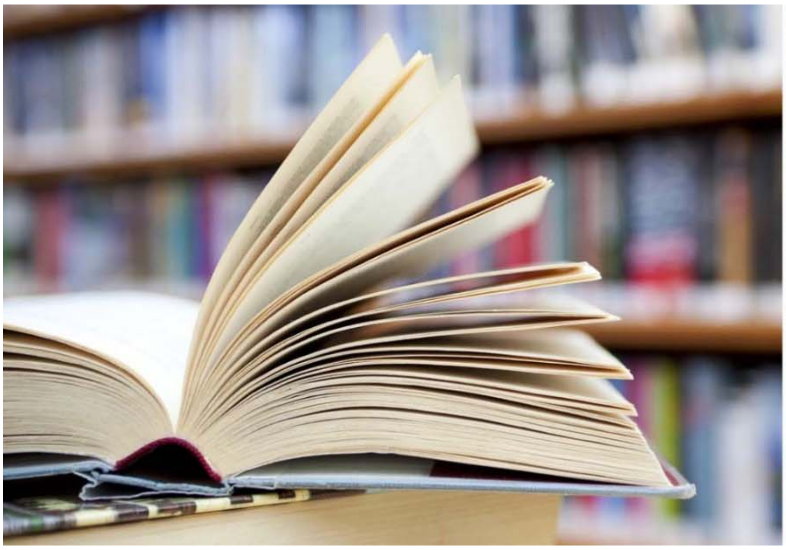

REGULATORY UPDATE

April, May, June 2026

[redacted]

UCITS, please see relevant areas marked with U **and** U&A

Alternative Investment Funds, please see relevant areas marked with A **and** U&A

MiFID II/ MIFIR, please see relevant areas marked with M

INDEX

KEY DATES

- **2026 - IREF consultation (Funds Sector 2030)** - the Department of Finance is expected to launch a public consultation on the simplification of the IREF regime, with legislative changes being implemented in the Finance Act 2026.

- **2026 - ESMA CSA on MiFID II conflicts of interest requirements -** ESMA (and NCAs) will carry out a CSA on MiFID II conflicts of interest in the distribution of financial instruments in 2026.

- **July 2026 – CBI – UCITS framework (CP161**) – CBI feedback on CP 161 and updated Central Bank UCITS regulations are expected to be published.

- **July 2026 – Fund Management Company (FMC) delegation –** The CBI is due to issue its initial communication following its review of delegation practices of Irish authorised FMCs.

- **2 July 2026 – ESG ratings –** new ESG ratings provider regime begins to apply under which marketing communications referencing some ESG rating will be required to include a weblink to detailed information relating to that ESG rating.

- **7 July 2026 – ESMA T+1 consultation –** deadline for responses to ESMA's consultation on revised CSDR guidelines on allocations and confirmations to support the transition to T+1 settlement.

- **15 July 2026 – AMLA consultation on draft guidelines on business-wide risk** – deadline to respond to consultation.

- **2 August 2026 – EU AI act –** core EU AI Act high risk AI systems obligations and transparency rules apply.

- **3 August 2026 – CBI Money Market Fund weekly liquid asset levels guidance consultation (CP168)** – deadline to respond to CBI's CP168.

- **6 August 2026 – ESMA consultation on MMF stress test parameters** – deadline to respond to consultation.

- **31 August 2026 – Irish MiFID client asset provisions** – amendments to Irish MiFID client asset provisions apply.

- **H2 2026 – ESMA planned consultations** – ESMA's table of planned consultations for 2026 includes AIFMD and UCITS RTS and ITS on reporting, MiFIR, investor protection, the Listing Act, EMIR 3 and the CSDR review. H2 will also see consultations for the retail investment strategy – technical advice to the EC on investor protection topics (review of MiFID II delegated acts) as well as technical standards on investor protection.

- **3 September 2026 – AMLA consultation on draft guidelines on ongoing monitoring of a business relationship** – deadline to reply to consultation.

- **30 September 2026 – CBI consultation on regulatory impact assessments and its approach to consultations (CP170) –** deadline to respond to CBI's CP170.

- **16 April 2027 – AIFMD II / UCITS VI enhanced reporting** – enhanced supervisory reporting obligations under AIFMD II / UCITS VI apply.

The above list does not cover all key dates or compliance deadlines. Obligations may vary on a firm-by-firm basis.

IRISH PRACTICE DEVELOPMENTS

1 IRELAND IMPLEMENTS AIFMD II AND UCITS VI

A

The Irish implementing statutory instruments giving effect to Directive (EU) 2024/927 (AIFMD II / UCITS VI) were published in Iris Oifigiúil and came into operation on 1 May 2026, other than the provisions on enhanced reporting obligations which will come into operation on 16 April 2027:

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- S.I. No. 181 of 2026 amends the European Union (Alternative Investment Fund Managers) Regulations 2013 (**AIFM Regulations**) to give effect to the amended AIFMD. It adds definitions (including loan-originating AIF, loan origination, shareholder loan), extends authorised AIFM functions (any other function or activity already provided by the AIFM, administration of benchmarks and credit serving), strengthens authorisation, delegation and depositary requirements, enhances supervisory reporting and disclosure requirements and introduces mandatory liquidity management tool (**LMT**) requirements for open-ended AIFs.

- S.I. No. 182 of 2026 amends the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations (**UCITS Regulations**) to give effect to the amended UCITS Directive. It updates definitions, expands management company services (including reception and transmission of orders, any other function or activity already provided by the management company and benchmark administration), strengthens authorisation, delegation and governance requirements, enhances supervisory reporting and introduces mandatory LMT requirements.

2 REVISED CBI AIF RULEBOOK

A

The CBI published a revised AIF Rulebook and its feedback statement to Consultation Paper 162 (**CP162**). The revised AIF Rulebook applied from 5 May 2026 to Irish authorised AIFs and AIFMs and to non-Irish AIFMs to the extent provided for in the AIF Rulebook where they manage or market Irish authorised AIFs or are otherwise subject to CBI supervisory requirements.

The CBI's review of the AIF Rulebook was driven by AIFMD II transposition, the EU's Savings and Investments Union (**SIU**) agenda and Ireland's Funds Sector 2030 review, which included a recommendation to further support the growth of private assets. The CBI has largely implemented the key proposals set out in CP162 while also incorporating industry feedback.

Key changes include:

Qualifying Investor AIFs (QIAIFs)

- The loan origination QIAIF or "L-QIAIF" category has been removed, aligning Ireland with the harmonised EU loan origination framework under AIFMD II, implemented through the AIFM Regulations.

- The former restriction on QIAIFs granting loans or acting as a guarantor has been removed to align with the new EU loan origination framework under AIFMD II.

- Non-EU AIFMs may manage closed-ended loan-originating QIAIFs, subject to compliance with the provisions applicable to loan originating AIFs in the AIFM Regulations.

- Where a loan-originating QIAIF is managed by a registered AIFM, it must be structured as closed-ended and is subject to the loan origination requirements contained in the AIFM Regulations.

- The AIF Rulebook now clarifies that both open-ended and closed-ended QIAIFs may allocate assets at share class level, provided the arrangement does not pursue a separate investment objective, operate as a de facto sub-fund, or circumvent other share class requirements. Existing CBI guidance is also now codified and extended, expressly permitting for QIAIFs the issuance of interests in a QIAIF other than at NAV, and the issuance of interests in a QIAIF which provide for differentiated participation in underlying investments to facilitate the operation of excuse and exclude provisions, stage investing, and management participation or carried interest arrangements.

- The former restriction on QIAIFs acquiring voting rights conferring significant influence over an issuing body is removed.

- The subsidiary regime has been broadened into an "intermediary investment vehicles" framework, which covers SPVs, aggregators and co-investment structures. Prior CBI approval and the QIAIF director board majority requirement is replaced by disclosure, due diligence and ongoing AIFM oversight obligations supported by documented policies and procedures.

