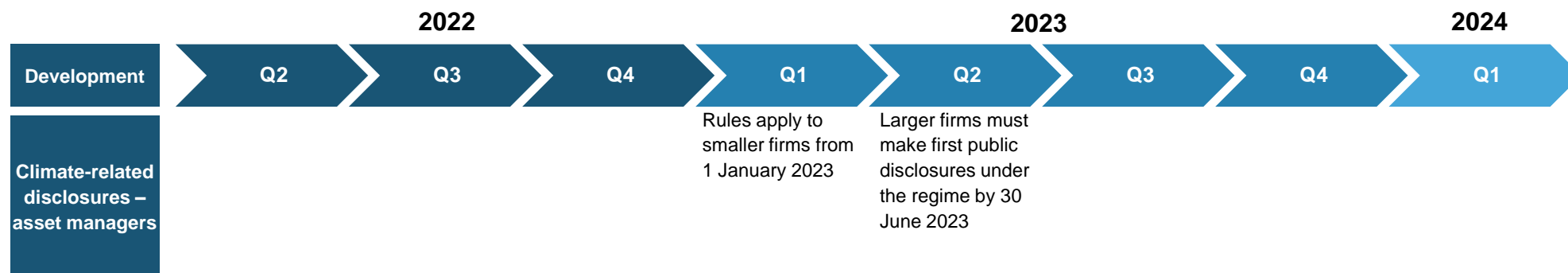
- In May 2021, the FCA stated that the earliest that the FCA would take a final decision on its policy position on open-ended daily dealt property funds would be Q3 2021. As yet, no decision has been published.



**HORIZON SCANNER**  
**B. UK DEVELOPMENTS**  
II. ESG DEVELOPMENTS



# CLIMATE-RELATED DISCLOSURES – ASSET MANAGERS



## Climate-related disclosures – asset managers

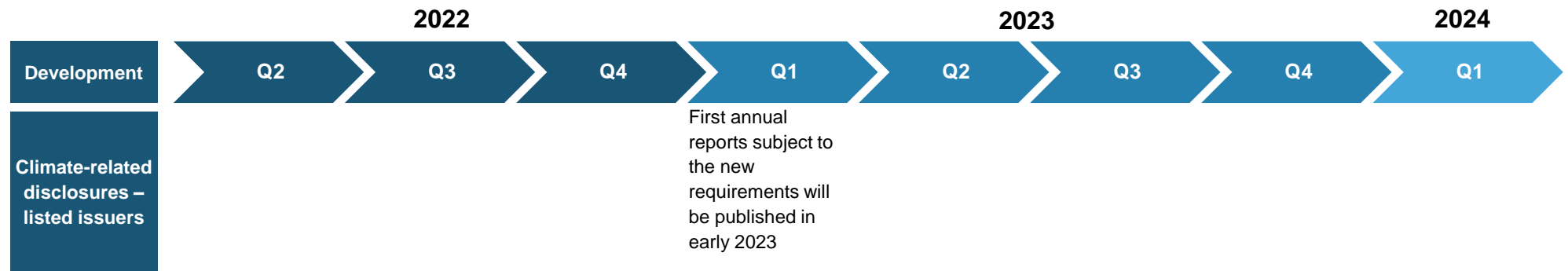
On 17 December 2021, the FCA published its final rules on mandatory climate-related disclosure requirements for asset managers, life insurers and FCA-regulated pension providers. The finalised requirements integrate the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, creating a framework under which TCFD-aligned disclosures must be made by in-scope firms at certain intervals.

Read our in-depth briefing on this development [here](#).

## 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.
- The rules will apply to other in-scope firms from 1 January 2023.
- Larger firms must 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.

# CLIMATE-RELATED DISCLOSURES – LISTED ISSUERS



## Climate-related disclosures – listed issuers

On 17 December 2021, the FCA published its final rules on extending the application of its climate-related disclosure requirements from equity issuers with a premium listing to issuers of standard listed shares and standard listed issuers of (GDRs), in each case excluding standard listed investment entities and shell companies.

