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?

ANDY: At the end of March, the UK's Accelerated Settlement Taskforce, which was set up to explore the potential for faster settlement of securities trades in the UK, published its report.

MANDY: Were there any recommendations?

ANDY: There were four.

Firstly, that the UK should commit to moving to a T+1 settlement cycle.

Secondly, that this move should take place no later than 31st December 2027.

Thirdly, that the UK and other European jurisdictions should collaborate closely to see if a coordinated move to T+1 is possible. And if other European jurisdictions commit to a transition date, then the UK should consider whether it wishes to align with that timeline.

And lastly, that a Technical Group of industry experts should be set up to determine the technical and operational changes necessary for the transition to T+1 to happen and how they should be implemented, with a date in 2025 to be selected for these changes to be mandated, and a date before the end of 2027 for the transition to T+1.

The UK government has accepted these recommendations and appointed a Chair to the Technical Group to take forward the next phase of the work.

MATT: Outside the UK, ESMA published feedback to its Call for Evidence on shortening the settlement cycle.

Hong Kong's SFC issued a circular reminding licenced corporations to prepare for the upcoming US transition to T+1.

And in the US, the SEC's Division of Examinations published a risk alert regarding the shortening of the US settlement cycle, which will happen in May this year.

MANDY: Matt, turning to Operational Resilience, what's the latest?

MATT: In Europe, with less than nine months until DORA enters into force in January next year, the European Commission has adopted three new regulatory technical standards.

These RTS complement the EU regulatory frameworks on cybersecurity matters for the financial sector by specifying:

Rules to classify cyber incidents.

Rules to harmonise ICT risk management tools, methods, processes, and security policies for the financial entities.

And rules to establish the elements of risk that financial entities should take into account when developing their policy on the use of ICT services supporting critical or important functions provided by third-party ICT service providers.

It is now the turn of the European Parliament and the Council to scrutinise and adopt the standards.

ANDY: And staying on the same topic, in the Netherlands, the Dutch Authority for the Financial Markets issued its third publication explaining the key aspects of DORA, with the latest edition focusing on ICT risk management.

MATT: Mandy, we've held back so far but the time has come to ask, what are the latest ESG developments?

MANDY: In early March, the US SEC proposed amendments to its rules requiring registrants to provide certain climate-related information in their registration statements and annual reports.

Then between 6-14 March, petitions seeking a review of the final rules were filed with multiple courts, culminating in a consolidated petition on 1 April.

The SEC voluntarily stayed the final rules in what they described as an effort to facilitate the orderly judicial resolution of those challenges.

In issuing a stay, the SEC has said that it is not departing from its view that the Final Rules are consistent with applicable law and within the SEC's long-standing authority to require the disclosure of information important to investors in making investment and voting decisions, so at this stage the ultimate outcome remains unknown.

ANDY: Also, on the subject of disclosure, in Hong Kong the Financial Services and the Treasury Bureau issued, towards the end of March, a vision statement on developing the sustainability disclosure ecosystem of the jurisdiction.

Amongst other things, the vision statement highlights that:

The Government and financial regulators aim for Hong Kong to be among the first jurisdictions to align the local sustainability disclosure requirements with the ISSB Standards.

The Government will adopt a holistic approach in developing the local sustainability disclosure standards and sustainability disclosure ecosystem.

The Hong Kong Institute of Certified Public Accountants intends to develop local sustainability reporting standards (to be known as the Hong Kong Standards) aligned with the ISSB Standards as well as complementary application and implementation guidance.

MANDY: So, who will be impacted by the HK standards?

ANDY: They are intended for cross-sectoral observance, including listed companies,' and regulated financial institutions, such as banks, fund managers, insurance companies, and Mandatory Provident Fund trustees, under a phased implementation approach.

The application of the Hong Kong Standards will be prioritised for publicly accountable entities such as listed companies and regulated financial institutions.

The Government and financial regulators will promote sustainability assurance to enable credible implementation, enhance capacity building to support the industry and companies, and facilitate the use of technological solutions to enhance efficiency, reduce cost and improve the usefulness of disclosures; and

The Government will work with financial regulators and stakeholders to develop a roadmap on the appropriate adoption of the ISSB Standards, with an aim to launch the roadmap this year.

MATT: Anything else to add on the ESG front?

MANDY: Yes, Luxembourg's CSSF published a communiqué giving a general overview of its supervisory priorities as regards sustainable finance.

The CSSF says that the communiqué aims at drawing the attention of the financial sector to some prominent matters to be addressed in relation to ESG.

They state that, if deemed necessary, its supervision priorities may be adjusted, and its duties of ongoing prudential supervision may also warrant other ESG-related aspects to come under scrutiny.

The communique covers several focus areas, with the CSSF's supervisory priorities for the asset management industry covering:

Organisational arrangements of Investment Fund Managers, including the integration of sustainability risks by financial market participants.

Verification of the compliance of pre-contractual and periodic disclosures.

Verification of the consistency of information in fund documentation and marketing material.

Verification of the compliance of product website disclosures.

And portfolio analysis.

ANDY: And finally, we've had movement on the EU's Retail Investment Package. Matt, what's the latest?

MATT: Last month ECON, the European Parliament's Committee on Economic and Monetary Affairs, voted in favour of new rules to help retail customers invest in quality financial products, and protect them from misleading communication and biased advice.

The proposed Omnibus Directive will amend various European regulations including the AIFMD, UCITS and MiFID II and also proposed amendments to the PRIIPs Regulation.

Areas covered, include:

Investment advice in the best interest of clients.

Comparable financial products.

Better communication.

And modernisation of the PRIIPs KID.

In a separate vote on the PRIIPs KID, ECON proposed changes that aim to ensure comparability between products captured by PRIIPs and to develop an independent online comparison tool of the different investment options available in the EU market.

The texts, which constitute the European Parliament's negotiating mandates, will be tabled for approval during the first plenary session in April and will be followed up by the new Parliament after the June European elections.

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.