- QIAIFs can operate a capital commitment mechanism to provide for those QIAIFs to account for the contribution of the committed capital towards the minimum subscription of €100,000. The list of entities that the QIAIF can grant an exemption from the minimum subscription requirement has been extended to include the AIFM or other entity within the AIFM's group and those entities that provide advisory services (discretionary or non-discretionary) to the AIFM.

- Updated performance fee verification requirements apply. The QIAIF must ensure that the depositary or a competent person appointed by the AIFM and who is approved for the purpose by the depositary, verifies that procedures have been effectively implemented to ensure that any performance fees payable and accrued pursuant to the QIAIF's performance fee payment cycle are calculated in accordance with the QIAIF's governing documents. The QIAIF must also ensure that its AIFM provides the depositary/competent person with all necessary information regarding the calculation of the performance fee in advance of any such fees being paid.

- The AIF Rulebook supplements the revised AIFM Regulations on LMTs for open-ended QIAIFs or open-ended QIAIFs with limited liquidity, including the ability for AIFMs to select additional LMTs beyond those specified in Annex V of AIFMD. AIFMs must disclose at least two LMTs in governing documents and consider selecting at least one quantitative based LMT (redemption gate, extension of notice period, redemption in kind) and at least one anti-dilution tool (swing pricing, redemption fee, dual pricing, anti-dilution levy). General LMT notification to the CBI has been removed in light of the CBI's daily reporting requirements but immediate notification remains for activation or deactivation of suspensions and specific requirements apply for redemption gates, side pockets and suspensions.

Further private asset enhancements include removal of the current market value cap on warehoused assets, simplified in specie redemptions, deletion of the 10% redemption proceeds retention threshold and preferential treatment provisions providing a disclosure-based framework for side letter arrangements.

Retail Investor AIFs (RIAIFs)

The changes to the RIAIF chapter are more limited in scope, reflecting the CBI's decision to focus this update on AIFMD II alignment while deferring a broader review of the RIAIF framework in the context of the SIU initiative. Key changes include the removal of the restriction on granting loans, new LMT requirements, revised performance fee verification procedures, more streamlined reporting and the introduction of stress testing requirements for Money Market RIAIFs.

European Long-Term Investment Funds (ELTIFs)

The ELTIF chapter has also been updated in several areas to align with the updated QIAIF framework. Key enhancements include new LMT provisions for open-ended ELTIFs, clarification of performance fee requirements, preferential treatment disclosure obligations, requirements relating to charity share classes, extension of entities exempt from minimum subscription requirements and consolidated and simplified voting procedures for changes to duration, investment objective and fees.

Separately, the standalone AIF management company chapter has been removed, as AIFs are only required to appoint an authorised or registered AIFM and are not required to appoint a separate AIF management company. Requirements relating to governance and director fitness for an AIF management company are still applicable.

The CBI has also updated the ELTIF, QIAIF and RIAIF application forms to reflect the updated Central Bank AIF Rulebook.

3 CBI NOTICE OF INTENTION ON THE APPLICATION OF ESMA'S LMT GUIDELINES

A

The CBI published a notice of intention regarding the application of ESMA's Guidelines on LMTs of UCITS and open-ended AIFs, confirming CBI expectation of full compliance with the Guidelines after 7 May 2026.

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The notice outlines that fund managers should consider selecting a combination of at least one quantitative-based LMT from Annex IIA of the UCITS Directive and Annex V of the AIFMD (redemption gates, extension of notice periods or redemptions in kind) and one anti-dilution tool from Annex IIA of the UCITS Directive and Annex V of the AIFMD (redemption fees, swing pricing, dual pricing or anti-dilution levy) when selecting LMTs in accordance with Article 18a(2) of the UCITS Directive and Article 16(2b) of the AIFMD, respectively, subject to limited exemptions for money market funds.

The CBI has also published separate good practice guidance on incorporating implicit costs into the calibration of anti-dilution or price-based LMTs (**P-LMTs**). It sets out how fund managers can ensure they have appropriate systems, procedures and controls for the use of P-LMTs as part of everyday liquidity risk management. In particular, the guidance focuses on treatment of implicit costs (including market impact) in the calibration of these tools.

4 CBI BOARD EFFECTIVENESS THEMATIC REVIEW – DIVERSITY AND INCLUSION

A

The CBI published its feedback report on its thematic review of board effectiveness through the lens of diversity and inclusion (D&I) in the fund management company sector. While the review applies directly to UCITS management companies and AIFMs, the CBI has indicated that the findings are relevant more broadly across all regulated firms.

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While the CBI has previously addressed elements of D&I, such as gender balance and independent non-executive director (INED) tenure in earlier thematic reviews of fund management company effectiveness, this is the first standalone D&I focused assessment in the sector. The report reiterates that diversity of thought and inclusion, where differences are valued and integrated into board processes, are key components of board effectiveness and contribute to improved decision-making, governance and oversight.

The CBI expects fund management companies, and regulated firms more generally to:

- review and consider the findings of the report
- assess governance frameworks through a D&I lens, benchmarked against the practices outlined
- address identified gaps or weaknesses
- keep arrangements under ongoing review to ensure they remain fit for purpose.

Scope and overarching themes

The review examined board effectiveness across a range of governance processes, including board, senior management team (SMT) and committee composition (including the role of the organisational effectiveness director), INED appointments, board evaluations, strategic decision-making, succession planning and broader D&I practices such as policies, reporting and training.

The CBI emphasises that diversity extends beyond any single characteristic and includes, among others gender, age, ethnicity and educational and professional background. Central to its analysis is diversity of thought and independence of mind, supported by inclusive practices that ensure different perspectives are actively considered in decision-making.

While examples of good practices were identified, the CBI concluded that further enhancement is required across the sector, with varying levels of understanding and inconsistent embedding of D&I within governance frameworks.

Board, SMT and board committee composition

Good practices included boards and SMTs with diverse professional and educational backgrounds, structured integration of D&I considerations into governance frameworks, board D&I sponsorship and proactive recruitment measures to mitigate bias.

Weaker practices included a narrow focus on observable characteristics (particularly gender) without sufficient consideration of diversity of thought, gender imbalances, limited use of D&I metrics or targets and insufficient board-level training, reporting or sponsorship.

Independent non-executive directors (INEDs)

In most firms, INEDs acted as board chair, which the CBI considers consistent with good governance practice. However, the report highlights inconsistent approaches to the role and value of the independence of mind of INEDs.

Prolonged INED tenure, sometimes exceeding ten years, was observed. Where tenure is prolonged, the CBI expects annual, formal comprehensive assessments of independence and consideration of whether continued use of the INED designation remains appropriate.

Board evaluation

All firms reviewed conducted annual board evaluations, to varying degrees of detail. Good practices demonstrated a more structured and comprehensive approach using a board skills matrix with director self-assessments with supporting rationale and the inclusion of gender diversity within the matrix.

Weaker practices included over reliance on self-assessment questionnaires without broader assessment of e.g. skills gaps and attendance, and D&I considerations, particularly inclusivity being absent from board evaluations.

Succession planning

Good practices included comprehensive succession plans with named successors, defined time horizons, detailed skills matrices, assessment of successor readiness, identification of which skills were missing within the skills matrix and (in one case) a named panel of potential INED successors.

Weaker practices included succession policies that lacked clarity on how succession plans influenced board and executive appointments, lack of D&I consideration (even in firms with diversity targets), outdated plans, poor version control and no assigned responsibility.

Strategic decision-making

Good practices included diverse project teams advising the board, well documented strategic-decision procedures and clear minutes demonstrating challenge and discussion.

