

CLIFFORD CHANCE



BUY-SIDE REGULATORY HORIZON SCANNER

Q3 2025

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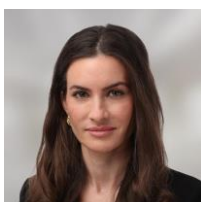
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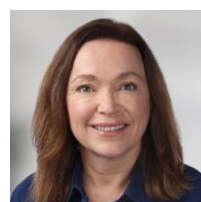
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Our buy-side regulation practice

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.

Further Clifford Chance resources

The Financial Markets Toolkit

A "one-stop shop" for practical, user-friendly resources on an expansive range of topics, from regulatory developments to transactional matters. Resources include web-based videos, short, practical briefings on regulatory developments and longer, thought leadership pieces on industry and legal trends and issues. You can access the Toolkit [here](#).

Alerter: Finance Industry

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

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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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 July 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 continent'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 early in the year as its first major initiative. The Commission has also proposed a number of so-called 'Omnibus simplification packages', some of which are relevant for financial services. These packages have the aim of reducing regulatory requirements and reducing administrative burdens on affected firms.

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. Planned reforms in these areas featured in a new 10-year UK Financial Services Growth and Competitiveness Strategy, published in mid-July.

The UK brought forward legislation for UK regulation of stablecoins and other cryptoassets in early 2025, followed by a suite of discussion and consultation papers by the Financial Conduct Authority (FCA) under its 'crypto roadmap', with a view to the UK cryptoasset regulatory framework being in place in late 2026/early 2027.

The UK's green ambitions are also being addressed through a number of measures during 2025, including through legislation to introduce regulation of ESG ratings providers and new climate-related disclosure obligations for asset managers and listed issuers. The Prudential Regulation Authority (PRA) is also consulting on updates to its expectations for climate-related disclosures of PRA-regulated firms.

While the focus of 2025 is 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 H2 2025, we can expect to see further consultations and publications aiming to bring forward this post-Brexit reform. The government's growth and competitiveness agenda is expected to influence the sequencing of the work.

The background of the slide features a blurred image of a financial market display. On the left, there is a list of stock price changes with columns for 'Chg' (Change) and '%Chg' (Percentage Change). The values are in green, indicating positive changes. To the right, a candlestick chart is visible, showing price movements over time. The overall color scheme is dominated by green and blue, with a warm, golden glow overlaying the right side of the image.

Chg	%Chg	Vol
+0.01	+25.00%	2,162,200,000
+0.12	+18.75%	1,000,000
+0.12	+15.58%	000,000
+0.70	+8.33%	200,000
+1.00	+11.11%	300,000
+1.10	+10.28%	000,000

EU DEVELOPMENTS

I. ASSET MANAGEMENT DEVELOPMENTS

EU ASSET MANAGEMENT DEVELOPMENTS: IN THIS SECTION

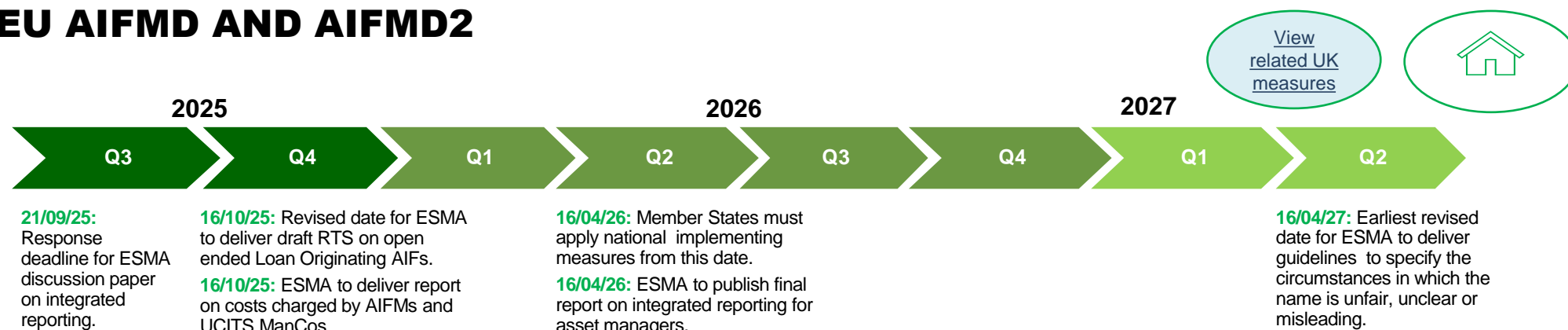


EU Asset Management Developments

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EU AIFMD AND AIFMD2



H2 2025: Commission considering whether to endorse draft RTS on LMTs.

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.
- With respect to liquidity management, ESMA was given mandates under AIFMD2 to develop:
 - RTS on the characteristics of LMTs. ESMA [submitted](#) draft RTS to the Commission in April 2025 for endorsement.
 - Guidelines on Liquidity Management Tools (LMTs) of UCITS and open-ended AIFs. ESMA [published](#) the Guidelines in April 2025. They will apply from the date of application of the RTS.
- ESMA was also mandated to develop RTS on open ended Loan Originating AIFs. ESMA [consulted](#) between December 2024 and March 2025 on the draft RTS but [announced](#) in March that it had deprioritised delivery by 6 months (and so would deliver by 16 October 2025).
- In the same announcement, ESMA confirmed it would delay by 'at least 12 months' delivery of proposed investor disclosures guidelines to specify the circumstances in which the name is unfair, unclear or misleading, which were originally due by 16 April 2026.
- AIFMD2 (Art 69a AIFMD, Art 20b UCITS Directive) gave ESMA a mandate to consider simplifying reporting for asset managers. ESMA published a [discussion paper](#) on integrated reporting in June 2025, for responses by 21 September. Responses will inform the recommendations that will form ESMA's final report due 16 April 2026. ESMA is also conducting a similar exercise with respect to simplifying reporting requirements in other sectoral legislation – see **Slide 31**.
- In its Work Programme for 2025 ESMA highlighted that it also 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 (due 16 October 2025). 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.

EU ELTIF, EUVECA AND EUSEF REGULATIONS



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.

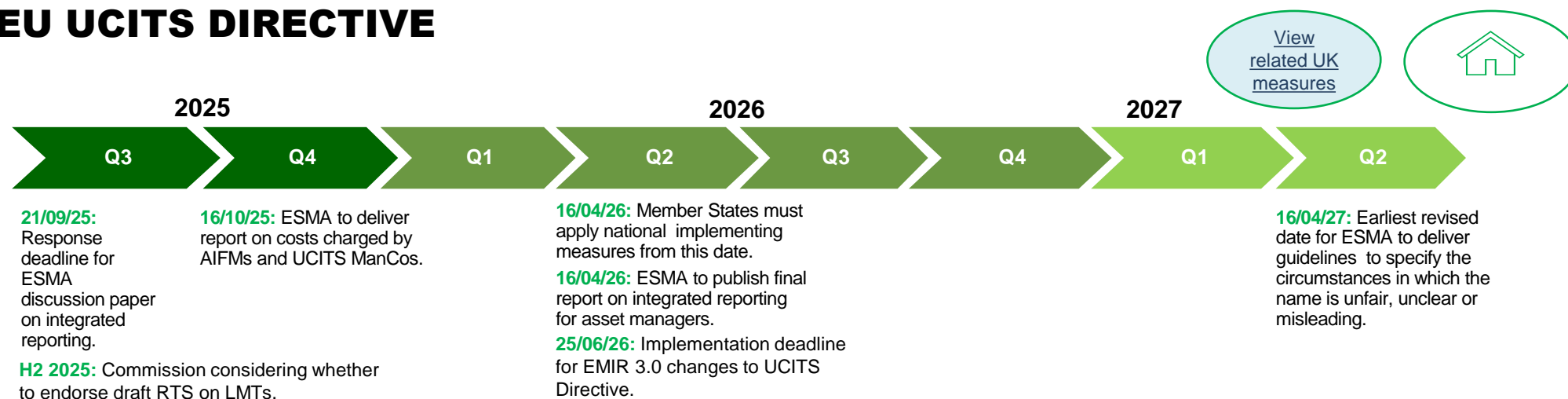
EuVECAs, created by the EuVECA Regulation, are intended to invest in small and medium-sized businesses.

Finally, EuSEFs, created by the EuSEF Regulation, are intended to invest in assets which aim to achieve positive social impacts, 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 2030, 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 Commission's Work Plan for 2025 does not make reference to new initiatives with respect to ELTIFs, EuVECAs or EuSEFs.

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, and the resulting AIFMD2 (see **Slide 11**) was finalised in 2024, to apply from April 2026.

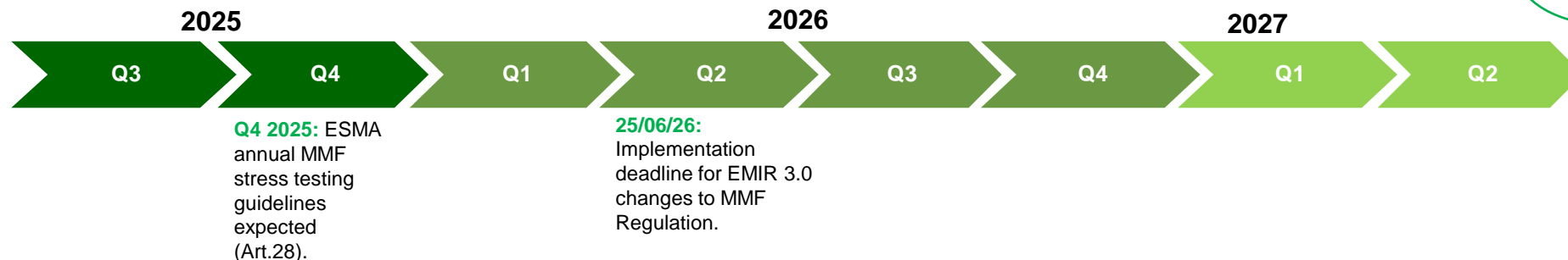
In 2025, the UCITS Directive is likely to be impacted by other ongoing EU initiatives, such as the EU retail investment package, which will supplement or make changes to the Directive.

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.
- With respect to liquidity management, ESMA was given mandates under AIFMD2 to develop:
 - RTS on the characteristics of LMTs. ESMA [submitted](#) draft RTS to the Commission in April 2025 for endorsement.
 - Guidelines on Liquidity Management Tools (LMTs) of UCITS and open-ended AIFs. ESMA [published](#) the Guidelines in April 2025. They will apply from the date of application of the RTS.
- In March 2025, ESMA confirmed it would delay by 'at least 12 months' delivery of proposed investor disclosures guidelines to specify the circumstances in which the name is unfair, unclear or misleading, which were originally due by 16 April 2026.
- AIFMD2 (Art 69a AIFMD, Art 20b UCITS Directive) gave ESMA a mandate to consider simplifying reporting for asset managers. ESMA published a [discussion paper](#) on integrated reporting in June 2025, for responses by 21 September. Responses will inform the recommendations that will form ESMA's final report due 16 April 2026. ESMA is also conducting a similar exercise with respect to simplifying reporting requirements in other sectoral legislation – see **Slide 31**.
- ESMA highlighted in its 2025 Work Plan that it also 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 (due 16 October 2025). It will also continue work on a peer review (launched 2024) on depositary obligations under the UCITS Directive and AIFMD. ESMA was also to deliver technical advice for the Commission's Review of the UCITS Eligible Assets Directive, which it [delivered](#) in June 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 [EMIR 3.0 Directive](#) (see **Slide 30**) amends the UCITS Directive, as regards the treatment of concentration risk arising from exposures towards CCPs and of counterparty risk in centrally cleared derivatives transactions. Member States must implement by 26 June 2026.