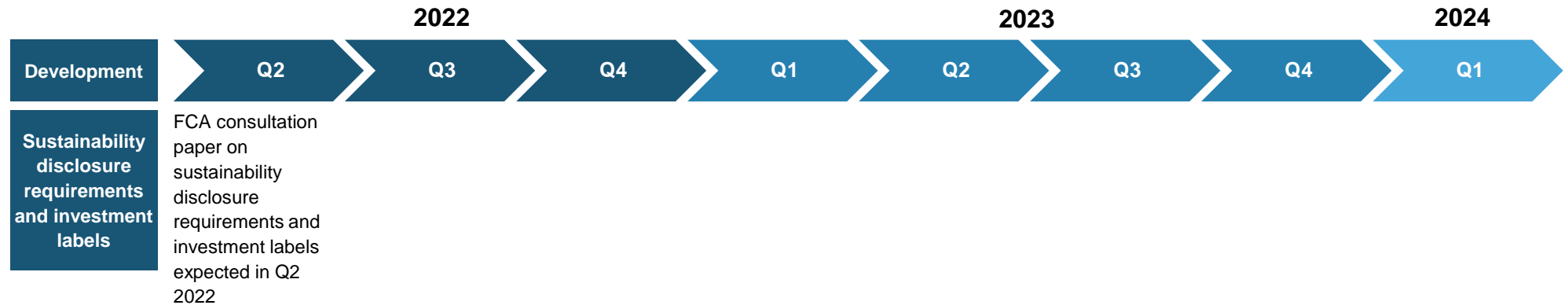
Read our in-depth briefing on this development [here](#).

## What's on the horizon?

- The new rules took effect for accounting periods beginning on or after 1 January 2022, with the result that the first annual financial reports subject to the new rule will be published in early 2023.



# SUSTAINABILITY DISCLOSURE REQUIREMENTS AND INVESTMENT LABELS



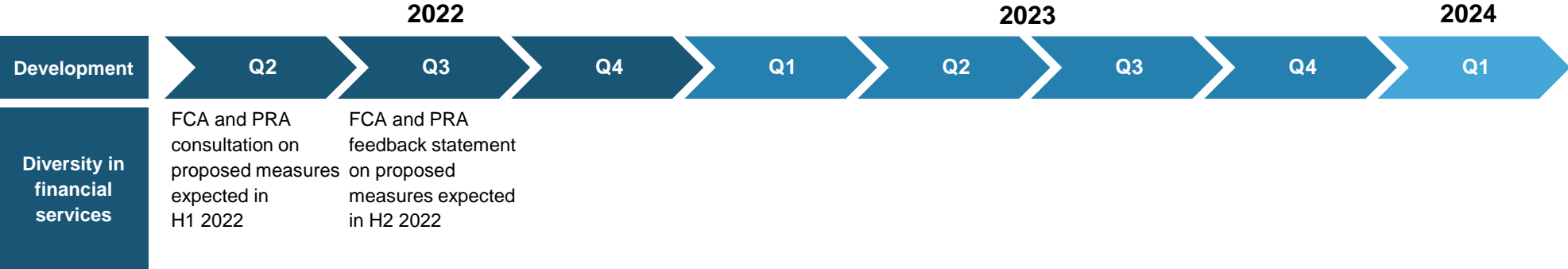
## Sustainability disclosure requirements and investment labels

In November 2021, the FCA published a discussion paper (DP21/4) on sustainability disclosure requirements and investment product labels. The discussion paper sought views on the introduction of a standardised product classification and labelling system to help consumers to understand the sustainability characteristics of different financial products. These would be supported by detailed underlying sustainability disclosures, which would build upon the recently-imposed climate-related disclosures.