Weaker practices included:

- the absence of standalone decision-making policies and documentation of the strategic decision-making process
- key decisions taken outside formal forums without clear summaries or records documented
- insufficient documentation of rationale or challenge
- minutes recording approvals without evidencing discussion, challenge or voting process
- limited use of formal post-decision reviews or "lessons learned" exercises.

5 CBI THEMATIC REVIEW OF OUTSOURCING RISK FOR FUND ADMINISTRATORS AND DEPOSITARIES

A

The CBI published a "Dear CEO" letter setting out the findings of its thematic inspection of outsourcing risk on fund administrators and depositaries, collectively referred to as FSPs.

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The thematic inspection, conducted in 2025, assessed the outsourcing oversight frameworks established by FSPs taking into consideration the good practices for the effective management of outsourcing risk, as outlined in the CBI's cross-industry guidance on outsourcing. For fund administrators, the review also considered the Outsourcing Regulations set out in Part 4 Chapter 2 of the Investment Firms Regulations 2023 and the CBI's related guidance.

The inspection sought to assess FSPs' governance, risk management, and operational processes across three key areas:

- Outsourcing lifecycle. Risk identification and assessment processes (including risk assessments, criticality assessments, due diligence, contracts and SLAs and outsourcing reporting e.g. KPIs and KRIs).
- Governance. Monitoring and reporting of outsourcing risks to the board and / or its committees and assessing the roles of compliance, risk and internal audit.
- Operational oversight. Management of day-to-day operational oversight of outsourced activities (e.g. NAV calculation and sub-custodian oversight).

The CBI found that deficiencies continue to exist in FSPs' outsourcing oversight frameworks. The letter sets out a number of non-exhaustive examples of observed good practices, including:

- establishment of dedicated outsourcing forums or committees
- appointment of a dedicated outsourcing manager
- formal second line of defence sign-off on outsourcing proposals and initial and ongoing risk assessments, as well as independent compliance due diligence and assurance testing
- defined internal outsourcing risk appetite limits and thresholds

- multi-layered risk metrics to monitor e.g. concentration risks, outsourcing incidents, outsourcing engagement, vendor performance and ongoing monitoring. Additionally, FSPs received performance self-certifications / attestations from OSPs

- due diligence and risk assessments completed periodically, on a proportional basis for all OSPs and outsourcing arrangements (not just those deemed critical or important). For depositaries, good practice included sample testing of due diligence reports of the sub-custody network and legal advice obtained and reviewed by network management

- for depositaries, recording prime brokers on outsourcing registers thereby applying the CBI's cross-industry guidance on outsourcing to prime brokers

- for fund administrators, appropriate seniority of the checker and correct sequencing of reviews. Importance of automated maker-checker controls for NAV oversight.

The CBI requires this letter to be brought to the attention of each FSP's board or management body. FSPs should review their existing outsourcing frameworks against the good practices identified and consider what enhancements may be required.

6 CBI THEMATIC REVIEW ON COMPLIANCE FUNCTION IN MIFID FIRMS

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The CBI published the findings of its thematic review on the compliance function in MiFID firms. The key objectives of the thematic assessment were to assess firms' adherence to the compliance function requirements set out in Article 22 of the MiFID II Delegated Regulation and the related ESMA Guidelines. The CBI focused on:

- the adequacy of the compliance function and related compliance framework

- the effectiveness of the compliance planning, monitoring and testing process

- the quality of compliance reporting to the board/ sub-committee(s).

Overall firms demonstrated a good understanding of their obligations in relation to the establishment of an effective compliance function. Positive findings included the active involvement of the compliance function in strategic decision-making regarding new products and business lines and compliance functions with appropriate levels of resources for the nature and scale of their business.

However, several weaknesses were identified. Many firms did not have effective succession plans or contingency arrangements in place to ensure the permanence and effectiveness of the compliance function. Compliance-led training programmes were absent in some firms which may inhibit the development of a strong compliance culture. Some firms also failed to demonstrate that they have an effective compliance monitoring programme in place. Improvements are also required in relation to the quality of board and committee meeting minutes to reflect discussion and challenge of compliance matters.

The CBI expects all MiFID investment firms to consider the contents of the report and conduct a comprehensive self-assessment of their compliance function against the findings.

7 CBI REVIEW FINDINGS ON DEPOSITARIES' COMPLIANCE WITH UCITS AND AIFMD FRAMEWORKS

A

The CBI issued an industry letter setting out the findings of a thematic review of depositaries' compliance with their obligations under the UCITS and AIFMD frameworks identifying some deficiencies in the controls established by depositaries to effectively undertake risk assessments and to effectively identify conflicts of interest. It noted that inadequate risk assessment can lead to depositaries accepting mandates for which they lack the requisite expertise, capacity, processes and independence and devising ineffective oversight procedures.

The review assessed how depositaries evaluate risks associated with the nature, scale and complexity of a fund's investment objective and strategy and the organisation of AIFMs and UCITS management companies (FMCs) both at onboarding and on an ongoing basis. It also examined how actual or potential conflicts of interest involving the fund, FMC, and relevant delegates are identified and managed to ensure depositary independence.

The review focused on three areas:

1. client acceptance and onboarding

2. due diligence processes

3. depositary independence and conflicts management.

The letter sets out a non-exhaustive list of good practices observed during the review to assist depositaries to develop consistent practices. The CBI expects depositaries to consider these good practices and any potential enhancements that should be made to improve their ability to manage risks.

8 CBI CONSULTATION ON GUIDANCE FOR MONEY MARKET FUND WEEKLY LIQUID ASSET LEVELS

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The CBI published Consultation Paper 168 **(CP168)** proposing guidance on weekly liquid asset (**WLA**) levels for money market funds (**MMFs**).

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The proposed guidance sets out the CBI's expectations for MMFs to align their liquidity risk frameworks and WLA with the market resilience levels identified in the European Commission's 2026 report on the adequacy of the Money Market Funds Regulation (**MMFR**) (and related FAQ), supported by increased supervisory scrutiny and engagement where a fund's WLA falls below those levels for a prolonged period of time.

It is intended to implement aspects of the recommendations by the Financial Stability Board (**FSB**), the International Organization of Securities Commissions (**IOSCO**), the European Systemic Risk Board (**ESRB**) and the European Securities and Markets Authority (**ESMA**) to increase the liquidity that MMFs hold and use in times of market stress.

Key aspects of the CP168 proposals include:

WLA market resilience levels (supervisory benchmarks that sit above the existing MMFR minimums of 15% WLA for VNAV and 30% WLA for public debt CNAV/LVNAV MMFs, however daily liquid asset expectations are unchanged) of:

- 20% WLA for VNAV MMFs

- 40% WLA for public debt CNAV and LVNAV MMFs.

Liquidity risk management expectations

- integration of market resilience levels into internal liquidity risk management systems, including within stress testing programmes under Article 28 of the MMFR

- enhanced vigilance where WLA levels approach or fall below the market resilience levels

- escalation and notification requirements, with notification to the CBI required where a fund falls below the levels for a period exceeding ten business days, or where the manager expects a prolonged and/or substantial deviation.

Increased supervisory scrutiny and engagement

- enhanced supervisory engagement by the CBI where an MMF's WLA falls below the market resilience levels for a prolonged period

- potential for more frequent reporting including daily reporting of key risk indicators such as NAV, net subscriptions, WAM, WAL, daily and weekly liquidity buffers, and the difference in basis points between constant NAV and mark-to-market NAV at the onset of stressed market conditions.

The CBI's proposed guidance has been developed in close coordination with the European Commission, the French AMF and the Luxembourg CSSF.

Responses to the consultation should be submitted by stakeholders by 3 August 2026.

