

**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, in terms of what firms need to be aware of this month.**

**Let's kick off with a topic that we have been discussing with clients recently, the continuing move to T+1 settlements.**

---

---

**Matt:** As the EU moves closer to a decision on shortening the settlement cycle, ESMA, the European Commission, and the European Central Bank issued a joint statement on the preparations towards a transition to T+1.

ESMA says it will deliver its report on T+1 in the coming months, and that its preliminary findings include that shortening the settlement cycle in the EU will change the way in which markets function; that quantifying the costs and benefits related to it is challenging but overall will bring along important benefits for the EU Savings and Investments Union; and harmonisation, standardisation and modernisation will be needed and will require investment.

**Mandy: One key question on people's minds will be whether there will be alignment between the UK and the EU. Does the joint statement shed any light on that aspect?**

**Matt:** It says that due to the need for an efficient and competitive EU Savings and Investments Union, the EU must act now if it wants to avoid prolonging and amplifying the negative impacts of the misalignment with major jurisdictions internationally.

Given the high level of interconnectedness between EU capital markets and those in other jurisdictions in Europe, a coordinated approach across Europe is desirable, with efforts to reach consensus on the timing of any move to T+1.

As close cooperation between regulators and the financial industry is of the utmost importance to facilitate the transition to T+1 ESMA, in close coordination with national competent authorities and EU bodies, will 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.

---

---

**Andy: In what has become a regular slot in our podcasts – Mandy, what are the latest developments as regards ESG?**

**Mandy:** In Hong Kong, the International Capital Market Association published a voluntary code of conduct for ESG ratings and data products providers.

In its associated welcoming statement, the SFC notes that the voluntary code was modelled on international best practices recommended by the IOSCO

and that this approach ensures that it is interoperable and consistent with the expectations introduced in other major jurisdictions.

**Andy: And what are the requirements for ESG ratings and data providers?**

The SFC states that ESG ratings and data products providers signing up to the voluntary code will be expected to make available a self-attestation document,

which explains their approach and actions taken to adhere to the principles of the voluntary code,

and that the documents will be available on the ICMA's website.

The SFC adds that the information set out in the documents will facilitate the due diligence and on-going assessments of ESG products and providers

used by end users, such as SFC-licensed asset managers, in their investment and risk management processes.

**Andy: We also have developments in Luxembourg. Matt, what can you tell us about them?**

**Matt:** The CSSF published a communiqué reminding market participants that the ESMA Guidelines on funds' names using ESG or sustainability-related terms will apply to new funds authorised after 21 November 2024, with existing funds captured from 21 May 2025.

The CSSF states that it expects market participants, to carry out a self-assessment of the applicability of the Guidelines to the products they manage and to ensure compliance of fund names with these Guidelines.

**Andy: In addition to reminding market participants of a number of principles, what else does the Luxembourg regulator cover?**

**Matt:** It informs market participants that it is granting a priority processing procedure to existing UCITS and AIFs that limits the update of their issuing document and prospectus to amendments required in the context of the entry into force of the Guidelines.

The CSSF says that amendments must be limited to either a name change of at least one sub-fund or minor adjustments to a fund's or sub-fund's ESG engagement or SFDR precontractual disclosure.

The conditions and modalities for benefiting from the procedure are further explained in a Fund naming confirmation letter attached to the communiqué.

---

**Mandy: What have we seen in the US?**

**Andy:** The SEC's Division of Examinations released its 2025 examination priorities, which inform investors and registrants of potential risks in the U.S. capital markets and make them aware of the examination topics that the Division plans to focus on in the new fiscal year.

This year's examinations will prioritize perennial and emerging risk areas, such as fiduciary duty, standards of conduct, cybersecurity, and artificial intelligence.

**Mandy: What do the examinations involve?**

**Andy:** The Division examines SEC-registered investment advisers, investment companies, broker-dealers, clearing agencies, and self-regulatory organizations, among others, for compliance with federal securities laws. The Division prioritizes examinations of the practices, products, and services that were found, through a risk-based assessment, to present a heightened risk to investors or the integrity of the U.S. capital markets.

For fiscal year 2025, in addition to conducting examinations in core areas such as disclosures and governance practices, the Division will also examine for compliance with new rules, the use of emerging technologies, and the soundness of controls intended to protect investor information, records, and assets.

---

---

**Matt: Finally, do we have any developments regarding the payment for investment research by UCITS and AIFs, in the UK?**

**Andy:** Back in July, the FCA finalised rules for a new option of paying for investment research which enabled MiFID investment firms, who wish to buy research for their segregated mandates, to use joint payments for third-party research and execution services, provided firms meet certain requirements.

The FCA received feedback that it should allow the new payment option for other asset managers including managers of pooled vehicles under the UK AIFMD and UCITS regimes.

**Matt: So, have we seen the anticipated changes resulting from the feedback?**

**Andy:** Yes, on the 5<sup>th</sup> of November, the FCA published a consultation paper on proposed changes to the COBS 18 Annex 1 rules, and other related rules, allowing fund managers to purchase investment research with joint payments.

The FCA say this should make it operationally more efficient for asset managers of different business models and sizes to take up the new payment option to pay for investment research.

The consultation closes on 16 December and the FCA aims to publish rules and guidance in the first half of next year.

---

---

**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.**