## What's on the horizon?

- The FCA has indicated that it expects to follow its November 2021 discussion paper on sustainability disclosure requirements and investment labels with the publication of a consultation paper in Q2 2022.

# DIVERSITY IN FINANCIAL SERVICES



## 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 in the financial services sector. The discussion paper sought views on how to accelerate the rate of change in diversity and inclusion in the financial services sector. It set out the roles of the regulators in this context, steps that the regulators have taken to promote diversity and inclusion, the regulators’ existing requirements and expectations, and a series of questions intended to seek views on ways of improving diversity and inclusion measures.

Read our in-depth briefing on this development [here](#).

## What’s on the horizon?

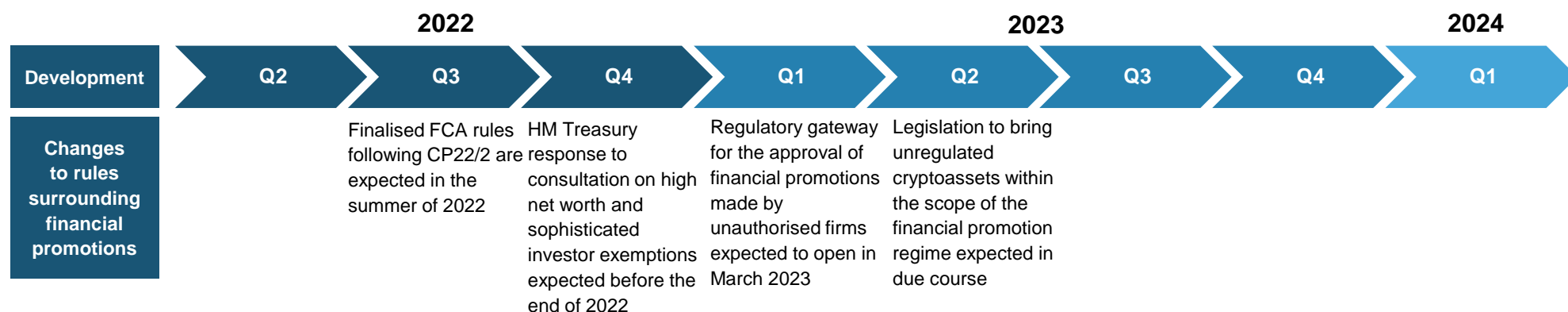
- A joint FCA-PRA consultation on draft measures is expected to be published in H1 2022.
- Feedback on the FCA-PRA consultation on draft measures is expected to be published in H2 2022.



**HORIZON SCANNER**  
**B. UK DEVELOPMENTS**  
III. CROSS-SECTORAL DEVELOPMENTS



# CHANGES TO RULES SURROUNDING FINANCIAL PROMOTIONS



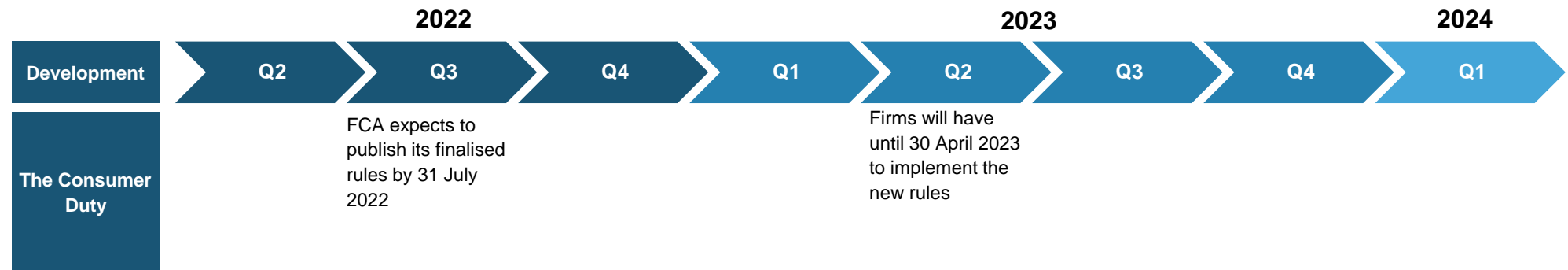
## Changes to rules surrounding financial promotions