9 CBI CONSULTATION ON REGULATORY IMPACT ASSESSMENTS AND ITS APPROACH TO CONSULTATIONS

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The CBI published Consultation Paper 170 (**CP170**) seeking stakeholder views on its proposed approach to Regulatory Impact Assessments (RIA) and public consultation. The paper does not introduce new regulatory requirements or amend existing rules but focuses on the frameworks and processes that support regulatory policy development and communication.

Key points:

- RIA framework: The CBI proposes a structured, proportionate approach to assessing regulatory interventions, including identifying problems, considering options and evaluating potential impacts on consumers, firms and the wider financial system.

- Scope: The RIA approach will apply where the CBI exercises meaningful domestic discretion in developing regulatory policy interventions of general application, particularly where it introduces new obligations, materially amends existing requirements, or otherwise alters the regulatory framework in a way that may have significant effects.

- Consultation timelines: Consultation periods will generally be 12 weeks, with shorter or longer periods depending on the nature, complexity, and timing of the proposal; where a shorter period applies, the CBI would generally expect no less than eight weeks unless specific circumstances require otherwise.

- RIA and consultation: These are treated as connected but distinct tools with consultation informing the RIA evidence base and RIA supporting the development and evaluation of policy options.

The deadline for submissions is 30 September 2026. The CBI intends to publish a formal consultation policy and a feedback statement in addition to this.

10 CBI FINANCIAL STABILITY ASSESSMENTS OF THE NON-BANKING SECTOR

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Irish hedge funds

The CBI published a financial stability assessment of the Irish hedge fund sector, which manages approximately €400 billion in assets.

The CBI concludes that the sector is unlikely to pose a source of systemic risk on a standalone basis, given the diversity of investment strategies employed and the sector's relatively limited footprint in core global financial markets. However, the analysis identifies vulnerabilities within certain hedge fund strategies and notes that financial stability risks may arise where similar positions and exposures are replicated across hedge fund sectors in multiple jurisdictions.

The assessment forms part of the CBI's broader work on non-bank financial intermediation and highlights the importance of monitoring leverage, liquidity and interconnectedness risks within the alternative funds sector. The CBI indicates that it will continue to engage with international authorities and enhance its surveillance of potential cross-border vulnerabilities.

Availability and use of liquidity management tools by open-ended funds

The CBI also published an assessment of the availability and use of liquidity management tools (LMTs) by Irish domiciled open-ended funds.

The analysis found that approximately 85% of Irish domiciled open-ended funds now have at least one LMT available, representing a significant increase over the previous five years. The CBI also notes that the actual use of LMTs continues to lag their availability.

Alongside the assessment, the CBI published good practice guidance on the calibration of price-based LMTs. The guidance focuses on the incorporation of implicit transaction costs, including market impact costs, into the calibration of anti-dilution mechanisms with the objective of promoting greater consistency in the use of LMTs across the sector.

The publication reflects the CBI's increasing focus on the practical implementation of liquidity risk management frameworks and the effective deployment of LMTs as part of normal fund liquidity management, rather than solely during periods of market stress. The CBI indicates that supervisory engagement in this area will continue as part of its broader work to strengthen resilience within the investment funds sector.

11 AMENDMENTS TO IRISH MIFID CLIENT ASSET PROVISIONS

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European Union (Markets in Financial Instruments) (Amendment) (No.2) Regulations 2026 **[S.I. No.81 of 2026]** introduces targeted amendments to the European Union (Markets in Financial Instruments) Regulations 2017 (**MiFID Regulations**).

The changes address situations where third country laws prevent full compliance with Irish client asset segregation requirements and impose enhanced conditions and client disclosure obligations in those cases.

The amendments will apply from 31 August 2026.

12 CBI COMPLETES REVIEW OF ITS FITNESS AND PROBITY PROCESS

A

The CBI published a report confirming the successful completion of all twelve recommendations set out in the Fitness and Probity Gatekeeping Review conducted by Mr Andrea Enria in 2024 (**Review**). The report details the actions taken across the CBI's F&P framework and represents a significant overhaul of the gatekeeping process for individuals seeking approval for PCFs.

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Key actions completed in response to the Review include:

- Consolidated guidance. Consolidated through the publication of revised Guidance on the Standards of Fitness and Probity in November 2025.

- Centralised gatekeeping. The Fitness and Probity Unit was established in January 2025 to centralise gatekeeping responsibilities across all sectors, resulting in enhanced consistency of assessments, streamlined operations and high processing standards.

- Gatekeeping Decisions Committee. A Gatekeeping Decisions Committee was established in March 2025 to provide senior leadership and independence in final decision-making in cases of potential refusal. The Committee is chaired by Deputy Governor McMunn and has seven other members at Head of Division level or above.

- Process manual. The CBI published a Fitness and Probity Gatekeeping Process Manual outlining clear details on what firms and individuals should expect when undergoing the F&P assessment and approval process.

- Complaints procedure. A complaints procedure for F&P assessments has been established with independent third-party reviewer involvement. To date, no complaints have been made through the procedure.

- PCF list consultation. The CBI's list of PCFs was subject to public consultation, with most proposed amendments subject to further consideration by the CBI (see below).

- Consistent performance. 97% of all F&P assessment applications were completed within 90 calendar days, with an average approval time of 50 calendar days.

- Website and content refresh. Redundant content (such as FAQs) has been eliminated and the CBI's website refreshed to improve navigation.

- Staff training and quality assurance. A training programme was delivered to relevant staff with a focus on interviews and decision-making, and periodic deep dives are conducted by the Fitness and Probity Unit to assess process adherence and identify opportunities for improvement.

- Industry engagement: extensive industry engagement has been conducted via on-site events, online workshops and ad hoc engagement.

Next steps in 2026

During H2 2026, the CBI will focus on the output from its review of its list of PCFs, which was signposted at the time the revised Guidance was published. The CBI is targeting end-2026 to outline proposed changes to the PCF list. Relevant F&P material will be further updated following the review of the PCF list in 2026 and the review of the Senior Executive Accountability Regime (SEAR) in 2027 to ensure relevance, integration and ease of reference for industry.

13 CBI UPDATED APPROACH TO SUPERVISION

A

The CBI published an updated version of its 'Our Approach to Supervision' document (**Supervisory Document**). While the CBI's safeguarding outcomes and supervisory principles remain unchanged, and its approach continues to be outcomes focused and risk based, the revised document contains several notable clarifications and changes.

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Key changes

The Supervisory Document now expressly states that the CBI does not operate a "no-failures" regime. Rather, it works to ensure that firms effectively identify and manage risks and mitigate the impacts on consumers, investors and the wider economy should risks crystallise, and will take enforcement action where appropriate.

The description of the risk-based approach has been expanded. The CBI characterises risk based supervision as proactive and forward-looking, focused on remediating issues and delivering fair outcomes, and using its full supervisory toolkit including enforcement rather than adopting a defensive or reactive strategy focused on risk elimination.

The Supervisory Document more clearly distinguishes between two supervisory models:

- Sectoral supervision. The CBI considers each sector as a whole across its safeguarding outcomes and identifies the risks, issues, trends and vulnerabilities that should receive supervisory focus over a multi-year period.

- Close and continuous supervision. The CBI has identified individual firms, from within specific sectors, that could have a significant impact on the achievement of the safeguarding outcomes. These firms are supervised more intensely at an individual level by multi-disciplinary teams and have been notified of this by the CBI. Firms subject to close and continuous supervision will also be supervised under the sectoral supervision approach. The factors that determine whether a firm may be subject to close and continuous supervision, and the risk categories under which they are assessed, remain unchanged.

In addition, the CBI may determine that a firm not subject to close and continuous supervision will receive targeted, more intensive supervision for a period of time due to factors such as the maturity of the firm, past supervisory experience, concerns raised about the firm or significant changes to its business model.

The Supervisory Document confirms that the CBI continues to take a targeted and proportionate approach to the use of its enforcement powers, although the previous statement that strong enforcement outcomes serve to hold firms and individuals to account, deter poor practices and promote expected behaviours has been removed.