EU MMF REGULATION

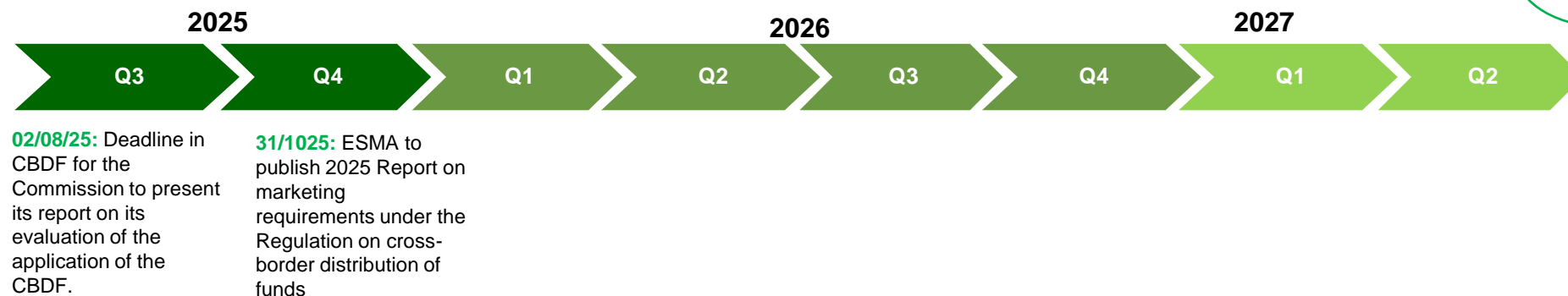


MMF Regulation

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 did 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. The Commission's 2025 work programme did not announce any follow-up work on the initiative.



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.

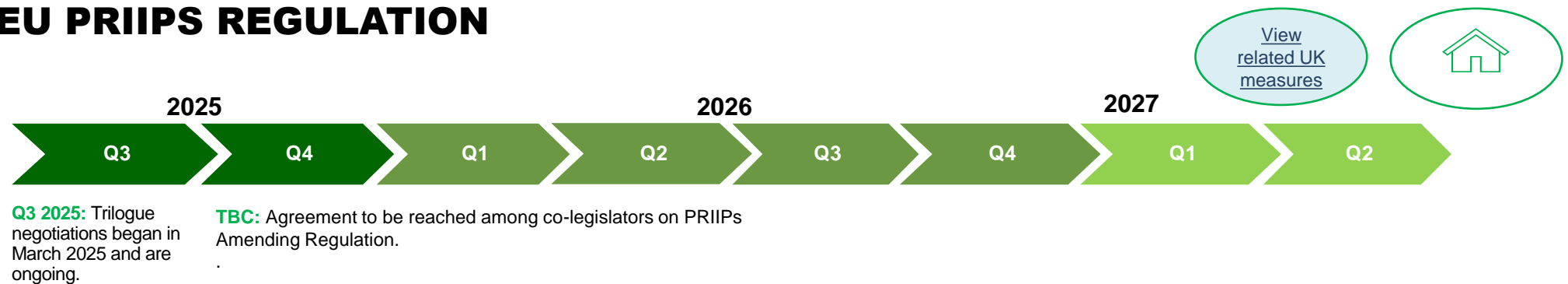
A number of post-implementation review reports remain outstanding.

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. In March 2025 ESMA [informed](#) the Commission that it would delay by 4 months the publication of its 2025 Report, to October 2025.
- 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.

EU PRIIPS REGULATION



PRIIPs Regulation

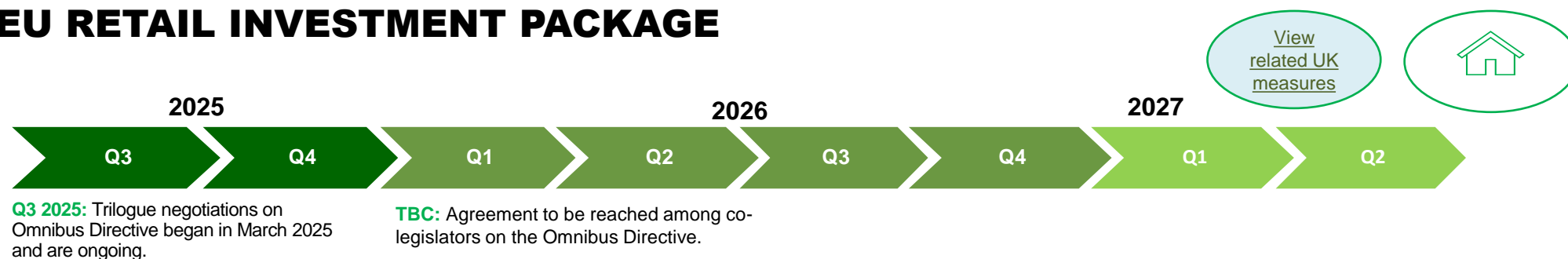
The PRIIPs Regulation obliges manufacturers of packaged retail insurance-based and investment products (PRIIPs) to produce a concise pre-contractual disclosure document, the Key Information Document (KID), where such products are made available to retail investors. It also obliges persons who advise 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 began in March 2025 and are ongoing in Q3 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:

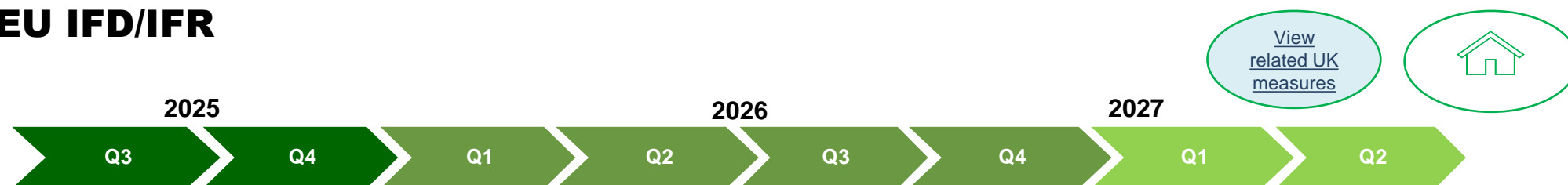
- improve the information consumers receive about financial products;
- address conflicts of interest in the sales process;
- impose a ban on inducements for products sold without financial advice;
- enhance the "best interest" test for financial advisers;
- crack down on online "finfluencers"; and
- 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 as regards EU retail investor protection rules. The Directives to be amended are UCITS Directive, AIFMD, Solvency II Directive, Insurance Distribution Directive, and MiFID2.
- 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 began in March 2025. Some provisions of the package have proved contentious and trilogues have been 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: EBA and ESMA may deliver final advice to the Commission on potential reforms to IFR/IFD.

2025: Commission report on IFR/IFD review may be published (original deadline 26 June 2024).

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 may be published in 2025. In their 2025 Work Programmes, ESMA and EBA mentioned ongoing work on review of the IFR/IFD regime.
- 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

A close-up, low-angle shot of a digital display screen. The screen is covered in a grid of small, glowing dots. On the left side, there are several large, stylized orange numbers, possibly representing stock prices or financial data. The right side of the screen shows a dense pattern of green and yellow dots, suggesting a data visualization or a chart. The overall image has a high-tech, digital feel.

EU DEVELOPMENTS

II. ESG DEVELOPMENTS

A close-up, low-angle shot of a digital display screen, similar to the one above. It features a grid of glowing dots. On the left, there are large, stylized orange numbers. The right side shows a dense pattern of green and yellow dots, likely representing data or a chart. The image conveys a sense of modern technology and data analysis.

EU ESG: IN THIS SECTION

[View
related UK
measures](#)

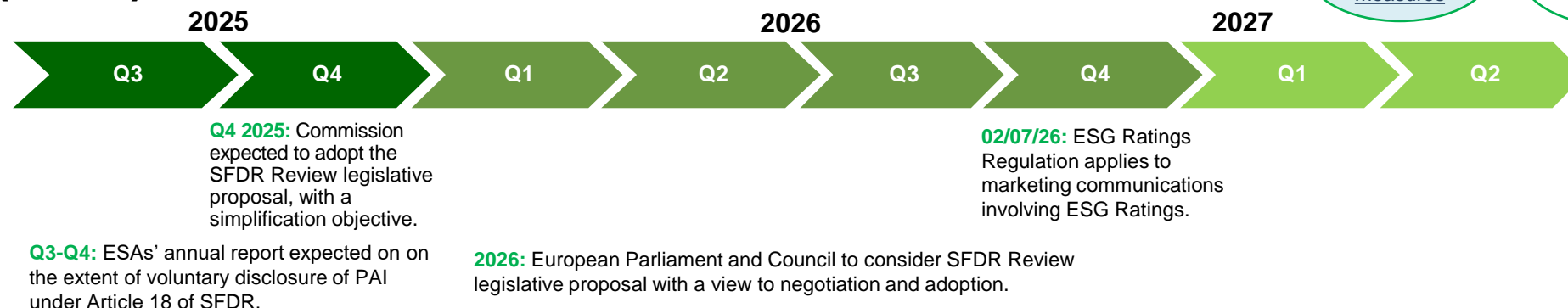
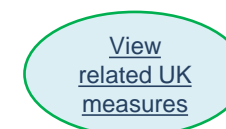


EU ESG Developments

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EU SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)



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?

- Between September and December 2023, the Commission consulted on SFDR implementation and on options to improve the framework, focused on assessing shortcomings in the SFDR to improve legal certainty, enhancing usability and improving the legislation's role in mitigating greenwashing. The [Commission's Work Programme 2025](#) published in February 2025 confirmed that the Commission plans to adopt a **SFDR Review legislative proposal** in Q4 2025. The policy objective for the legislative proposals is simplification.
- 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 possible that these and other outstanding SFDR RTS will be folded into the SFDR review legislative proposal.
- In December 2024, the Platform on Sustainable Finance (PSF) published a report on its [proposals for categorisation of financial products](#) under SFDR. The PSF suggested three categories for product categorisation under SFDR: sustainable, transition and ESG collection. The PSF report will feed into the Commissions SFDR Review proposal.
- 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



04/07/25: Commission adopts draft delegated regulation amending Taxonomy Disclosures, Climate and Environmental Delegated Acts.

01/01/26: delegated regulation amending Taxonomy Disclosures, Climate and Environmental Delegated Acts to apply from this date.

TBC: Commission expected to adopt further delegated legislation on improving the usability of the Taxonomy.

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).

The scope of application of the Taxonomy Regulation is impacted by the provisions of the Omnibus I package which amend the Accounting Directive (see **Slide 27**). Amendments to the Taxonomy Regulation's delegated acts complement the Omnibus I package.

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).
- Following a [call for evidence](#) in February 2025, the Commission adopted a [delegated regulation](#) amending the Disclosures, Climate and Environmental Delegated Acts on 4 July 2025, to simplify and improve reporting requirements and certain technical screening criteria. This delegated regulation is stated to be independent of and complementary to the proposals set out in the Substantive Directive of the Omnibus I package (see **Slide 26**). The delegated regulation is to apply from 1 January 2026.
- 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 published its [report](#) in February 2025. The PSF also 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 and subsequently issued its [recommendations](#) in April 2025.

CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CS3D)



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.

***Delivery deadlines for delegated acts and guidelines**
– potentially subject to change on finalisation of the Omnibus I Substantive Directive (see **slide 26**).

26/07/26: Original CS3D transposition date – now delayed until **26/07/27**.

26/07/26*: Commission required to publish guidance and best practice on how to conduct due diligence processes by this date (Art 19(2)(a))

26/01/27*: Commission required to publish guidelines on assessment of risk factors and on data, information and digital tools for CS3D compliance by this date (Art 19(2)(d)-(e)).

31/3/27*: Commission delegated act expected under Art. 16(3) by this date.

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.

