Hello. I’m Amanda Hale from Citi’s Global Trustee and Fiduciary Services Regulatory team.

And joining me to provide an update on the latest regulatory highlights are my colleagues,

Andrew Newson and Matthew Cherrill.

So what do firms need to be aware of this month?

MATT: Further to our discussion last month on fund liquidity, the Monetary Authority of Singapore published an Information Paper on Strengthening Liquidity Risk Management Practices for Fund Management Companies.

The information paper sets out MAS’ supervisory expectations for effective liquidity risk management frameworks and practices and includes key findings from its thematic inspections and review of prospectuses, which focused on collective investment schemes offered to retail investors.

Areas covered in the information paper include governance, initial design of products, ongoing liquidity risk management, and stress-testing.

MAS states that FMCs should review their LRM frameworks and practices, taking into account the size, scale and complexity of their businesses and the risk profiles of the schemes that they manage. Where FMCs observe any gaps - specific remediation or enhancement measures should be identified and implemented in a timely manner.

MANDY: Recently we have been speaking to clients about the trend in moving to T+1 settlements. What can we share about the latest developments?

ANDY: In the EU, ESMA has launched a Call for Evidence on the shortening of the settlement cycle, which will help it assess the costs and benefits of a possible reduction of the settlement cycle; and identify whether any regulatory action is needed to smoothen the impact for EU market participants.

ESMA seeks input, including quantitative evidence, from all stakeholders involved in financial markets, and not only those in financial market infrastructures.

In particular, ESMA invites market infrastructures (so CSDs, CCPs, and trading venues), their members and participants, other investment firms, issuers, fund managers, retail and wholesale investors, and their representatives to provide detailed feedback on the questions put forward. The deadline for comments is 15 December.

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MANDY: Back in February this year, the UK FCA published a Discussion Paper on potential changes to the UK funds regime. Have we seen any update, or clues as to what may have happened since then?

MATT: Following on from the FCA's discussion paper, Ashley Alder, Chair of the FCA, delivered a speech at the UK Investment Association's annual dinner, on the FCA's priorities for updating and improving the UK regime for Asset Managers.

Highlights from the speech included:

How proportional regulation, together with ways in which regulation can drive innovation, lies behind much of the FCA's thinking about investment management.

The FCA's three main priorities for reform as a result of the discussion paper will be:

- Making the regime for alternative fund managers more proportionate;
- Updating the regime for retail funds; and
- Supporting technological innovation.

In concluding, Mr Alder said the FCA recognises the role the asset management sector has to play in mobilising domestic savings to fund productive investment in the UK. And that the FCA is also pursuing reforms to promote the medium to long-term growth of the UK economy.

As to next steps, the FCA will be consulting on amending the UK AIFMD regime and re-evaluating the AIFMD rules for non-UCITS retail funds in 2024. And in 2025, the FCA will review the regulatory reporting regime.

ANDY: Mandy, it's been another busy month for ESG. What's your top pick to highlight?

MANDY: In Asia, the Monetary Authority of Singapore issued a set of consultation papers proposing guidelines on transition planning by banks, insurers, fund management companies and real estate investment trust managers.

The key expectations set out by MAS are that:

- Engagement, rather than divestment, should be the key lever for FIs to steward their customers and investee companies to transition in an orderly manner.
- FIs should take a multi-year approach, beyond the typical financing or investment time horizons, to facilitate a more comprehensive assessment of climate related risks.
- A holistic treatment of risks enables better risk discovery.

- FIs should consider environmental risks beyond climate-related risks in their transition planning.
- And that transparency supports accountability and promotes credibility.

The latest Guidelines build on MAS' existing supervisory guidance to FIs and focus on their internal strategic planning and risk management processes to prepare for both risks and potential changes in business models associated with the transition.

The proposed Guidelines close for comments by 18 December 2023.

MATT: Another topic that is of interest to our clients is the UK's Consumer Duty. Andy, what can you tell us about implementation outcomes?

ANDY: While it is too early to identify any themes, what we have seen in the first five weeks of its existence, via data revealed through a freedom of information request to the FCA, is that 38 whistle blower allegations had been made over Consumer Duty related issues across all types of firms. It will be interesting to see how that is broken down when the FCA publish their quarterly whistle blowing data.

Also, for anyone wishing to hear the FCA's latest thoughts, the regulator is hosting a Consumer Duty webinar (The Next Steps) on 6 December, which will include its supervision and enforcement approach, sector specific areas of focus, examples of good practice and next steps for firms. Firms can also pre-submit questions when registering for the event.

MANDY: If you would like to learn some more about the topics we discussed today, as well as other regulatory developments, you can follow the relevant links in our Bite-Sized publication.