MANDY:

Hello. I'm Amanda Hale from Citi's Global Depositary 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?

Starting with third-party risk management and oversight.

In Europe, the ESAs launched a consultation looking at the first batch of draft technical standards under DORA covering, for example, specifications for both full and simplified ICT risk management frameworks, and the criteria for the classification of ICT-related incidents.

The consultation runs until 11 September, with the ESAs expected to submit draft technical standards to the European Commission during January 2024.

[ANDY] And looking at the same topic through a global lense, the FSB is consulting on a toolkit for financial authorities and financial institutions, as well as service providers, for their third-party risk management and oversight.

The toolkit aims address three perceived needs:

- **Firstly, to reduce fragmentation in approaches to third-party risk management, across jurisdictions and different areas of the financial services sector;**
- **Second, to strengthen financial institutions' ability to manage third-party risks, and financial authorities' ability to monitor and strengthen the resilience of the financial system; and**
- **And finally, facilitate coordination among authorities, institutions and third-party service providers.**

The deadline for responses is 22 August.

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MATT:

And Mandy, No doubt, it's been busy in the ESG space too…

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Yes, the European Commission (or EC) published the latest developments for its sustainable finance package.

The Package includes proposals for a new set of the EU Taxonomy criteria for economic activities making a substantial contribution to one or more of the non-climate environmental objectives under the Taxonomy Regulation.

The EC has also adopted targeted amendments to the Climate Delegated Act expanding on economic activities – in particular in the manufacturing and transport sectors.

It has also adopted amendments to the EU Taxonomy Disclosures Delegated Act.

Finally, the EC is proposing a Regulation to improve the reliability, comparability, and transparency of ESG ratings activities.

Earlier in the month, the EC also published for consultation the first set of European Sustainability Reporting Standards specifying the information that undertakings are required to report in accordance with the Corporate Sustainability Reporting Directive.

In terms of what happens next…

The EU Taxonomy Delegated Acts are approved in principle and are expected to apply from January 2024.

On the proposal for a regulation of ESG ratings providers, the EC will now engage in discussions with the European Parliament and Council.

The EC will also consider feedback on the mandatory reporting standards before finalising them as delegated acts and submitting them to the European Parliament and Council.

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MANDY: I think that's probably quite enough on the ESG front,

Looking to the UK, what's on the immediate horizon?

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[ANDY] Firstly, not that anyone needs reminding, but the Consumer Duty goes live at the end of July.

And in keeping with the regular updates the FCA have been providing firms, the FCA highlighted from its Final Guidance, ten key questions firms should be asking themselves to help identify and remedy any gaps or areas for improvement in their implementation plans.

Also to assist, the FCA published a new podcast explaining Consumer Duty outcomes monitoring.

And on the same day, the FCA published the results of its Consumer Duty Firm Survey, conducted earlier this year.

In terms of operational readiness, while 64% of firms surveyed said they would be fully compliant by the deadline, a further 23% said they would comply with most requirements by the deadline but would still have some work to do.

[MATT] Finally, hot off the press, the FCA has published findings from its multi-firm review of liquidity management . The review looked at the liquidity management frameworks of 14 AFMs and the FCA details its findings and the good practices it observed.

The FCA states that all asset managers should take account of the findings, as many of the examples of good practice highlighted in the review will contribute to improved consumer outcomes and are consistent with the Consumer Duty.

Alongside the review findings, the FCA published a Dear CEO Letter, where it states that it expects all AFMs and managers of AIFs to review their firms' liquidity management frameworks, consider the application of the findings, and make the necessary enhancements.

MANDY:

If you would like to learn more, you can follow the relevant links in our Bite-Sized publication,

Where we provide more information on the topics covered today and other regulatory developments.