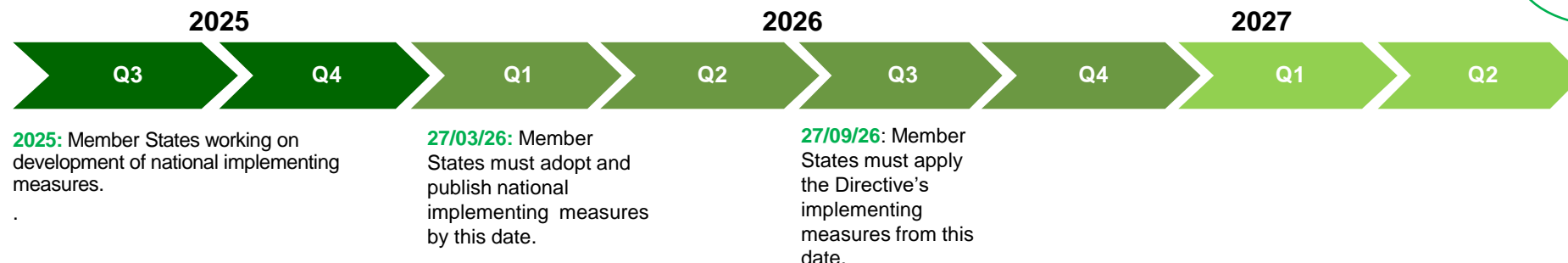
HREDD must be conducted **upstream** (i.e., on providers of goods or provision of services to the company) and **downstream** (i.e., on those involved in distribution, transport and storage of a company's products). Article 22 of CS3D will also require in-scope companies to adopt climate transition plans 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. The Omnibus I package (see **Slide 26**) has pushed back the application date for the Directive by one year. Member States must now adopt and publish implementing measures by 26 July 2027, with phased deadlines for compliance starting on 26 July 2028.
- 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).
 - These thresholds are subject to change on finalisation of the **Omnibus I Substantive Directive** (see **Slide 26**).
- **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. AIFs and UCITS are exempt from the Directive, but their managers fall within the definition of regulated financial undertakings.
- CS3D Article 36(1) requires the European Commission is required to submit a report by 26 July 2026 on the necessity and extent of any inclusion of the financial sector within the scope of the CS3D. However, the **Omnibus I Substantive Directive** (see **slide 26**) deletes this requirement.
- CS3D requires the Commission to adopt delegated acts under Articles 3(2) and 16 and guidelines under Article 19. One delegated act (Article 16(3)) 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



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:

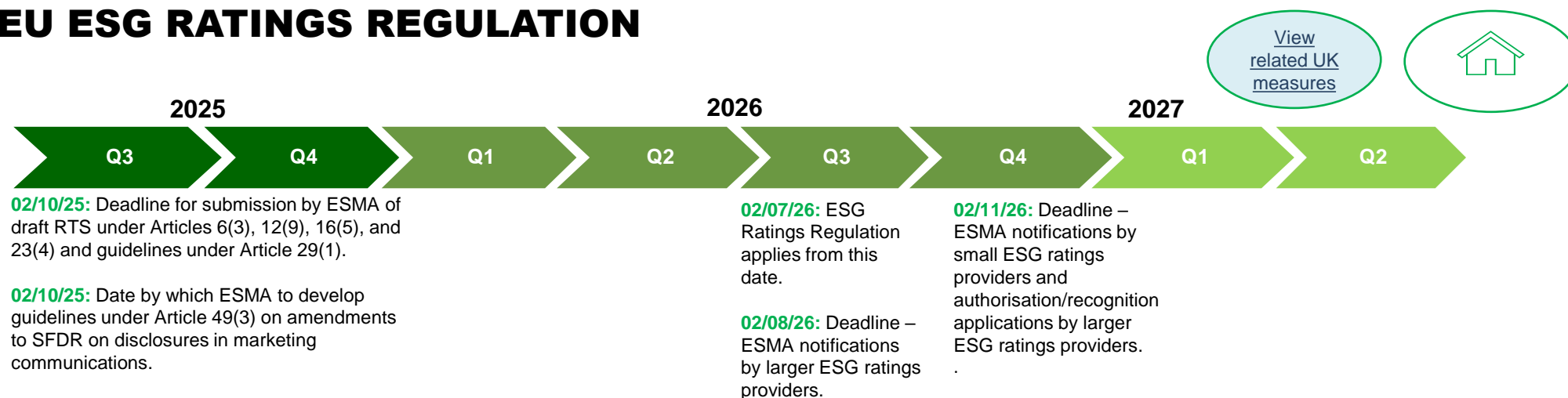
- extend the list of product characteristics about which a trader cannot mislead consumers to cover the environmental or social impact;
- extend the list of actions which are to be considered misleading if they cause or are likely to cause the average consumers to take a transactional decision that they 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



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.

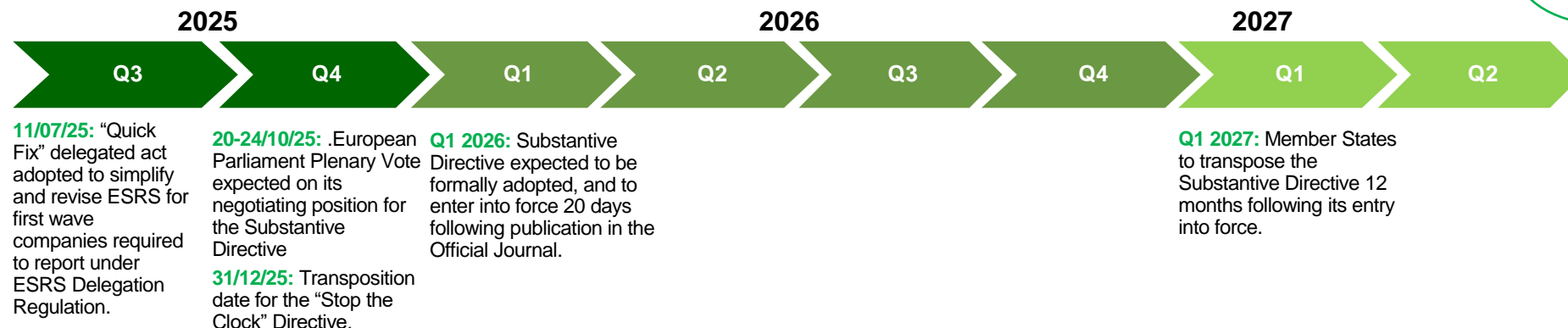
The ESG Ratings Regulation is intended to complement and avoid duplication of requirements in existing legislation such as the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Bonds Regulation

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. ESMA [consulted between 2 May and 20 June 2025](#) on draft RTS to be submitted to the Commission by 2 October 2025.

SUSTAINABLE FINANCE OMNIBUS REGULATION



Sustainable Finance Omnibus I Simplification Package

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 intended to introduce an "Omnibus Regulation" designed to reduce red tape in companies' reporting obligations without "changing the content" of the law. This was followed in February by a Commission [Communication](#) on the forthcoming omnibus packages.

The Commission adopted the draft 'Omnibus I' package on 26 February 2025 with the aim of streamlining the reporting requirements of existing sustainable finance legislation to reduce overlaps and redundancies.

The [Omnibus I package](#) impacts the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D), the Statutory Audit Directive and the Accounting Directive (the amendments to which impact the scope of application of the Taxonomy Regulation).

What's on the horizon?

- The Omnibus I package comprises proposals adopted by the Commission on 26 February 2025 and accompanying initiatives:
 - A proposed Directive amending CSRD and CS3D as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements. This "Stop the Clock" proposal was adopted without amendment as [Directive \(EU\) 2025/794](#) and entered into force on 17 April 2025. Member States must transpose its provisions into national law by 31 December 2025.
 - A [proposed Directive](#) ("Substantive Directive") amending the Statutory Audit Directive, the Accounting Directive, CSRD and CS3D.
 - A [call for evidence](#) on a draft delegated regulation amending three of the Taxonomy Delegated Acts (subsequently adopted by the Commission on 4 July 2025 - see **Slide 21**)
 - A [proposed Regulation](#) amending the Carbon Adjustment Mechanism Regulation (EU) 2023/956; and
 - A proposal to adopt a delegated act to revise the first set of European Sustainability Reporting Standards (ESRS) in the ESRS Delegated Regulation (EU) 2023/2772. Note, pending the adoption, a ["Quick Fix" Delegated Regulation](#) was adopted on 11 July 2025 to reduce the ESRS reporting burden for "first wave" companies not in scope of the "Stop the Clock" Directive.
- With respect to the changes to CSRD, application of reporting obligations has been delayed by two years for other companies. Second wave companies must begin to report, from 26 July 2028, for financial years starting 2027, and third wave companies must begin to report, from 26 July 2029, for financial years starting 2028. The proposed Substantive Directive would reduce by approximately 80% the number of companies in scope and make a range of other changes.
- With respect to the changes to CS3D, the Omnibus I package makes no change to the companies in scope, but delays the application of the Directive by one year and the Substantive Directive would make significant adjustments to the scope of the due diligence obligations. (for more detail on CS3D see **Slide 23**).

The background of the slide is a blurred image of a financial market display. It features candlestick charts with green and red bars, and several line charts in blue, green, and white. Numerical data points are visible on the right side of the charts, 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 grey banner is overlaid across the middle of the image.

EU DEVELOPMENTS

III. CROSS-SECTORAL DEVELOPMENTS

EU CROSS-SECTOR: IN THIS SECTION

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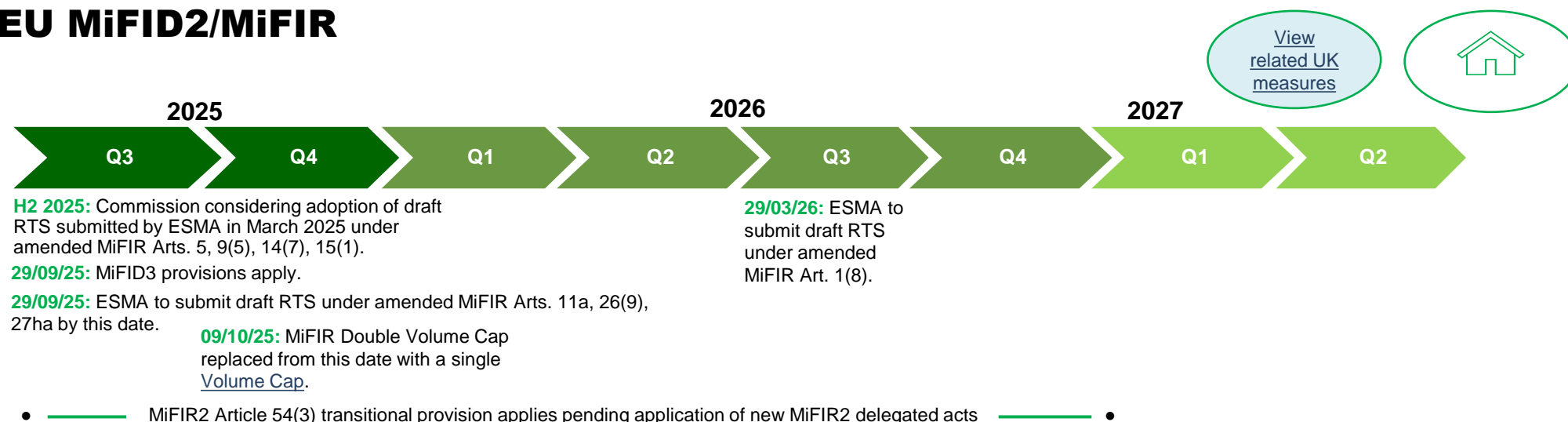


EU Cross-sectoral Developments

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EU MiFID2/MiFIR



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.

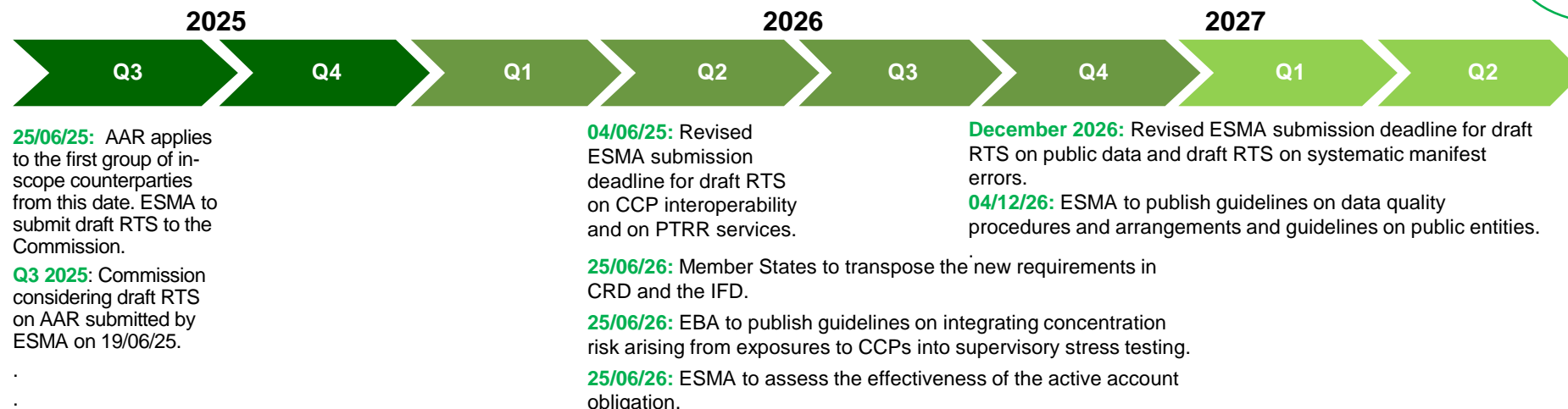
The MiFID2 'Quick Fix' measures in response to Covid-19 have applied since February 2022 and measures to integrate sustainability into the package were introduced in August and November 2022.