There are currently four key regulatory initiatives relating to financial promotions. These are: (i) an FCA consultation on strengthening the rules for the promotion of high-risk investments (which includes unregulated collective investment schemes); (ii) an HM Treasury consultation on amending the financial promotion exemptions for high net worth and sophisticated investors; (iii) an expansion of the financial promotion regime to include unregulated cryptoassets; and (iv) the introduction of a regulatory 'gateway' through which an authorised firm must pass in order to be able to approve the financial promotion of an unauthorised firm.

## What's on the horizon?

- The FCA published a consultation paper (CP22/2) in January 2022 that proposed a package of measures to strengthen the FCA's rules for the promotion of high-risk investments. In this context, high-risk investments includes unregulated collective investment schemes. The proposals include strengthened risk warnings, prohibitions on inducements to invest and amended appropriateness requirements. The consultation also included the FCA's proposed application of its rules to cryptoassets and proposed rules relating to the approval by authorised firms of the financial promotions made by unauthorised firms. The FCA has stated that it expects to publish its finalised rules on these matters in the summer of 2022.
- In December 2021, HM Treasury published a consultation paper that proposed amendments to the current financial promotion exemptions for high net worth individuals and sophisticated investors. The purpose of the proposals is to ensure that these exemptions reflect the economic, social and technological developments that have occurred since their introduction and to ensure that the exemptions cannot be misused. It is expected that HM Treasury will publish a response to the consultation before the end of 2022.
- The UK government has stated, in response to HM Treasury's consultation on the regulatory framework for approval of financial promotions, that it intends to bring forward legislation to implement a regulatory gateway through which a firm must pass before it is able to approval financial promotions issued by unauthorised firms 'when parliamentary time allows'. It is currently expected that the gateway would open in March 2023.
- In January 2022, HM Treasury confirmed that the UK government intends to bring unregulated cryptoassets within the scope of the UK's financial promotion regime.

# THE CONSUMER DUTY



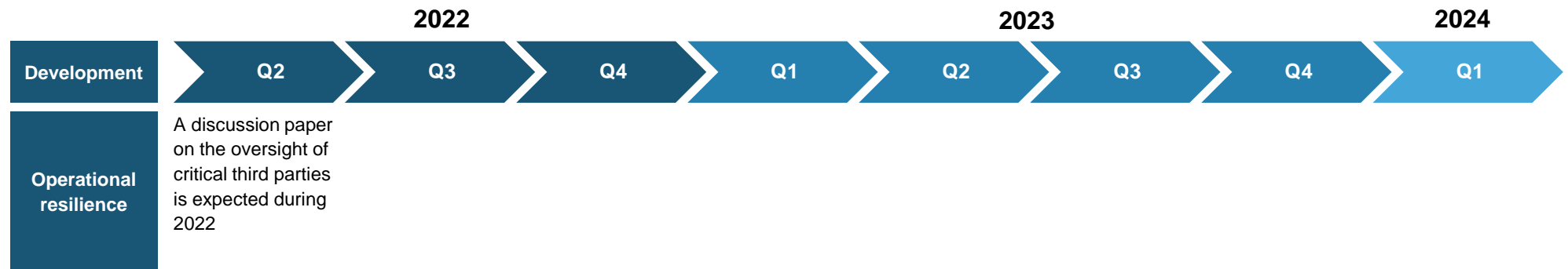
## The Consumer Duty

The FCA is proposing to introduce a new 'Consumer Duty', the purpose of which is to create a higher level of consumer protection in retail financial markets. The Consumer Duty would consist of a package of measures, comprised of a new 'Consumer Principle' supported by detailed rules and guidance. The Consumer Duty would apply to products and services sold to retail clients and would 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 customer.