The Supervisory Document now specifically references the Individual Accountability Framework (IAF) and the role of the board in contributing to good culture, emphasising that responsibility for risk identification, management and mitigation rests first and foremost with the boards and management teams of firms. The CBI expects that good governance and proactive risk management are priorities for firms and their boards, and that boards set the tone from the top, making an effective culture an integral part of the firm's strategy.

14 CBI SPEECH: NAVIGATING COMPLEXITY

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Gavin Curran, Head of Funds Supervision Division (Capital Markets and Funds), delivered a speech examining the interaction between retail product innovation, evolving distribution models and investor protection, emphasising that, as product complexity increases and distribution to retail investors expands, strong governance in distribution is a key determinant of whether investors are treated fairly.

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The speech, particularly relevant for fund management companies, fund administrators, depositaries and boards, shares the CBI's focus on governance, oversight and accountability across the distribution chain and for how firms evidence investor protection in practice.

The CBI identifies three underlying themes:

- EU policy objective to encourage greater retail participation in capital markets

- how product complexity and distribution trends are changing risk in the retail perimeter

- implications for the fund's ecosystem, particularly fund management companies.

The CBI emphasises that within its conduct framework (including the modernised Consumer Protection Code 2025), business standards, culture, governance and accountability are the practical infrastructure of investor protection.

The CBI stresses that distribution governance is not limited to sales compliance matters but a cross-firm risk encompassing conduct, operational, reputational and market integrity risks. Product manufacturers are expected to take product governance frameworks seriously, the target market assessment must be genuine and rigorous, not box-ticking. Distribution strategies must be appropriate for product complexity and firms must be able to demonstrate to their boards and the CBI that the products they manufacture and distribute are designed to meet genuine investor need and to deliver value.

The CBI provides examples of questions that it expects boards and senior management to be able to answer, that these are questions for product manufacturers, management companies and distributors alike and good governance means joining up responsibilities across functions and firms.

Role of the management company

The CBI emphasises the management company as the governance "anchor" within the fund's ecosystem, with its core functions directly shaping investor outcomes. Its Fund Management Company Guidance makes clear that distribution strategies, including the jurisdictions into which the funds are marketed are governance decisions. Management companies are expected to treat distribution as part of the product lifecycle, not a downstream activity. This is particularly important in delegation models, where delegation does not dilute responsibility and firms must maintain effective oversight.

Administrators and depositaries

Fund administrators perform a central role in maintaining confidence in the regulatory environment, particularly through controls addressing valuation errors and mispricing. Depositaries provide a critical independent control layer through safekeeping and oversight duties, which becomes even more important when complexity increases.

CBI's corporate governance expectations

- Boards and senior management should take genuine ownership of investor protection and ask probing questions such as: are our products delivering value to end investors? Is our target market realistic and evidence based? Are we monitoring outcomes that investors are experiencing and are we taking action when outcomes fall short?

- Robust conflicts management, particularly in retail distribution where revenue sharing arrangements, inducements, tied remuneration structures and the commercial incentives inherent in vertically integrated business models can all create situations in which the interests of the firm diverge from the interests of the investor.

- Investment in the competence and professionalism of staff, including those responsible for the design and oversight of digital distribution channels.

- Firms using data analytics, AI or algorithmic decision-making in their interactions with retail investors must explain how systems work, demonstrate that they are fair and unbiased, and provide redress when things go wrong. The opacity of a 'black box' algorithm is not an acceptable defence for poor investor outcomes. Use of technology must be subject to oversight, testing and review.

- Firms should foster a culture that prioritises the interests of the client.

- Boards must receive regular, timely and comprehensive management information on product performance, investor outcomes, and conduct risks to identify emerging risks and take corrective action before harm crystallises.

15 CBI SPEECH ON NAVIGATING AND RESPONDING TO CHANGE – RESILIENCE, INNOVATION, AND REGULATION IN THE FUNDS SECTOR

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In June 2026, Deputy Governor McMunn addressed the IOB Funds and Asset Management Forum highlighting a number of areas of supervisory focus:

Resilience

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- emphasis on resilience beyond managing liquidity and leverage related risks, including governance, stress testing, the robustness of operational arrangements and the capacity of boards and senior management to make sound decisions under pressure (aligning with MMF CP168).

Delegation

- confirming that the CBI's review of delegation practices in fund management companies has been completed with findings expected shortly.

Tokenisation and AI

- examples of benefits of AI across the funds sector with important questions about AI explainability, accountability, bias and operational resilience
- firms deploying AI must be able to explain how their models work, who is accountable for their outputs, and how they are governed with human oversight remaining paramount and boards and senior management responsible for understanding and governing the activities of the firms they lead
- developments in tokenisation.

16 CBI SPEECH ON ITS APPROACH TO TOKENISED FINANCE

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In a speech on the CBI's approach to tokenised finance, Deputy Governor Madouros reiterated the CBI's broadly supportive stance on tokenisation. He noted its potential to improve efficiency, transparency and market access and the increasing role of DLT within financial market infrastructure, balanced by the need for clear governance, regulatory certainty and investor protection.

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Key takeaways:

- The Eurosystem is progressing a project to enable settlement of DLT-based transactions in central bank money, with an initial launch phase later this year. In addition, the CBI will be supporting the Department of Finance as they lead negotiations to progress the Digital Euro legislation during Ireland's presidency of the Council of the EU
- The Eurosystem has begun accepting DLT-based assets as eligible collateral in monetary policy operations
- Supervision and regulation continue to be responsive to finance innovation, including the CBI's role as National Competent Authority for MiCAR and the use of its Innovation Sandbox. The Deputy Governor noted the CBI's March 2026 discussion paper on tokenisation, asking whether specific elements of the current Irish or EU regulatory or legal frameworks need to evolve
- The CBI is acting as a catalyst for the system to co-ordinate towards better outcomes, including through the Eurosystem's work on a European tokenised financial ecosystem.

17 CBI SPEECH – FINANCIAL CRIME SUPERVISION UPDATE

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Director of Horizontal Supervision of the CBI, Patricia Dunne, highlighted heightened financial crime risks driven by rapid digitalisation, geopolitical instability and technological innovation in her speech to the European Anti-Financial Crime Summit, Dublin. The CBI reaffirmed its risk-based, integrated supervisory approach, with a continued strong focus on the investment funds sector given its scale and international exposure.

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For funds, the CBI flagged ongoing AML/CFT vulnerabilities, including risks of misuse for money laundering, terrorist financing and sanctions breaches. A 2026 thematic review of suspicious transaction reporting **(STRs)** in the funds sector is planned. Enhanced supervisory tools, including enhanced Risk Evaluation Questionnaires, will support firm-level, sectoral and cross-sectoral risk identification.

The CBI emphasised board and senior management accountability for understanding financial crime risks and maintaining proportionate, effective controls. Firms are expected to strengthen monitoring, ensure timely reporting, and align frameworks with evolving EU AML standards.

Overall, financial crime remains a key supervisory priority, with increased scrutiny on governance, controls and data-driven risk management.

Among its supervisory tools, the CBI will use targeted inspections to assess whether firms are meeting their obligations and legal requirements. It will also be assessing how firms understand their ML/TF exposures, and whether their control frameworks are proportionate to those risks.

18 CBI PUBLISHES THIRD AUTHORISATIONS AND GATEKEEPING REPORT

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The CBI published the third edition of its Authorisations and Gatekeeping Report providing a comprehensive overview of authorisation and gatekeeping activity across all regulated sectors in 2025. The CBI reiterates that the timeline from a firm's initial application to authorisation is strongly influenced by:

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- complexity of the proposed application/business model
- completeness and quality of the application, as well as changes made during the process
- applicant's timeliness in responding to queries.