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 have been 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 H2 2025, the Commission is considering whether to endorse final draft RTS/ITS submitted to it by ESMA in March 2025 and draft delegated regulations adopted by the Commission are undergoing scrutiny by the European Parliament and Council.
- 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 **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. ESMA submitted [technical advice](#) in April 2025 on research, and [technical advice](#) in May 2025 on the conditions for MTFs (or their segments) to qualify as SME growth markets and suggested targeted adjustments to MiFID II.
- 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 H2 2025.



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 2024. 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.

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 impact EU counterparties that trade derivatives, as well as their trading partners.

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

What's on the horizon?

- The Commission has extended the equivalence decision for UK CCPs to 30 June 2028.
- 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 provisions of EMIR 3.0 remove the necessity for further temporary relief measures after that date.
- Active Account Requirement (AAR) - In-scope counterparties had to open (by 26 June 2025) and maintain an active clearing account with at least one EU CCP. Operational conditions for the account 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, on which ESMA submitted its [final report and draft RTS](#) to the Commission for endorsement on 19 June 2025.
- Other Level 2 measures - ESMA will be consulting throughout 2025 on other EMIR 3.0 mandates to develop new or revised RTS/ITS covering a wide range of areas. In March 2025, ESMA announced a [reprioritisation](#) of some of its deliverables, which include some EMIR 3.0 deliverables that originally had a deadline of December 2025.
- In 2025, ESMA was expected to publish draft RTS on public data, development of which ESMA had [postponed](#) due to EMIR REFIT provisions applying in April 2024. ESMA has further postponed delivery of these RTS to December 2026.
- Level 3 measures – ESMA is mandated to develop guidelines under Art 9(4a) of EMIR on data quality procedures and arrangements and on public entities. ESMA has postponed delivery of the guidelines until December 2026. 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



19/09/25: Response deadline for ESMA call for evidence on streamlining transaction reporting.

Early 2026: ESMA report expected following its call for evidence on streamlining transaction reporting.

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

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.

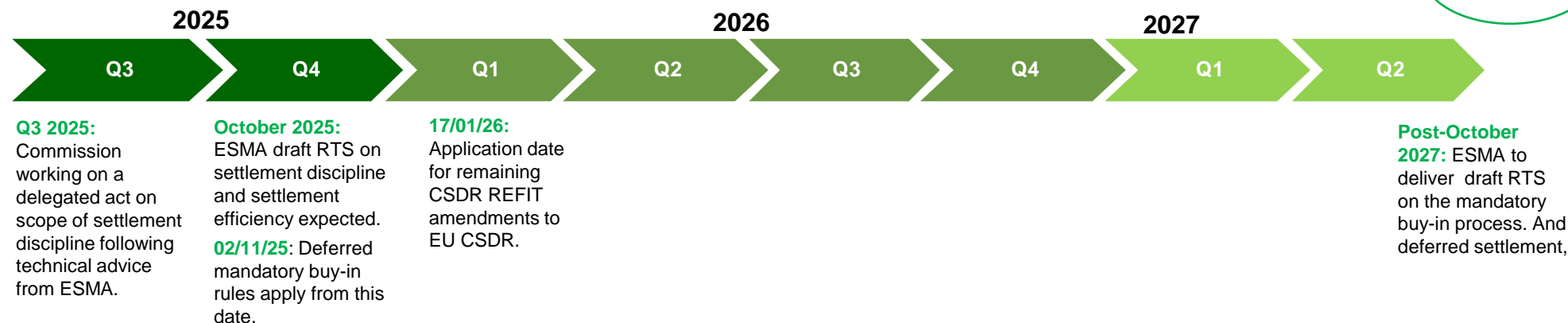
ESMA Guidelines for the transfer of data between trade repositories under EMIR and the SFTR were published in March 2022 and have applied since October 2022.

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

What's on the horizon?

- The key challenge with respect to 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](#) has applied since 1 January 2025. It amended Delegated Regulation (EU) 2019/360 as regards harmonisation of certain aspects of fees charged by ESMA to trade repositories.
- In April 2025, ESMA published its fifth 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 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 June 2025, ESMA issued a [call for evidence](#) on a comprehensive approach for the simplification of financial transaction reporting, as part of the Commission's and ESMA's work on simplification and burden reduction. The Call for evidence seeks feedback on opportunities to integrate, streamline and simplify financial transaction reporting. This aligns with ESMA's mandate under MiFIR2 (see **Slide 29**) to explore ways to integrate and simplify transaction reporting across MiFIR, EMIR, and SFTR by March 2028. The call for evidence closes on 19 September 2025. ESMA will report in early 2026.
- 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.

EU CSDR



EU CSDR

EU CSDR aims to harmonise certain aspects of securities settlement, such as the timing of settlement and the authorisation process for EEA central securities depositories (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, in February 2025 ESMA submitted the following final draft RTS/ITS, 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 ([draft RTS](#)).
 - CSDR Art 24a: RTS on the substantial importance of CSDs ([draft RTS](#)).
 - CSDR Art 25: RTS on information to be notified to ESMA by Third Country CSDs ([draft RTS](#)).
- ESMA is also working on mandates for guidelines under the CSDR REFIT.
- In H2 2025, the Commission is expected to adopt a delegated act on the scope of the settlement discipline following [Technical Advice](#) from ESMA.
- In H2 2025, EBA is continuing 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 October 2025, ESMA intends to deliver a final report and draft RTS on settlement discipline measures and tools to improve settlement efficiency, following [consultation](#) in February 2025.
- 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 and draft RTS on deferred settlement. In March 2025 ESMA [explained](#) it would postpone delivery of these RTS until after T+1 settlement is complete (see **Slide 38**).

SRD2



TBC: Commission expected to report in due course on proposed amendments to SRD2.

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.

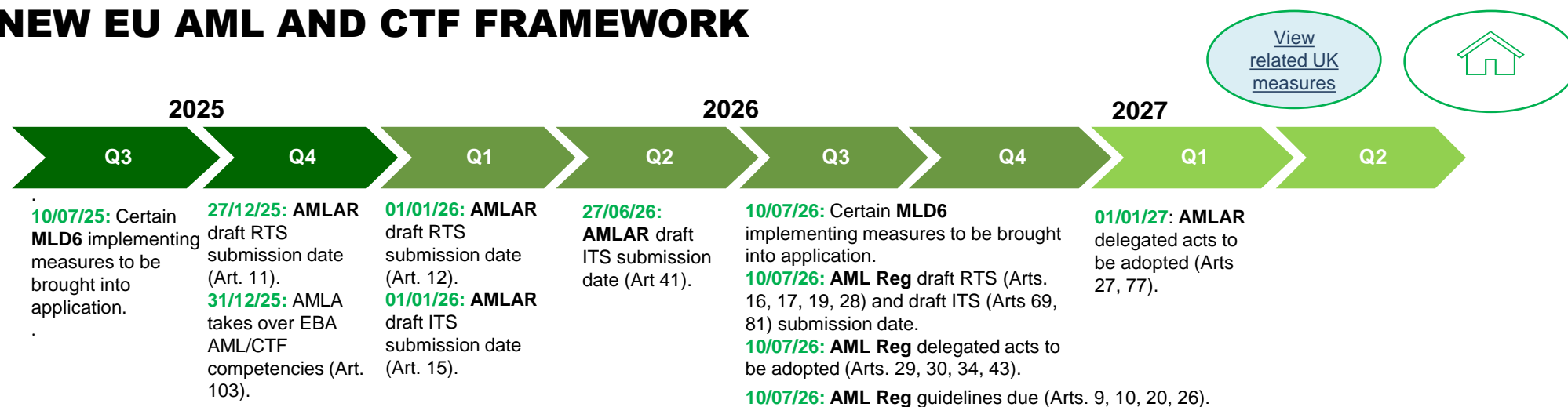
Amendments to the SRD addressed perceived shortcomings relating to transparency and a lack of shareholder engagement. The amendments relate to the link between directors' pay and performance, related party transactions, advice given by proxy advisers and facilitation of the cross-border exercise of voting 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 required 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 1a 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 advisers and the investment chain.
- The Commission's report on SDR2 is still awaited. The Commission Work Programme 2025 did not explicitly mention planned work on shareholder rights or amendment to SRD2.

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 [AMLA 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



2025: In 2025 ESMA working on regulatory and supervisory convergence measures further to the implementation of the Listing Act amendments to MAR.

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

TBC: Commission report on EU MAR has yet to be published.

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.

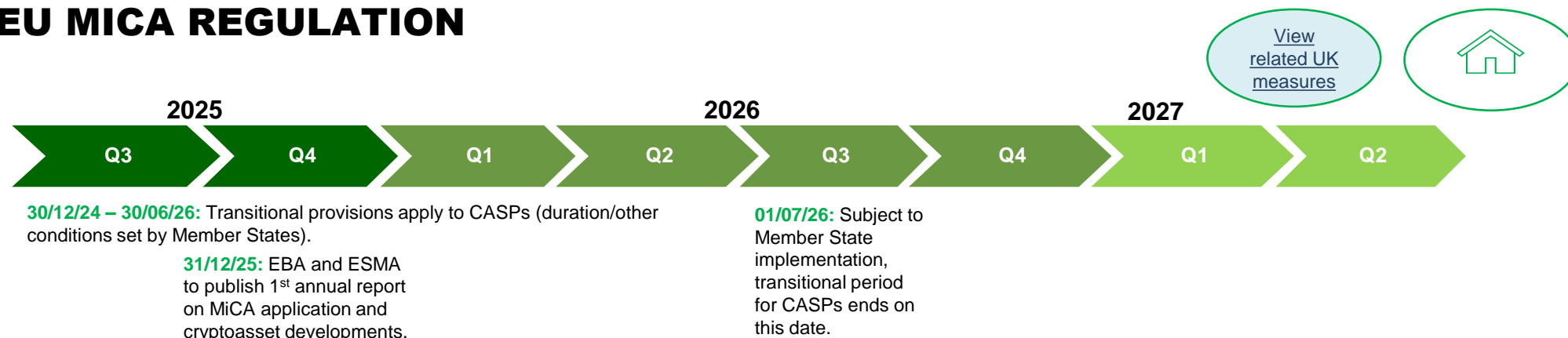
The first in-depth review of EU MAR since its implementation was carried out by ESMA, with the outcomes published in September 2020. ESMA's recommendations will feed into the European Commission's review of EU MAR.

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 not been published.
- The 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 has been working on regulatory and supervisory convergence measures further to the implementation of the EU Listing Act amendments to EU MAR. In May 2025, ESMA published its [final report](#) on draft technical advice concerning MAR and MiFID2 SME Growth Markets following consultation in December 2024. With respect to MAR the technical advice covered:
 - Disclosure of inside information in a protracted process;
 - Conditions for delaying disclosure of inside information (including where there is a conflict with public announcements); and
 - The methodology and preliminary findings for identifying trading venues with significant cross-border activity for the cross-market order book (CMOB) implementation.
- 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').