## What's on the horizon?

- The FCA has stated that it expects to publish its policy statement on the Consumer Duty, containing its finalised rules and guidance, by 31 July 2023.
- The FCA's currently-proposed rules include an implementation period, such that firms would have until 30 April 2023 to comply with the new Consumer Duty package.

# OPERATIONAL RESILIENCE



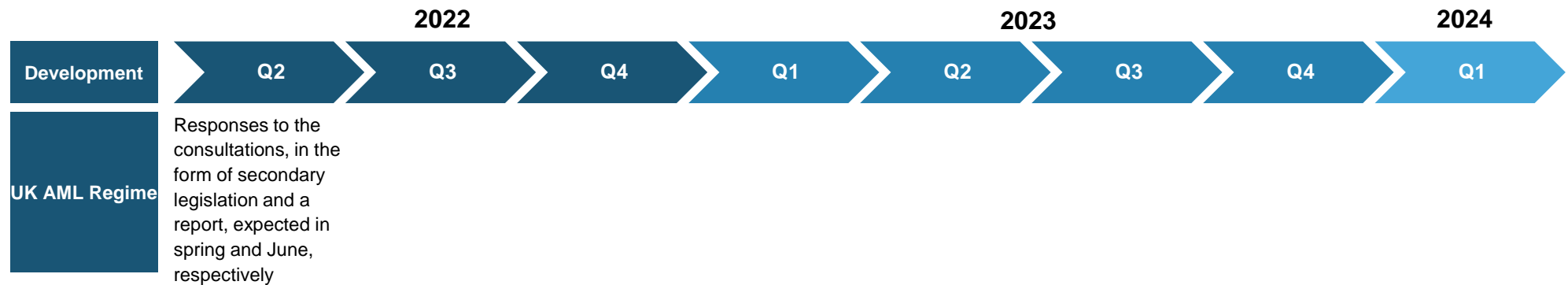
## Operational resilience

The FCA and PRA introduced a new operational resilience regime in 2021. The regime included an implementation period, under which firms needed to complete certain actions before 31 March 2022. The implementation period is now followed by a transitional period, ending on 31 March 2025. Firms should use the transitional period to implement 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.

## What's on the horizon?

- The FCA has confirmed that a joint FCA, PRA and Bank of England discussion paper on the oversight of critical third parties will be published in 2022.
- Firms have until 31 March 2025 to implement 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 REGIME