Fund authorisations

- 40% increase in UCITS, RIAIFs and retail ELTIFs
- 32% increase in QIAIFS and professional ELTIFs
- average authorisation timeline 91 calendar days.

Fitness and probity

- 3,032 PCF applications received
- 97% completed within 90-day F&P service standard, with a 50-day average for PCF approvals being issued across all PCF applications
- planned 2026 enhancements include the removal of employer references for most sectors, extension of Garda vetting validity to twelve months, and broadened access to a streamlined assessment process.

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19 CBI MARKETS UPDATES

- **The CBI published issue 5 of its markets update covering:** CBI feedback statement for CP162 (proposed amendments to the central bank AIF rulebook) and revised AIF rulebook published **.**
- **The CBI published issue 6 of its markets update covering:** A notice of intention in relation to the application of the ESMA guidelines on liquidity management tools of UCITS and open-ended AIFs.
- **The CBI published issue 7 of its markets update covering:** ESMA call for evidence on the structure of European equity markets and the central bank publish notice of intention in relation to the application of the ESMA guidelines on stress test scenarios under the money market fund (MMF) regulation.
- **The CBI published issue 8 of its markets update covering:** CP168 guidance on money market fund weekly liquid asset levels and the publication of IOSCO AI supervisory toolkit and industry practices review survey.
- **The CBI published issue 9 of its markets update covering:** EU T+1 industry committee readiness surveys open until 11 June 2026.
- **The CBI published issue 10 of its markets update covering:** EU T+1 readiness deep dive -industry event sponsored by Euroclear and ESMA public statement reminding unauthorised CASPs transitional period ending on 1 July 2026.

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20 SFDR 2.0 EU COUNCIL AND PARLIAMENT POSITIONS

The Council of the EU has now agreed its negotiating position on SFDR 2.0 proposals in advance of trilogue negotiations with the European Parliament and European Commission.

Key amendments that it is seeking to introduce to the European Commission's proposals include:

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- For the proposed sustainable and transition categories, when companies identify and disclose the principal adverse impacts of their investments on sustainability factors, they must make mandatory use of at least three indicators from a list to be provided by the European Commission to support their claims, which should allow for better comparability between financial products

- Investments in companies active in the fossil fuel sector that allocate 20% of their capital expenditure to economic activities aligned with EU taxonomy rules, and with a strategy to reduce greenhouse gas emissions, may be considered for inclusion in the transition category, subject to a fourth mandatory indicator when assessing adverse impacts

- The Council's position includes provision for the inclusion of general-purpose issuances by public sector bodies in the transition category when certain conditions are met

- The disapplication of the categorisation provisions for AIFs offered exclusively to professional investors

- A maximum phase in period of three years for a product to reach the 70% threshold (without prejudice to any shorter or longer periods under applicable Union sectoral legislation), designed in particular to accommodate ramp up time for alternative and private asset strategies.

The agreement on the negotiating mandate allows the Presidency of the Council to start trilogue negotiations with the European Parliament once the Parliament agrees its own position.

The European Parliament has also begun to shape its position, with the rapporteur in the Economic and Monetary Affairs (ECON) Committee publishing a draft report in late April 2026 with amendments to the draft report having been published in June 2026, setting out proposed amendments to the Commission's SFDR 2.0 proposal. This draft reflects the Parliament's initial negotiating stance, but it has not yet been formally adopted. In particular, the draft report must still be approved by the ECON Committee and subsequently adopted in plenary before it becomes the Parliament's formal negotiating mandate.

The European Parliament broadly supports the Commission's three-category product regime ("sustainable", "transition" and "ESG basics"), proposing enhancements on transparency, effectiveness and burden relief. On transparency, the rapporteur would make principal adverse impact (PAI) indicators mandatory for categorised products, require non-categorised products to carry a disclaimer that they do not meet EU sustainable-finance standards, and require pre-contractual disclosures to be suitable for retail investors.

On effectiveness, ESG basics products must outperform after eliminating at least the lowest rated 20%, the CTB/PAB safe harbours would be removed and the taxonomy safe harbour raised from 15% to 20%, already met by 44.1% of current Article 9 funds. On burden relief, entity-level reporting relief would apply immediately, with a 24-month transition period for other provisions.

Next steps

Subject to the Parliament agreeing its position (expected later in 2026), trilogue negotiations between the Council, Parliament and Commission will commence, with a view to reaching political agreement on the final text of SFDR 2.0.

21 ESMA CSA ON MIFID II SUSTAINABILITY

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ESMA published the results of its CSA assessing how investment firms and credit institutions have integrated sustainability requirements into their MiFID II suitability assessment and product governance processes. The CSA found that while firms have made progress, practices remain uneven and further improvements are needed in several areas.

Key findings

- Deficiencies in the way some firms collect clients' suitability preferences, including inconsistent treatment of clients who do not express preferences (i.e., not always treated as "sustainability neutral")

- Different approaches to mapping ESG characteristics of financial instruments, impacting matching products to clients' sustainability preferences.

- Limitations in firms' arrangements for integrating clients' sustainability preferences into the suitability assessment.

- Weaknesses in preference adaptation processes, including instances where firms recommended products before clients had formally adapted their preferences.

- Incomplete record keeping in relation to clients' sustainability preferences, the matching and adaptation process.

- Limited consideration of sustainability related objectives in negative target market assessments for products that do not consider sustainability factors.

ESMA expects firms to strengthen procedures, ensure clear and neutral client communication, apply proportionate product categorisation and maintain robust records. It also invites NCAs to adopt a proportionate approach, prioritising supervisory dialogue over enforcement during the current transitional period, without prejudice to action in cases of clear breaches or mis-selling, while broader reforms to the sustainable finance framework are ongoing.

22 ESMA CSA ON COMPLIANCE AND INTERNAL AUDIT FUNCTIONS

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ESMA published its Final Report (**Report**) on the 2025 Common Supervisory Action (**CSA**), which assessed the establishment of effective compliance and internal audit functions in UCITS management companies and AIFMs. The Annex also contains examples of good and poor practices observed during the assessment.

Key findings – overall

- While the majority of national competent authorities (**NCAs**) reported no regulatory breaches, a few were identified, mostly concerning the independence of the control functions or incomplete reports to senior management.

- A large number of NCAs observed vulnerabilities, such as missing or incomplete internal audit documentation, insufficiently robust compliance risk assessments and a lack of a structured, risk-based approach to assessing and addressing compliance risks.

ESMA's views and conclusions

ESMA encourages NCAs to follow up on the breaches and vulnerabilities identified, to better understand their root causes and to ensure that relevant entities take effective remedial actions in a timely manner.

ESMA encourages NCAs to:

- verify that comprehensive internal control mechanisms are in place, including clear reporting lines, compulsory training programs, regularly updated risk assessments, comprehensive compliance monitoring plans, regular compliance controls and monitoring of remedial actions. NCAs should be satisfied that such mechanisms detect any risks of failure with obligations under the AIFMD and UCITS Directive.

- verify that the appropriate written documentation and recordkeeping arrangements are put in place to enable review of compliance with the applicable rules (such as records/logs for monitoring breaches, conflicts of interest, related party transactions).

- ensure that the compliance and internal audit functions have the necessary resources in terms of FTEs to perform their tasks properly and that organisational arrangements are in place to provide a strong role for their functions within the organisation. ESMA highlights that managers always remain responsible for ensuring that the compliance and internal audit functions operate in accordance with the applicable rules, including where third parties are entrusted to perform the relevant tasks.

- ensure that the compliance function has the necessary authority within the organisation and that the method of determining the remuneration of the relevant persons does not compromise their objectivity. Organisational policies and procedures should also include a clearly defined escalation procedure in case of disagreement between control functions and operational units.