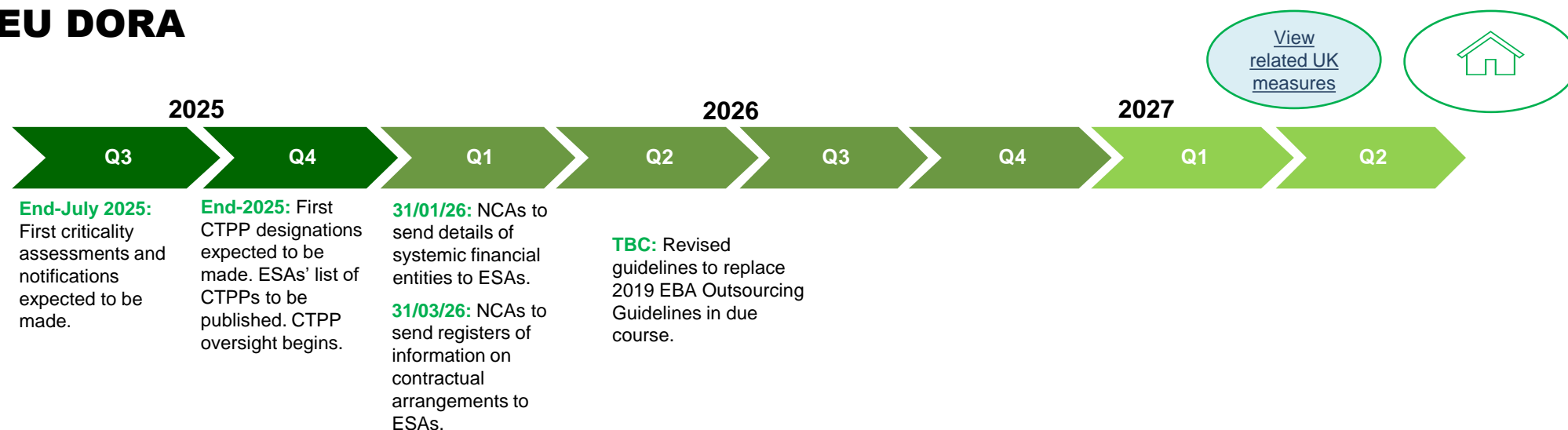
As well as placing obligations on those who issue or offer cryptoassets to the public, MiCA provides a framework for cryptoasset service providers (CASPs), which imposes separate authorisation and ongoing requirements for activities such as trading and custody of this asset class. It will ensure among 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 of 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 a very 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. Adoption by the Commission of draft Commission Delegated Regulations and Implementing Regulations, their finalisation and publication in the Official Journal has been ongoing during H1 2025. This will continue during H2 2025.
 - Both EBA and ESMA have consulted on and published Level 3 Guidelines. A number of Guidelines were published in H1 2025. Other Guidelines are expected to be finalised.
 - ESMA has issued Q&A on queries with respect to the transitional regime and is expected to publish further Q&A in response to queries on other details of the regime.

EU DORA



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 is supported by Level 2 technical standards and Level 3 guidelines, many of which were delivered by the end of H1 2025. The ESAs are focused in 2025 on operationalising the oversight framework.

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

What's on the horizon?

- **DORA** has applied from 17 January 2025. There was 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](#) applied, amending operational resilience requirements in a number of existing sectoral directives, including the UCITS Directive, the AIFMD and MiFID II.
- National competent authorities (NCAs) must provide to the ESAs the information necessary for designation of critical ICT 3rd party service providers (Art 31(1)(a), DORA). For the criticality assessment, NCAs must provide annually:
 - 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
 - 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 were required by 30 April 2025 and 31 March 2025, respectively. These items are required on 31 March and 31 January in 2026 and subsequent years.
- In February 2025, the ESAs published a [Roadmap](#) on designation. By end-July 2025, criticality assessments and notifications are expected to be complete. By end-2025, designations will be made, oversight engagement will commence, and the ESAs will publish a list of critical ICT 3rd party service providers (CTPPs).
- The EBA launched a [consultation](#) on 8 July 2025 on a proposed update its existing guidelines on ICT risk management to align with DORA. Revised guidelines are expected to take place in due course and will replace EBA's 2019 Outsourcing guidelines.
- In 2025, ESMA will be monitoring DORA compliance of the entities it directly supervises.
- In 2025, the ESAs plan to start the collection of fees for the oversight of CTPPs under DORA.

EU T+1 SETTLEMENT



TBC: Formal adoption expected of Regulation amending Art 5(2) CSDR to shorten the settlement cycle to T+1.

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

2025-2026: ESMA engaged in preparatory work and stakeholder engagement on the move T+1.

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. The date of 11 October 2027 has been selected for the move to T+1.

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 recommended that 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 requires changes to the EU CSDR and existing Level 2 regulations, as well as further regulatory guidance. Political agreement was [reached](#) between the co-legislators on 18 June 2025 on a [proposed Regulation](#) to shorten the settlement period for EU transactions in transferable securities through an amendment to Article 5(2) CSDR. The proposed Regulation will now need to be formally adopted, to apply from 11 October 2027.
- In H2 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.
- 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

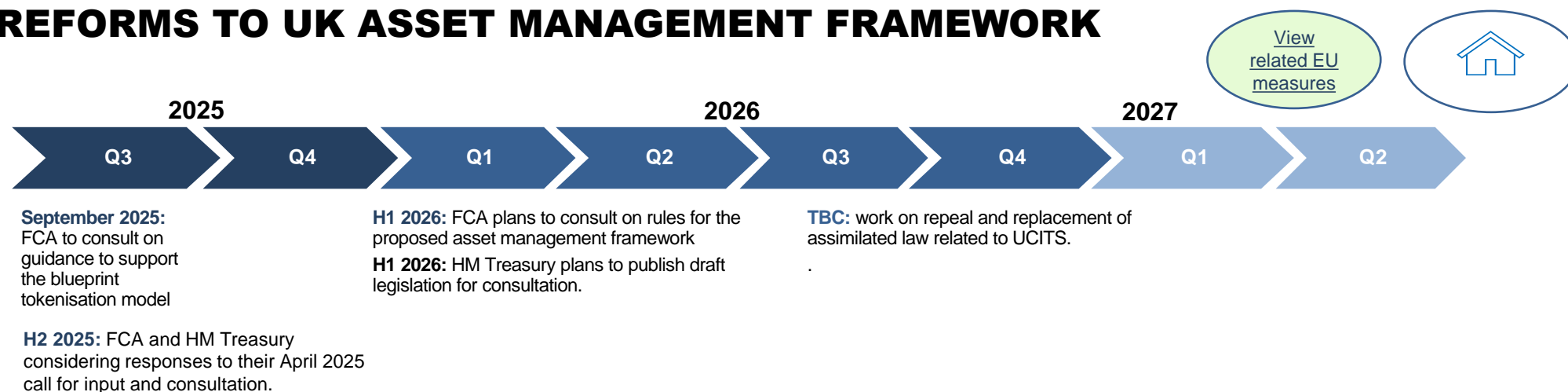


UK Asset Management Developments

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REFORMS TO UK ASSET MANAGEMENT FRAMEWORK



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.

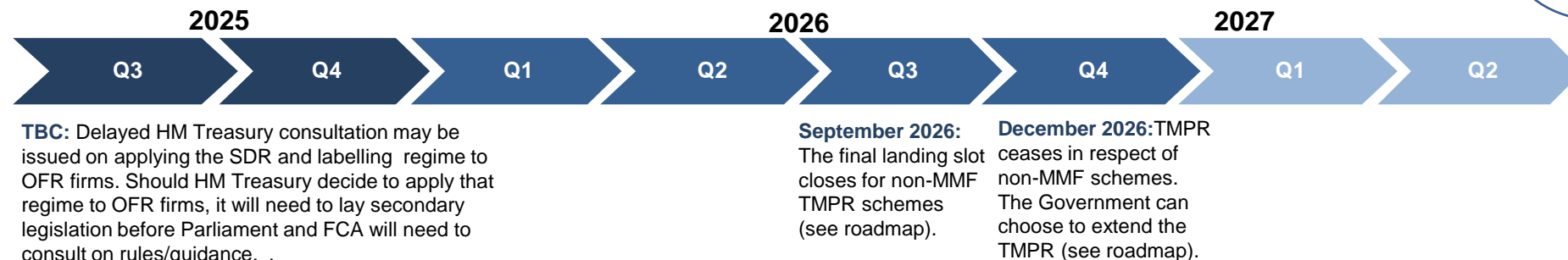
In 2025-2026, we can expect to see a range of developments affecting the sector. The shape of the new framework will become clearer in the first half of 2026.

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

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 had 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**).
- In April 2025, HM Treasury launched a [consultation](#) and the FCA issued a [call for input](#) on initial proposals for the future framework for asset managers. Both closed on 9 June 2025. Depending on responses, HM Treasury intends to publish a statutory instrument for consultation, while the FCA plans to launch a consultation on proposed detailed rules in H1 2026.
- In the April 2025 Regulatory Initiatives Grid, the FCA announced plans to consult in September 2025 on proposed rule changes to streamline the dealing process and reduce the regulatory requirements, through direct to fund, while facilitating the move to fund tokenisation.
- Asset management has been highlighted the government as one of the priority opportunities for growth in the [Financial Services Growth and Competitiveness Strategy](#), published in July 2025. The next phase of repeal and replacement of assimilated law relating to AIFMD will be taken forward in early 2026.
- Following [consultation](#) in November 2024, the FCA issued a [policy statement](#) in May 2025 confirming rule changes (effective from 9 May 2025) to allow funds to take advantage of the new payment option for investment research that applies to MiFID managers for segregated accounts.

OVERSEAS FUNDS REGIME



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.

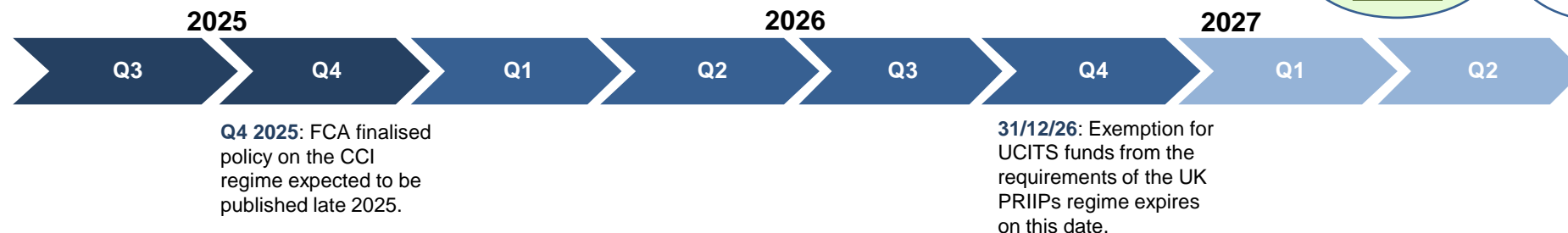
HM Treasury will have the power under FSMA (in respect of retail funds) or the UK MMF Regulation (in respect of MMFs) to determine that other jurisdictions' regimes for investment funds are equivalent to that of the UK, following which retail funds and MMFs domiciled in an 'equivalent' jurisdiction will 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 and the FCA are progressing through the roadmap to implementing the OFR that they issued in 2024. In due course, 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 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.
- 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. The April 2025 edition of the Regulatory Initiatives Grid did not outline specific plans for further work.

UK RETAIL DISCLOSURE FRAMEWORK TO REPLACE UK PRIIPS REGULATION



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.