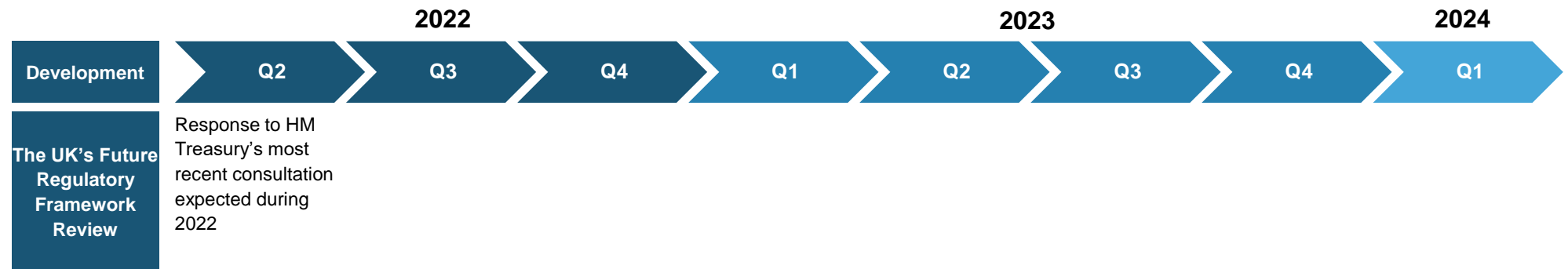
## UK AML Regime

In July 2021, HM Treasury published two papers on potential reforms to the UK’s AML regime. The first paper, ‘Call for Evidence: Review of the UK’s AML/CTF regulatory and supervisory regime’ sought views on the UK’s AML and CTF regimes. The second paper, ‘Amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Statutory Instrument 2022’, sought views on the government’s proposed targeted amendments to the UK’s Money Laundering Regulations. This included a proposal to extend elements of the Money Laundering Regulations to capture within certain requirements limited partnerships that are registered in England and Wales or Northern Ireland.

## What’s on the horizon?

- The deadline for responses to both consultations was 14 October 2021. It has been indicated that HM Treasury will publish a report on its first paper, ‘Call for Evidence: Review of the UK’s AML/CTF regulatory and supervisory regime’, in June 2022 and that secondary legislation will be laid as a result of the second paper, ‘Amendments to the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Statutory Instrument 2022’, in spring 2022.

# THE UK'S FUTURE REGULATORY FRAMEWORK REVIEW



## The UK's Future Regulatory Framework Review

The UK's Future Regulatory Framework Review was established to determine how the UK's financial services regulatory framework should adapt to the UK's new position outside the EU. The review has consisted of a number of phases, the most recent of which was the November 2021 publication by HM Treasury of a second consultation on its proposals for reform. This consultation paper included comments on the proposed model for replacing onshored EU law with UK regulators' rules, the introduction of new growth and international competitiveness objectives for the PRA and FCA and the introduction of a designated activities regime under which the regulators could make rules for certain unregulated activities.

## What's on the horizon?

- The deadline for responses to HM Treasury's most recent consultation was 9 February 2022. The consultation itself states that the government will respond in due course. It is currently expected that this response will be published in 2022.





**GLOSSARY**



# GLOSSARY

Term	Definition
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 on Alternative Investment Fund Managers and amending Directives 2003/41/EU and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010)
AIFMD2	The anticipated revised version of the AIFMD
AML	Anti-money laundering
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 amending Directives 2009/65/EC and 2011/61/EU with regard to cross-border distribution of collective investment undertakings and Regulation (EU) 2019/1156 of the European Parliament and of the Council of 20 June 2019 on facilitating cross-border distribution of collective investment undertakings and amending Regulations (EU) No 345/2013, (EU) No 346/2013 and (EU) No 1286/2014)
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)
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)
CTF	Counter-terrorist financing
DORA	The EU's proposed Digital Operational Resilience Act

# GLOSSARY

## (CONTINUED)

Term	Definition
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 on European long-term investment funds)
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)
ESAs	European Supervisory Authorities
ESG	Environmental, social and governance
ESMA	European Securities and Markets Authority
ESRB	European Systemic Risk Board
ETF	Exchange-traded fund
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 on European social entrepreneurship funds)
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 on European venture capital funds)

# GLOSSARY

## (CONTINUED)

Term	Definition
FCA	The UK's Financial Conduct Authority
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)
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)
Insurance Distribution Directive	Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution (recast)
ITS	Implementing Technical Standards
KID	Key information document
LEI	Legal entity identifier
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 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC)
MiCA	The EU's proposed Markets in Cryptoassets Regulation

# GLOSSARY

## (CONTINUED)

Term	Definition
MiFID2	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)
MLD4	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)
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 on money market funds)
Non-Financial Reporting Directive	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC
PRA	The UK's Prudential Regulation Authority
PRIPs	Packaged retail and insurance-based investment products
PRIPs Regulation	The Packaged Retail and Insurance-based Investment Products 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)

# GLOSSARY

## (CONTINUED)

Term	Definition
RTS	Regulatory Technical Standards
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)
Solvency II	Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (recast)
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)
SREP	Supervisory Review and Evaluation Process
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 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS)



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