- verify that the compliance and internal audit functions operate independently from operational functions, and that organisational structures ensure all key risks are assessed by individuals with sufficient knowledge and experience who are independent from operational functions. Where proportionality arguments are invoked to justify a lower level of independence, ESMA encourages NCAs to assess such cases in light of the size, type, nature, range and complexity of the compliance and internal audit functions.

- ensure that the compliance function monitors the quality and application of the internal processes of operational units in order to minimise the risk of non-compliance. The compliance function should receive all necessary information (e.g. all periodic reports of risk management and internal audit). In cases of violation of relevant rules (e.g. investment limit breaches), the compliance function should be informed in a timely and documented manner to enable it to assess and mitigate relevant risks.

ESMA also stresses that managers that are subsidiaries of banking groups should be aware that risk assessment methodologies and tools provided by the parent company may lead to underestimating relevant local risks. Managers should not rely solely on the group risk assessment but should develop their own where the group risk assessment does not gather properly the risks applicable to the manager's business.

The compliance risk assessment should at least take into consideration the business areas, types of products and services, distribution channels and categories of investors. The evaluation of the compliance risk should inform the establishment of the compliance monitoring plan.

23 IOSCO FINAL REPORT ON VALUING COLLECTIVE INVESTMENT SCHEMES (CIS)

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IOSCO published its final report on valuing collective investment schemes (**CIS**) setting out updated recommendations to enhance the reliability, consistency and transparency of valuation practices across global investment funds.

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The report updates and consolidates its **2007 Hedge Fund Principles and 2013 CIS Principles** into 13 recommendations on CIS valuation practices applying broadly to registered/authorised public open-ended funds (including ETFs but excluding MMFs).

Key areas include:

- Valuation policies and procedures, governance, and oversight arrangements, including governance under stressed market conditions
- Management of conflicts of interest
- Fair value methodology, including back testing and calibration
- Price overrides policies and procedures and oversight
- Periodic (at least annual) review of valuation policies and procedures
- Enhanced due diligence requirements for third-party valuation service providers
- Processes relating to valuation consistency, pricing errors and timely valuation
- New recommendation on record keeping

The recommendations reflect increased CIS exposure to less liquid and private assets and lessons from recent market stress episodes. For closed-ended funds and other funds outside scope, the recommendations may serve as good practices.

24 ESMA SPEECH ON PRIORITIES FOR THE EUROPEAN ASSET MANAGEMENT SECTOR

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On 12 June 2026, ESMA Chair Verena Ross addressed EFAMA's Annual General Meeting, setting out four strategic priorities for the European asset management sector:

- streamlining funds reporting, including its final report on integrated data collection which envisages a single EU reporting template to replace fragmented national and EU obligations, with initial implementation under AIFMD and the UCITS Directive. A consultation on draft technical standards is expected by end-2026, with final proposals in H1 2027.
- the potential of distributed ledger technology (DLT) and fund tokenisation to enhance operational efficiency and distribution while emphasising the need for legal certainty, interoperability and robust investor protection.
- that markets have remained broadly resilient despite geopolitical tensions and tighter financial conditions but cautioned that vulnerabilities persist, highlighting valuation pressures, leverage, liquidity management and the growth of private credit as continuing supervisory focus areas.
- its support for the Retail Investment Strategy and the Savings and Investments Union, with a focus on simplifying disclosures (including PRIIPs KIDs) and improving cost transparency to enhance investor outcomes.

25 ESMA SUPERVISORY PRIORITIES AND DEFERRALS

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ESMA published its annual letter (Prioritisation of 2026 ESMA deliverables) on the prioritisation of deliverables under its 2026 Annual Work Programme. ESMA has identified a number of planned policy deliverables, including certain AIFMD/UCITSD guidelines that will be postponed or deprioritised, primarily due to potential overlap with the Market Integration and Supervision Package (MISP) proposal and the broader simplification and burden reduction agenda.

Resources freed up from these deferrals will be redirected to ESMA's highest priority workstreams for 2026.

These include:

- preparation for the supervision and authorisation of consolidated tape providers and ESG rating providers,
- T+1 settlement preparation,
- targeted convergence actions to support effective MiCA implementation,
- assessing the impact of tokenisation and monitoring risks arising from geopolitical instability,
- EMIR 3 implementation,
- delivery of Phase 1 of the European Single Access Point (ESAP), and
- preliminary work on new legislative files such as the Retail Investment Strategy.

26 ESMA SIMPLIFICATION OF EU REPORTING FRAMEWORKS

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ESMA launched a harmonised approach to funds reporting and has set a clear path towards streamlined, more efficient transaction reporting across European markets. The two reports form part of ESMA's wider simplification and burden reduction agenda, to address growing complexity and operational costs stemming from EU reporting requirements.

Final Report on the integrated collection of funds' data (AIFMD II)

In the report, ESMA sets out a strategic move away from fragmented national reporting towards a common EU reporting framework, centred on a common and single reporting template designed to remain proportionate for different fund sizes and investment strategies, while meeting supervisory needs. The aim is to reduce duplication, improve data consistency and enhance the usability of data for authorities. To support this approach, ESMA outlines a hybrid operational model, under which data validation, storage and analytics would be organised at EU level, while data collection would remain at national level. By facilitating data sharing across authorities, the centralised hub will offer efficiency gains not only for authorities but will also contribute further to burden reduction by limiting duplicative data requests.

Next steps on funds reporting include the development of regulatory and implementing technical standards (**RTS**, **ITS**), that will be presented next year. After that, the implementation of the new template and the rest of recommendations will be gradually introduced, with the first phase focusing on the integration of reporting under AIFMD and UCITS, and the second phase that would expand the integrated framework to other reporting obligations.

Interim report on transaction reporting

Based on the feedback received from more than 100 respondents to the previous call for evidence on transaction reporting simplification, ESMA has identified the main challenges in the current reporting frameworks, and the most promising approaches to overcome them: instrument-based and dual-side simplifications and the implementation of a "report once" framework across EMIR, MiFIR and SFTR in the long term. Most respondents indicated that overlapping and inconsistent reporting requirements, frequent and unsynchronised regulatory changes, fragmented reporting channels and dual reporting are major drivers of cost and complexity.

Considering the need to perform a thorough cost-benefit analysis, the report does not contain policy recommendations yet. As part of the next steps, ESMA will further engage with market participants, including through an open hearing, held on 28 May, before moving forward with final recommendations to be published by mid-year.

27 EUROPEAN COMMISSION REPORT AND FAQ ON EU MONEY MARKET FUNDS REGULATION

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The EU's regulatory framework for MMFs continues to perform well, according to a European Commission report. The report finds that the market would benefit from additional guidance, which the Commission has issued alongside the report in the form of frequently asked questions (FAQs).

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The report provides, alongside the FAQs, key additional guidance and aims to support more consistent and well-calibrated supervision of MMFs across the EU, strengthening the resilience of the sector.

The EU's MMF regulatory framework is in application since 2018. The Commission's first report, published in 2023, found the framework had performed well over time, including during market stress, while noting that certain areas warranted further assessment. Building on those conclusions, this analysis confirms that MMFs generally take a cautious approach, keeping liquidity reserves above the regulatory minimum.

The FAQs provide guidance on MMFs' minimum liquidity levels and on how liquidity buffers may be used, particularly to meet rising redemption requests during times of market stress.

28 ESMA CONSULTATION ON A NEW SIMPLIFIED APPROACH TO UPDATING MMF STRESS TEST PARAMETERS

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ESMA proposes to replace the annual amendments to Section 5 of the MMF stress test Guidelines with an annual web-published set of calibration parameters. The Guidelines would continue to define the stress testing framework and methodology, while the website would serve as a single point of access so market participants can apply updated parameters immediately after approval.

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The measure aims to simplify the update process, improve accessibility and reduce compliance and supervisory burden under ESMA's simplification and burden reduction initiative.