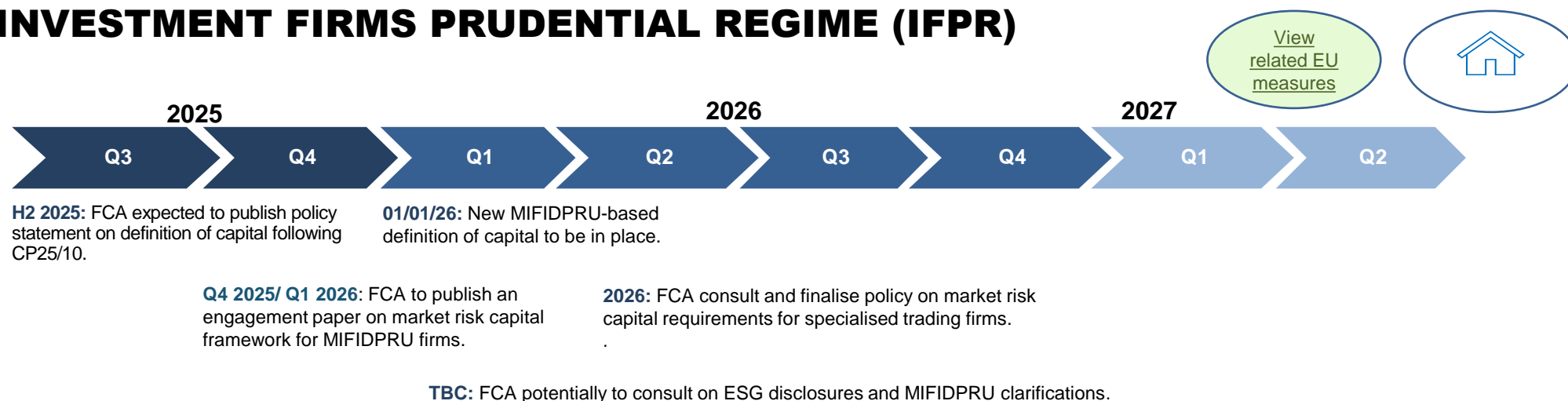
In 2025, we can expect the FCA to finalise its policy for the firm-facing rules under the new framework.

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 55**), 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 to deliver the regime in respect of certain unauthorised firms and overseas funds.
- [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.
- The regime will apply to any firm (whether or not an authorised person) that manufactures or distributes a CCI to retail investors in the UK. [Designated Activities regulations](#) were made in January 2025 to bring CCI-related designated activities within the FCA supervisory and enforcement framework.
- Following a December 2022 discussion paper, the FCA consulted between December 2024 and March 2025 ([CP24/30](#)) on proposed firm-facing rules. This was followed by a further consultation ([CP25/9](#)) which closed on 28 May 2025. The FCA proposes to publish a single policy statement covering both consultations late in 2025. 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)



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.
- MIFIDPRU defines regulatory capital through a number of cross-references to a 'frozen in time' version of the UK Capital Requirements Regulation). FCA consulted in April 2025 (in [CP25/10](#)) on removing these references, bringing the definition into MIFIDPRU, tailored where necessary to investment firms. That consultation closed on 12 June 2025. The FCA is expected to finalise its policy in H2 2025, with a view to the new regime being in place by 1 January 2026.
- In the April 2025 edition of the Regulatory Initiatives Grid, it was noted that the FCA intends to launch a discussion or engagement paper on market risk capital requirements for MIFIDPRU investment firms that deal on own account. The paper would examine whether capital requirements for trading firms remain appropriate. The paper may be published slightly earlier, as the government's Financial Services Growth and Competitiveness Strategy published on 15 July 2025 noted that the FCA engagement paper would be published by the end of 2025.
- 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 or mentioned in the April 2025 edition of the Regulatory Initiatives Grid. The consultation may potentially be published in due course.



UK DEVELOPMENTS
II. ESG DEVELOPMENTS



UK ESG: IN THIS SECTION

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related EU
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UK GREEN STRATEGY



July 2025: UK Financial Sector Growth and Competitiveness strategy published. Decision not to take forward development of UK Green Taxonomy.

Q4 2025: ESG Ratings legislation by end-2025 – see **Slide 51**.

Q4 2025: Government response on VCNM expected.

15/09/25: Transition Finance Council Progress Report expected, on scaling a high-integrity transition finance market.

17/09/25: Closure of government consultations on sustainability disclosures, assurance of sustainability reporting, and transition plans – see **Slide 48**.

UK Green Strategy

At Mansion House in July 2025, the government reiterated its intention to create a world-leading framework for sustainable finance. A range of measures were announced in the Mansion House Speech and the Financial Services Growth & Competitiveness Strategy.

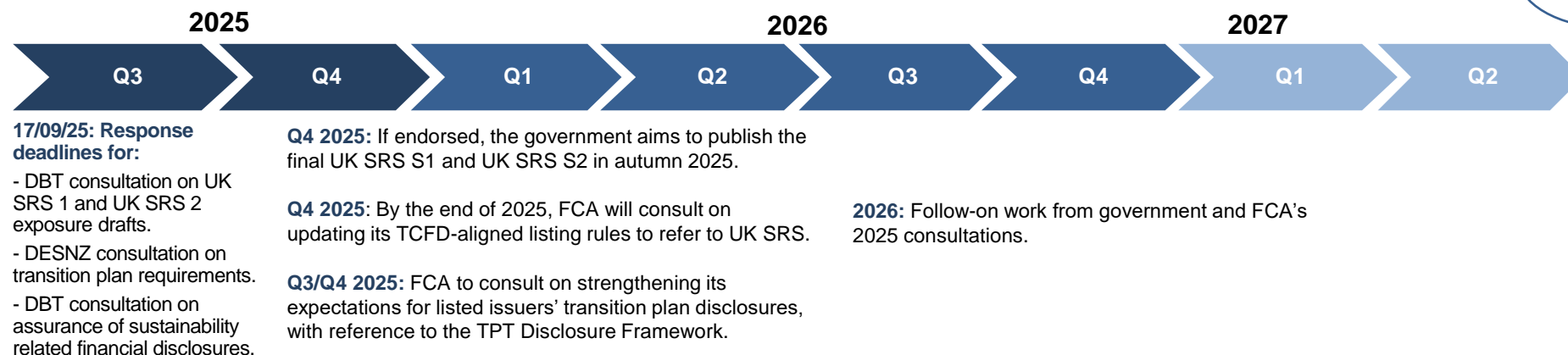
It is not yet fully clear what reforms may be made to the Modern Slavery Act 2015 (**MSA**), as recommended by the House of Lords in an October 2024 [report](#) on how the MSA should be updated for international alignment. The report included recommendations on supply chain due diligence (similar to CS3D in the EU). The government [responded](#) in December 2024, and subsequently updated its [Transparency in Supply Chains Guidance](#) on compliance with section 54 of the MSA.

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

What's on the horizon?

- The UK's [Financial Services Growth & Competitiveness Strategy](#), published July 2025, identifies sustainable finance as one of the priority growth opportunities for the financial sector.
- Building on her November 2024 [Mansion House speech](#), the UK Chancellor reiterated at [Mansion House 2025](#) the government's ambition to create a world-leading framework for sustainable finance. The Strategy outlines a multi-faceted approach including:
 - **UK Green Taxonomy** – the decision [not to take forward](#) plans for a UK Green Taxonomy as part of the UK's wider sustainable finance framework, on the footing that it would not be the most effective tool for UK green transition,
 - **Corporate sustainability disclosures, development and implementation of transition plans, and assurance of sustainability reporting** – the government sees these three elements as the core of the UK's sustainable finance framework, that will together enhance transparency and comparability and support the efficient allocation of capital to sustainable activities to drive the global transition to net zero – see **Slide 48**.
 - **Transition finance** – working to scale transition finance (provision of funding for meeting the decarbonisation commitments to transition to net zero), including through the **Transition Finance Council** (established with the City of London Corporation), to carry forward the [recommendations](#) of the Transition Finance Market Review, and through supporting the FCA, PRA and Green Finance institute on a transition finance pilot (timing TBC).
 - **ESG ratings providers** - confirmation that legislation to regulate ESG ratings providers will be introduced by the end of the year. See **Slide 51**.
 - **Voluntary Carbon and Nature Markets (VCNM)** – the government has published a set of [principles](#) for voluntary carbon and nature market integrity and [consulted](#) in April 2025 on their implementation. The government plans to respond with next steps by the end of 2025.

CLIMATE-RELATED DISCLOSURES – LISTED ISSUERS



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).

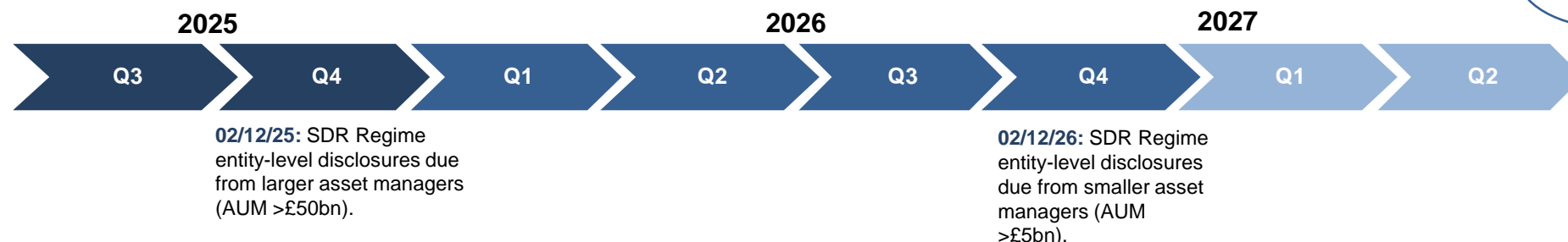
The UK is now working towards adoption of the disclosure standards developed by the International Sustainability Standards Board (**ISSB standards**) which has involved both government and FCA consultations in 2025.

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 involves 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. On 25 June 2025, the Department for Business and Trade (DBT) published a [consultation](#) seeking views, by 17 September 2025, on exposure drafts of UK Sustainability Reporting Standards: UK SRS 1 and UK SRS 2.
- Two further consultations were launched at the same time as the consultation on the UK SRS exposure drafts:
 - A [consultation](#) from the Department for Energy Security and Net Zero (DESNZ) on introducing climate-related transition plan requirements; and
 - A [consultation](#) from DBT on developing an oversight regime for the assurance of sustainability-related financial disclosures.
- Following UK SRS endorsement, the FCA will consult by the end of 2025 on updates to existing TCFD-aligned disclosure obligations for disclosures against UK SRS.
- The FCA plans to launch a consultation (estimated Q3-Q4 2025) on expectations for listed companies' transition plan disclosures, drawing on the outputs of the government's Transition Plan Taskforce (TPT), the resources of which are now [hosted by the IFRS](#).

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.

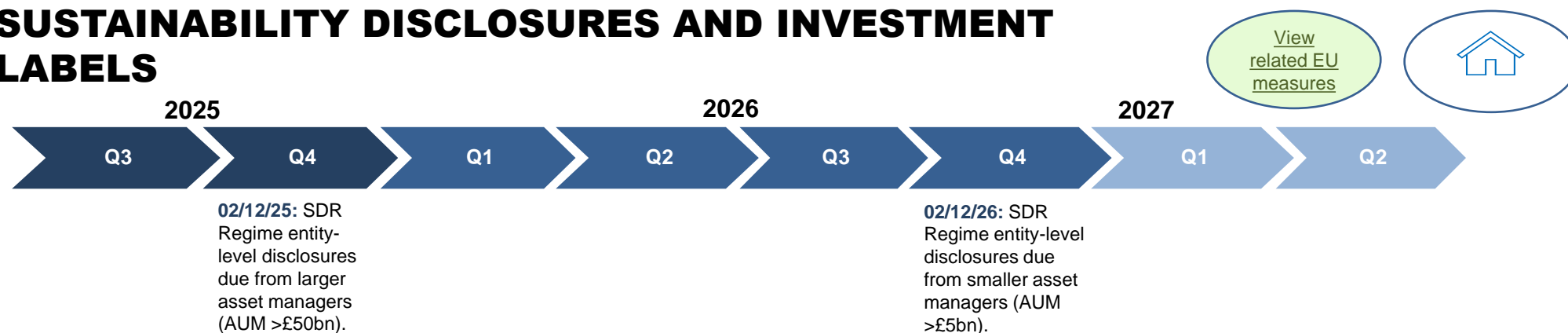
The TCFD-aligned disclosures form part of the FCA's SDR and labelling regime (see **Slide 50**).

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 were required to 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



2025-2026: FCA to continue to consider further expansion to the regime and possibly consult.

TBC: Delayed HM Treasury consultation (originally expected Q3 2024) may be issued on applying the regime to funds in the Overseas Funds Regime (OFR).

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.

