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

Unfortunately, I can't be here for this month's podcast, but leading the discussion on the latest regulatory highlights are my colleagues, Matthew Cherrill and Andrew Newson.

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

ANDY: Kicking off with ESG, Matt, we saw two reports issued by the Financial Stability Board and IOSCO. What's the latest?

MATT: On the 12th of November, the FSB issued its 2024 progress report on achieving consistent and comparable, climate-rated disclosures. The FSB says that the report describes progress made over the past year by its member jurisdictions, standard-setters, and international organisations.

ANDY: And what are the main points from the progress report?

MATT: The FSB says that jurisdictions have made progress implementing the ISSB's disclosures standards, strengthening interoperability with other sustainability disclosure frameworks, and developing global assurance and ethics standards for such disclosures.

The FSB also states that a large majority of its jurisdictions have regulations, guidelines or strategic roadmaps in place for climate-related disclosures, and that most FSB jurisdictions have also set, or proposed, disclosure requirements based on ISSB Standards and the recommendations of the Task Force on Climate-related Disclosures.

ANDY: On the following day, IOSCO published its report on transition plan disclosures, which it says explores how the related disclosures can support investor protection and market integrity objectives, and sets out future considerations for key stakeholders. What are the highlights?

MATT: IOSCO says that the report shares challenges and key findings which point towards a series of coordinated actions for IOSCO and other stakeholders to consider in the future, which concern four main aspects:

- Where transition plans are published, encouraging consistency and comparability through guidance on transition plan disclosures;
- Promoting assurance of transition plan disclosures;
- Enhancing legal and regulatory clarity and oversight, and
- Building capacity.

IOSCO's report also highlights the five most useful components of transition plan disclosures that were suggested by market participants in IOSCO's outreach. These are:

- Ambition and targets;
- Decarbonisation levers and action plan;
- Governance and oversight;
- Financial resources and human capital; and
- Financial implications.

ANDY: Moving on to developments in T+1 in Europe, ESMA has published its final report on shortening the settlement cycle in the EU, which it proposes moving to T+1 in October 2027, which matches the UK's proposals.

MATT: And what else does ESMA say in its final report?

ANDY: ESMA highlights that the increased efficiency and resilience of post-trade processes, that should be prompted by a move to T+1, would facilitate achieving the objective of further promoting settlement efficiency in the EU, contributing to market integration and to the Savings and Investment Union objectives.

On that basis, ESMA recommends that the migration to T+1 occurs simultaneously across all relevant instruments and that it is achieved in Q4 2027.

ESMA says that this change will also imply some challenges, including amending the CSDR and the settlement discipline framework, in order to have legal certainty and foster the necessary improvements in post-trading processes to move successfully to T+1.

MATT: And what will this look like from a stakeholder perspective?

ANDY: ESMA says all actors of the financial system will need to work on harmonisation, standardisation, and modernisation, to improve settlement efficiency, which will require some level of investment and, given the complexity of the EU's trading and post-trading environment, specific governance will need to be put in place.

And in terms of next steps, ESMA says, following the publication of its report, it will continue its regulatory work related to the revision of rules on settlement efficiency, together with the European Commission and the European Central Bank.

MATT: Switching back to IOSCO, last month it also published a consultation report on its updated Liquidity Risk Management Recommendations for Collective Investment Schemes which, IOSCO notes, takes into consideration the FSB's revised Recommendations to Address Structural Vulnerabilities from Liquidity Mismatch in Open-Ended Funds from December last year.

ANDY: What's in the consultation?

MATT: IOSCO's proposals consist of 17 recommendations, organised into a revised structure with six sections, namely the CIS Design Process, Liquidity Management

Tools and Measures, Day-to-Day Liquidity Management Practices, Stress Testing, Governance, and Disclosures to Investors and Authorities.

ANDY: And how do the proposals correspond to the targeted revisions from the FSB?

MATT: These can be grouped into four main areas:

- Categorising open-ended funds based on the liquidity of their assets.
- Encouraging investment managers to implement a broad set of LMTs and other liquidity management measures.
- Emphasising the importance of anti-dilution tools to mitigate material investor dilution and potential first-mover advantage arising from structural liquidity mismatch in open-ended funds.
- And Incorporating new guidance on quantity-based LMTs and other liquidity management measures.

Additionally, IOSCO is also consulting on complementary Guidance for the Effective Implementation of the Recommendations for Liquidity Risk Management. IOSCO says that the accompanying Implementation Guidance sets out technical elements focusing on open-ended funds.

The deadline for feedback is 11 February 2025.

ANDY: In the UK, the Chancellor of the Exchequer, in her Mansion House speech, announced a package of reforms, which are designed to drive growth and competitiveness in UK financial services.

MATT: What was announced?

ANDY: The measures that form the Mansion House package include:

- Development of the Financial Services Growth and Competitiveness Strategy, to be published in Spring 2025, as part of the wider Industrial Strategy.
- The launch of a pilot scheme to deliver a Digital Gilt Instrument.
- Calls for the tech and telecommunications sectors to go further and faster to tackle fraudulent content on their platforms.
- Publishing the government's response on PISCES, a new bespoke market for private company shares, with the intention to lay legislation establishing the PISCES regime by May 2025.
- And delivering the foundations of a sustainable finance framework to drive investment in the green transition and deliver economic growth.

MATT: This last point contained a number of initiatives. Can you break these down?

ANDY: Certainly. It includes:

    - Publishing a consultation to gather views on the value case for launching a UK Green Taxonomy as part of a wider sustainable finance framework.

- Announcing a consultation on streamlined sustainability disclosures for economically significant companies.
- Consulting in the first half of 2025 on how best to take forward the manifesto commitment on transition plans.
- Publishing a consultation response and draft legislation to bring ESG ratings providers into regulation.
- And new remit letters for the UK regulators, including the FCA, to ensure a greater focus on growth.

And finally, on a topic we continue to follow closely, was the Chancellor's announcement to consult on abolishing the Certification Regime that applies to staff below the senior management level, so that it can be replaced with a more proportionate approach.

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.