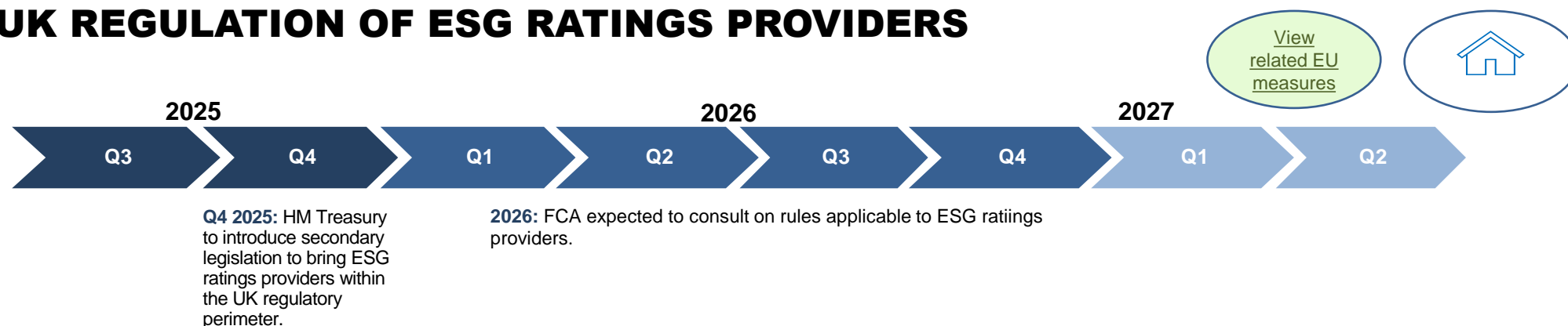
In 2025-2026, we can expect compliance deadlines for firms to meet aspects of the regime for the first time, as well as possible consultations from the FCA on expansion of the regime beyond its current scope, and from HM Treasury on the regime's scope of application.

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). The FCA 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.
- Following feedback to its consultation (CP24/8) on expansion of the regime to portfolio managers, the FCA [announced](#) in April 2025 that it would engage further with portfolio managers with a view to expansion at a later date, given broad support for extending the SDR to portfolio management. In the meantime, the FCA would prioritise the forthcoming multi-firm review into model portfolio services announced in its February 2025 Asset Management & Alternatives [portfolio letter](#).
- In the medium term, the FCA will consider potential further expansion of the regime to financial advisers, pension products and/or other investment products.
- 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.

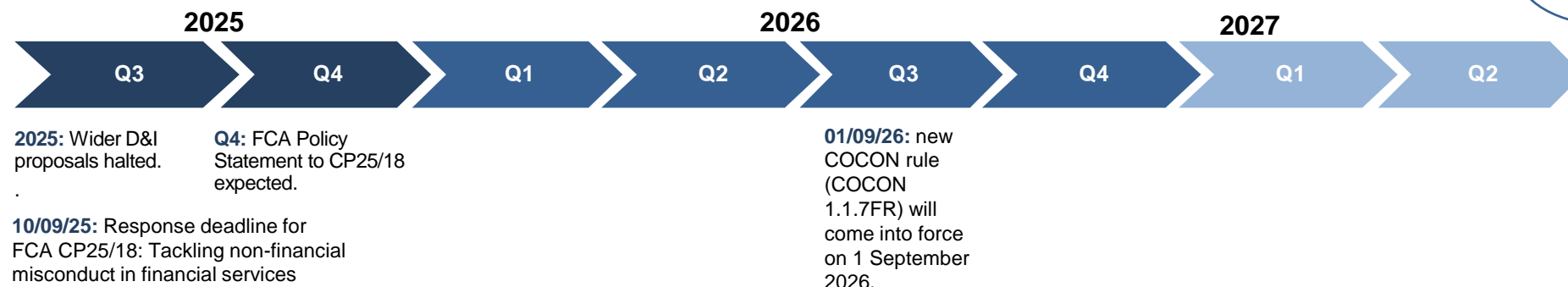
Since December 2023, the UK has had in place a voluntary Code of Conduct for ESG ratings and data products providers. In 2025 the government plans to take forward plans to bring ESG ratings providers within the UK regulatory perimeter. The FCA will then consult on regulatory rules.

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 that it would bring ESG ratings providers into UK regulation and published [draft legislation](#) (for comments by 14 January 2025) to make provision of ESG ratings a regulated activity, requiring FCA authorisation.
- HM Treasury originally expected to lay the legislation before Parliament in early 2025, but announced on 15 July 2025 in the Financial Services Growth and Competitiveness Strategy that it would introduce the legislation by the end of 2025.
- 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 would be subject to various factors, including the number of firms in scope of the regime. The FCA launched a [voluntary survey](#) in March 2025 to assist with the development of the future regime.

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 (**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 was originally expected to be published in H2 2025. However, given the need to avoid duplication with the wider policy and legislative agenda in the area, only the proposals in relation to non-financial misconduct are now being taken forward.

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

What's on the horizon?

- 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 a 2021 joint FCA-PRA discussion paper, in September 2023 the regulators published consultations (PRA [CP 18/23](#) and FCA [CP 23/20](#)) on draft measures to support D&I in the financial sector, which closed for responses on 18 December 2023. 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.
- 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.
- In March 2025, the FCA [wrote](#) to the Treasury Committee to explain that, while work on **non-financial misconduct** would proceed, it recognised that there is a very active policy and legislative agenda (including on employment rights, gender action plans and disability and ethnicity pay gap reporting) and that therefore, to avoid duplication and unnecessary costs, it did not plan to publish new rules on diversity and inclusion. The PRA also wrote to the Treasury Committee in a similar vein.
- The FCA launched [CP25/18: Tackling non-financial misconduct in financial services](#) on 2 July 2025, which closes for comments on 10 September. This confirmed the FCA would more closely align the rules between banks and non-banks and bring more incidents into the scope of COCON, to make it clearer that serious non-financial misconduct can be a breach of the conduct rules. The FCA is also consulting on additional guidance (in COCON and FIT) to make it easier for SM&CR firms to interpret and consistently apply the conduct rules, and to clarify statutory and FCA requirements for fitness and propriety. FCA will publish finalised policy before the end of 2025.



UK DEVELOPMENTS
III. CROSS-SECTORAL DEVELOPMENTS



UK CROSS-SECTOR: IN THIS SECTION

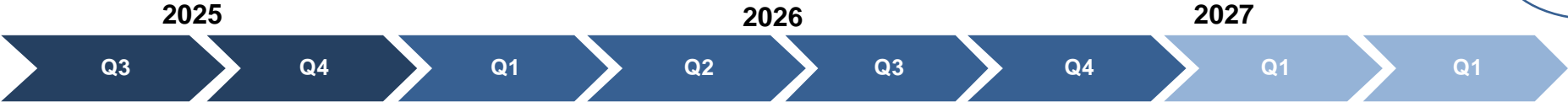


UK Cross-sectoral Developments

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UK SMARTER REGULATORY FRAMEWORK



15/07/25: UK Financial Sector Growth and Competitiveness Strategy published.
H2 2025: HM Treasury and regulators working on initiatives set out in the April 2025 Regulatory Initiatives Grid (including SRF initiatives), and on Leeds Reforms

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).
- The extensive package of **Edinburgh Reforms** published in December 2022 (supplemented by certain aspects of **Mansion House** initiatives published in July 2023, [November 2024](#), and most recently the ‘**Leeds reforms**’ published at [Mansion House July 2025](#)).

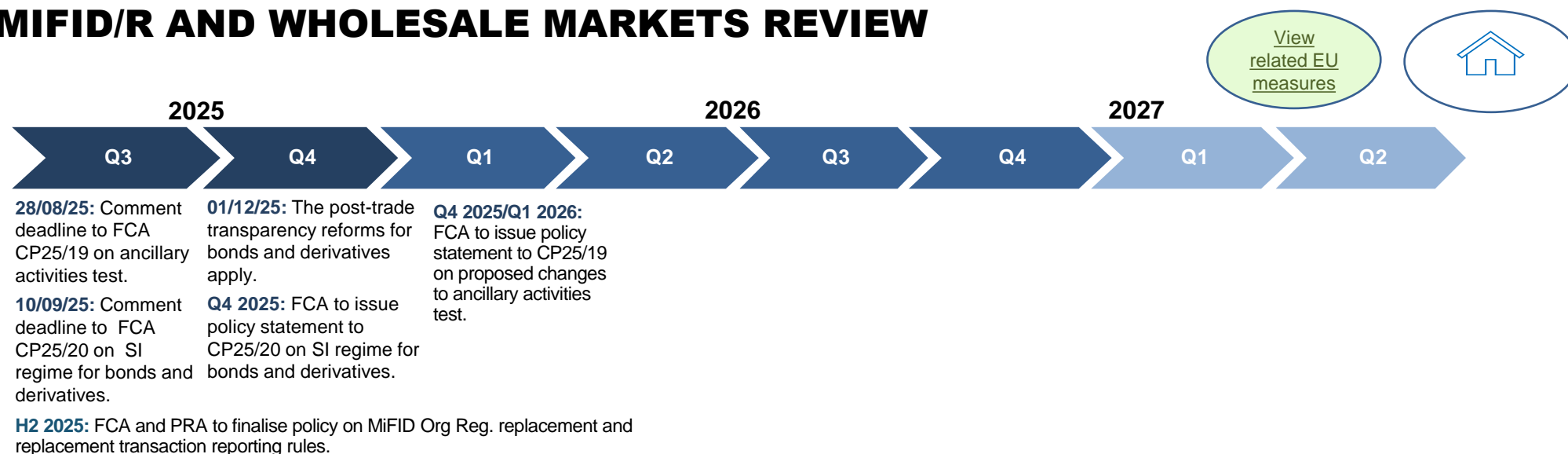
The previous UK Government divided areas of assimilated law into 43 ‘core files’ and began to allocate them into ‘**Tranches**’ (work on a file can span more than one Tranche). Significant progress has been made on Tranches 1 and 2. Files in Tranche 3 were allocated mid-2024.

The new UK Government introduced the 10-year [Financial Sector Growth and Competitiveness Strategy](#) in July 2025. The Strategy indicates work will continue on revocation and restatement of UK EMIR the UK MiFID framework, AIFMD and payments and e-money, and will begin on UK BMR. However, it is not clear if the practice of allocation to ‘Tranches’ will be continued.

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

THE 43 CORE FILES							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)				
CRA	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							

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.

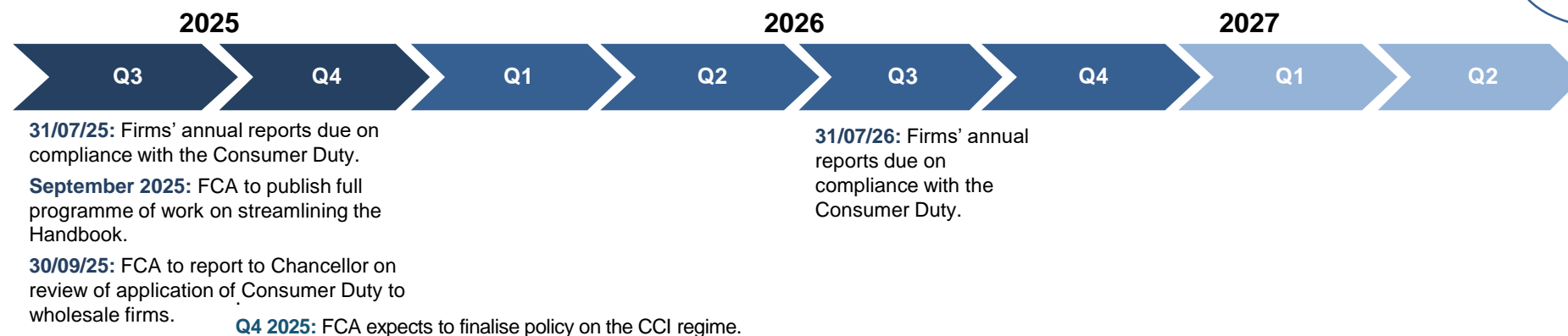
The '**Smarter Regulatory Framework**' programme (see **Slide 55**) has built on the recommendations of WMR by including MiFID/MiFIR in Tranches 1 and 2 of the programme, as well as including other measures to reform the UK wholesale market. In 2025, we can expect further consultations and policy and 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 is progressing in 2025.
- **MiFID framework** – In late 2024, the FCA issued a CP on transferring [the MiFID Org Reg](#) into its handbook and a DP on [transaction reporting](#). The PRA [consulted](#) in April 2025 on equivalent Rulebook changes. Both regulators expect to issue finalised policy in H2 2025. In April 2025, the FCA also published [finalised 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 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 and consulted (in [CP25/20](#)) in July 2025 on the SI regime for bonds and derivatives, with a view to publishing a policy statement in Q4 2025.
- **Intermittent trading venue** – Trading in the PISCES Sandbox is expected to begin later in 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 finalised its policy ([PS25/4](#)) in May 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 (AAE) for commodities firms. In July 2025, HM Treasury published a [draft statutory instrument](#) on reforming the AAE and FCA consulted ([CP25/19](#)) on proposed changes to the ancillary activities test.

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.

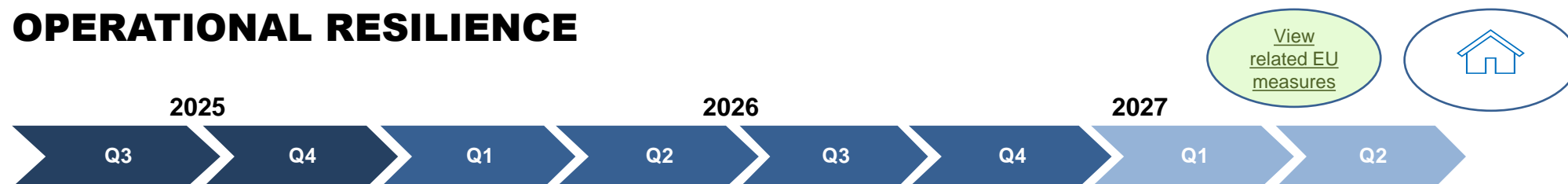
The Consumer Duty has applied from 31 July 2023 new and existing services and additionally from 31 July 2024, the first annual board reports from firms with open products and the rollout of the Duty to closed products and services. In 2025, the FCA is monitoring firms' compliance and conducting targeted 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 has been focused on assessing how firms have embedded the Duty and publishes feedback from its [ongoing work](#) in specific sectors, which includes retail banking, payments, consumer finance and retail investments. In May 2025, the FCA [published](#) its findings following work reviewing the clarity of foreign exchange (FX) pricing in payment services.
- Some key specific outputs in H2 2025 include:
 - In February 2025, the FCA provided interim [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 also committed in January in a [letter](#) to the Prime Minister to streamlining its Handbook to support economic growth. The FCA expects to outline its full programme of work in September 2025.
 - The July 2025 [Financial Services Growth and Competitiveness Strategy](#) noted that the FCA has been asked to report to the Chancellor by end-September 2025 on how it plans to deal with concerns about the way the Consumer Duty is working for wholesale firms engaged in distribution chains which impact retail consumers and provide certainty on the categorisation of professional clients.
 - In late 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](#)).

OPERATIONAL RESILIENCE



H2 2025: Policy finalisation expected following FCA, PRA and BoE consultations on operational incident, outsourcing and third-party arrangements reporting.

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

H2 2025: Consultations expected on management of ICT and cyber resilience risks.

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

TBC: Policy finalisation on any proposed changes to expectations of firms' management of ICT and cyber resilience risks.

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. The UK operational resilience regime requires firms and FMIs 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.

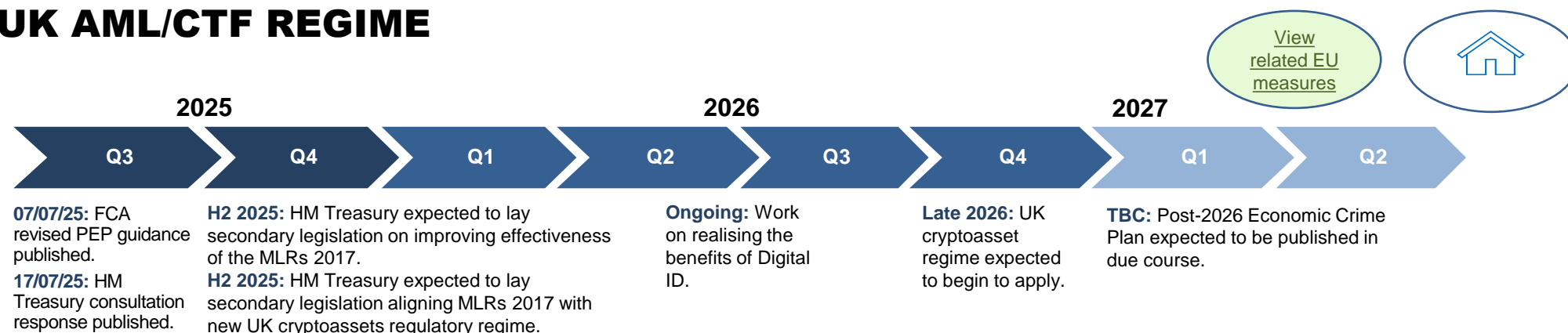
More recently, the regulators have consulted on introducing proposed operational incident, outsourcing and third-party arrangements reporting obligations.

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 critical third parties (**CTPs**). This gives a range of powers to the regulators with respect to CTPs, which apply to each CTP as of the date they are designated.
- The regulators published [finalised rules](#) in November 2024, 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 reporting of third-party arrangements reporting, to:
 - clarify what information firms/FMIs should submit when operational incidents occur; and
 - collect certain information on firms' outsourcing and third-party arrangements, 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 closed on 13 March 2025. 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.
- In December 2024, the Bank of England [announced](#) that, to further enhance the financial sector's operational (including cyber) resilience capabilities, the regulators intend to start consulting in H2 2025 on expectations around the management of Information and Communication Technology (ICT) and cyber resilience risks. This includes risks arising from IT transformations, and the sector's ability to detect, withstand and recover from disruptions in the event of ICT and cyber incidents.

UK AML/CTF REGIME



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 UK's Economic Crime Plan 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. This was followed by HM Treasury consultations in June 2023 and March 2024. In a response document published in July 2025, HM Treasury indicated it would lay legislation to make changes to the MLRs 2017 later in 2025.

The UK Government's Financial Services Competitiveness and Growth Strategy published in July 2025 included a government commitment to work closely with the regulators and industry to realise the benefits of using personal digital ID for AML checks, now that digital ID has been put on a statutory footing in the Data (Use and Access) Act 2025.

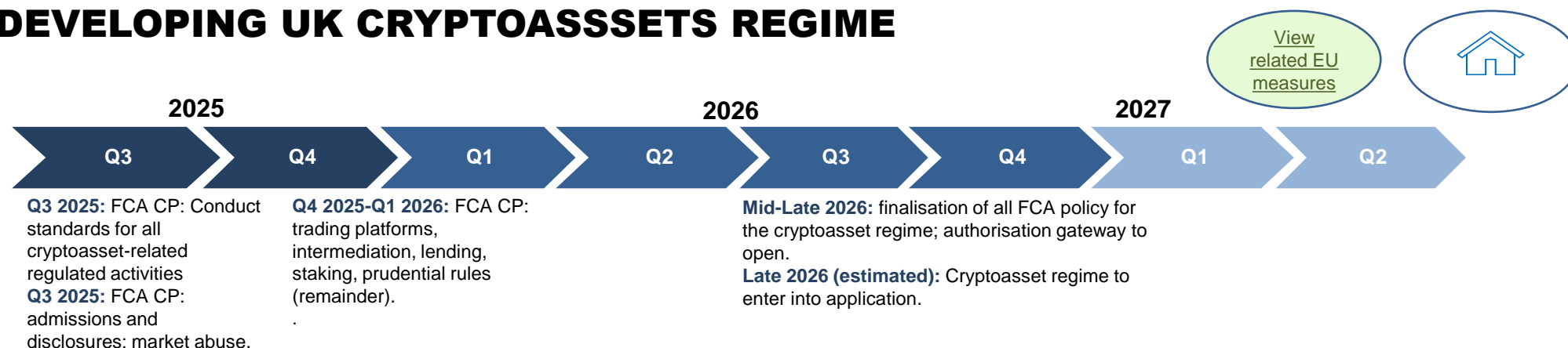
In its 5-year Strategy 2025-2030, the FCA has committed to continuing its efforts to disrupt financial crime, including through greater use of technology and bringing enforcement action.

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 commitments have 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".
- The UK's incoming cryptoasset regime will require consequential amendments the MLRs 2017 to align its provisions with the proposed new cryptoasset-related regulated activities. Cryptoasset exchanges and custodian wallet providers already registered with the FCA for the purposes of the MLRs 2017 will be permitted to continue their operations while they apply for full authorisation under the new regime (see **Slide 60**).
- The FCA is consulting in [CP25/14](#) as part of a series of consultations under its [Crypto Roadmap](#), on proposals that, to meet necessary legal requirements under UK anti-money laundering, counter-terrorist financing, and counter-proliferation financing legislation, stablecoin issuers will need to have appropriate systems and controls for financial crime. That consultation closes on 31 July 2025 (see **Slide 60**).
- From June-September 2023, HM Treasury consulted on potential reform of the AML/CTF supervisory regime, which set out four possible future supervisory models. In March 2024, HM Treasury launched a further 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. HM Treasury's [response document](#) was published on 17 July 2025. HM Treasury confirmed it would lay draft secondary legislation later in 2025 to improve the effectiveness of the regime.
- FSMA 2023 mandated the FCA to review its guidance on the treatment of Politically Exposed Persons (PEPs). The FCA [consulted](#) in July 2024. In July 2025 it published [revised guidance \(FG 25/3\)](#).

DEVELOPING UK CRYPTOASSETS REGIME



Developing UK regulatory regime for cryptoassets

Significant progress is being made in 2025 with a view to commencing UK 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.

In April 2025, HM Treasury published draft legislation to bring cryptoassets (including stablecoins) into the UK regulatory regime.

The FCA is proceeding with its planned series of discussion papers and consultations in line with its 'Crypto Roadmap'.

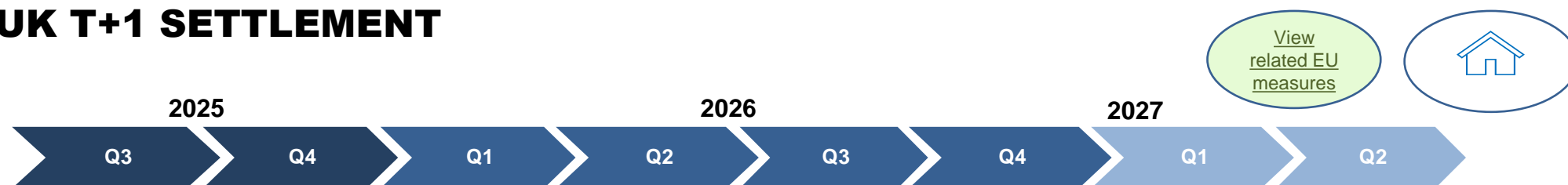
UK cryptoasset regulation is expected to go live during 2026.

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 cryptoasset-related 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 April 2025, HM Treasury published [a policy note and draft secondary legislation](#) for the cryptoasset (including stablecoin) regime, including 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).

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

UK T+1 SETTLEMENT



February 2025 – 11/10/27: Market Participants to carry out recommended actions and critical actions pursuant to the **UK T+1 Code of Conduct**.

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 has developed an implementation plan and code of conduct 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 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 ASTG confirmed in January 2025 that the final 'go-live date will be 11 October 2027. In February 2025, the technical group published an [Implementation Plan](#) for the first day of trading for T+1 settlement (i.e. 11 October 2027). The Implementation Plan sets out a **UK T+1 Code of Conduct (UK-TCC)** containing the scope, a timetable of recommended actions (including 12 'critical actions') to enhance market practices and a set of expected behaviours necessary for UK Market Participants to meet their T+1 legislative obligations under UK CSDR.
- The Bank of England [estimates](#) that the move to T+1 has the potential to release around £1 billion of margin into the financial system for more productive uses.
- 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

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