Responses are due by 6 August 2026. ESMA expects to publish a final report in H2 2026 and to apply the new procedure with the next update at the end of 2026.

29 EUROPEAN COMMISSION ADOPTS RTS UNDER EU RATINGS REGULATION

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The European Commission adopted two draft Delegated Regulations supplementing the ESG Ratings Regulation. ESMA consulted on the draft RTS in May 2025.

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- Draft Delegated Regulation with regard to RTS specifying the measures and safeguards to be implemented by ESG rating providers to separate their ESG rating activities from their other activities
- Draft Delegated Regulation with regard to RTS specifying the elements of ESG rating products to be disclosed to the public and to users of ESG ratings, rated items and issuers of rated items

The Commission also adopted draft Delegated Regulations on fees to be charged by ESMA to ESG rating providers and on rules of procedure on fines and periodic penalty payments imposed by ESMA on ESG rating providers.

30 NEW MIFID II RTS ON ORDER EXECUTION POLICIES

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The European Commission adopted a Delegated Regulation setting out new RTS under Article 27 of MiFID II (as amended by MiFID III) on investment firms' order execution policies. The RTS will replace the existing MiFID II best-execution RTS (Delegated Regulations (EU) 2017/575 and 2017/576) once they apply.

The RTS applies directly to MiFID investment firms when executing or transmitting client orders.

Among other things the RTS set out rules on:

- selecting execution venues to enable investment firms to consistently achieve the best results when executing client orders
- monitoring investment firms' execution policies
- periodically assessing the effectiveness of investment firms' order execution policies

The Delegated Regulation will apply 18 months after its entry into force, providing a transition period for MiFID firms to update policies, procedures and systems.

31 EMIR 3 ACTIVE ACCOUNT REQUIREMENT

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ESMA has published reporting templates and instructions for the active account requirement (**AAR**) under Article 7a of EMIR, as amended by EMIR 3 (*(EU) 2024/2987*). The templates set out how in-scope entities should report information to their competent authorities. They cover counterparty information, activities and risk exposures, the representative obligation and operational conditions.

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The first AAR report is due on 31 July 2026, covering the period from 25 June 2025 to 30 June 2026 with reporting to continue on a six-monthly basis (31 January and 31 July).

The AAR applies to interest rate derivatives denominated in euro, Polish zloty and short-term interest rate (**STIR**) derivatives denominated in euro. In-scope counterparties who exceed the €3bn clearing threshold in the relevant asset classes must hold active accounts with EU CCPs and clear a representative number of transactions through them.

32 MAR DELEGATED REGULATIONS ON DISCLOSURES AND TRADING

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The European Commission adopted the following Delegated Regulations:

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- Delegated Regulation supplementing the Market Abuse Regulation (**MAR**) as regards disclosure of inside information in protracted processes and delay of disclosure.

- Amendments to the Listing Act excluded intermediate steps in protracted processes from the disclosure obligation and clarifying when delayed disclosure is permitted.

- Adopted under Article 17(12) MAR, the Delegated Regulation establishes a non-exhaustive list of final events or final circumstances in protracted processes that require disclosure and the timing thereof (Annex I). It also sets out situations where the inside information whose disclosure is intended to be delayed is in contrast with the latest public announcement or communication by the issuer or emission allowance market participant on the same subject (Annex II).

- Delegated Regulation amending Delegated Regulation (EU) 2016/522 as regards the permission for trading during closed periods, the list of designated trading venues that have a significant cross-border dimension in the supervision of market abuse, and the indicators of market manipulation.

- The amendments reflect the broader scope of the exemptions from the prohibition for persons discharging managerial responsibilities (**PDMRs**) to trade during closed periods in Article 19(12) of MAR.

They also establish a list of designated trading venues for the purpose of implementing the mechanism to exchange order data referred to in Article 25a of MAR relating to shares.

The amendments also update the practices specifying the indicators of market manipulation, to account for technical developments, such as algorithmic trading.

The disclosure Delegated Regulation will enter into force three days after its publication in the Official Journal of the European Union while the trading Delegated Regulation will enter into force 20 days after publication.

33 ECON DRAFT REPORTS ON MARKET INTEGRATION AND SUPERVISION PACKAGE

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The European Commission's Market Integration and Supervision Package (MISP), a central pillar of the EU's Savings and Investments Union strategy, moved into the European Parliament’s scrutiny phase in June 2026 following publication of draft reports by the European Parliament’s ECON Committee:

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- Draft report on the proposed Regulation on the further development of capital market integration and supervision (MISP Regulation)
- Draft report on the proposed Directive on the further development of capital market integration and supervision (MISP Directive)
- Draft report on the proposed Regulation on settlement finality.

Ireland assumed the Council Presidency from Cyprus with strong political backing to advance the package.

ECON members may table further amendments by 16 July 2026, and ECON is expected to vote on its negotiating position in early December 2026.

34 MIFID II – RESEARCH UNBUNDLING CHANGES APPLY

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From 6 June 2026, amendments under the EU Listing Act permit the re-bundling of research and execution payments for certain market capitalisation segments, reversing aspects of the MiFID II inducements regime. Asset managers and MiFID firms should assess their research procurement arrangements and related disclosure obligations in light of these changes.

35 EU TRANSITION TO T+1 SETTLEMENT – ESMA CONSULTATION

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ESMA has opened a consultation (Consultation on Amendments to the Guidelines on standardised procedures and messaging protocols under CSDR from 26 May 2026 to 7 July 2026) on proposed revisions to post-trade guidelines under CSDR as part of preparations for the EU’s move to a T+1 settlement cycle.

This consultation paper is primarily addressed to investment firms, credit institutions, their professional clients, central securities depositories (CSDs) and CSD participants.

The changes are intended to promote more efficient and consistent allocation and confirmation processes, including greater reliance on structured electronic messaging. The EU’s move to T+1 will take effect on 11 October 2027.

Stakeholders are invited to submit feedback by 7 July and ESMA expects to publish the final report and updated guidelines by October 2026.

36 ESMA CALL FOR EVIDENCE ON RESTRICTED SUBSCRIPTION AND PRIVATE CREDIT RATINGS

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ESMA launched a call for evidence to gather stakeholder views on the purposes, market practices, needs and risks associated with restricted subscription and private credit ratings. ESMA is encouraging all interested stakeholders to share views, data and analysis including:

- the characteristics and use cases of restricted subscription and private credit ratings, including their benefits compared with publicly disclosed ratings

- the characteristics of the parties who are contracting for restricted subscription and private credit ratings and those to whom they are disclosed or distributed

- evidence on whether, and to what extent, the analytical processes, governance arrangements, and internal controls applied to restricted subscription and private credit ratings are comparable to those applied to public credit ratings.

The deadline for responses was 31 May 2026.

37 AMLA CONSULTS ON BUSINESS-WIDE RISK ASSESSMENTS AND GROUP-WIDE AML/CFT REQUIREMENTS

AMLA launched two consultations under Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (**AML Regulation**) as follows:

- draft guidelines on the business-wide risk assessment (**BWRA**)
- draft regulatory technical standards (**RTS**) on group-wide requirements and additional measures on branches and subsidiaries in third countries

Consultation on draft guidelines on the BWRA

Article 10(1) of the AML Regulation requires obliged entities to take appropriate measures, proportionate to the nature of their business, including its risks and complexity, and their size, to identify and assess the risks of money laundering (**ML**) and terrorist financing (**TF**) to which they are exposed, as well as the risks of non-implementation and evasion of targeted financial sanctions (**TFS**). The draft BWRA guidelines propose to clarify these obligations by setting out:

- the minimum requirements for the content of the BWRA drawn up by obliged entities under Article 10(1)

- additional sources of information to be taken into account when carrying out the BWRA

The BWRA is positioned as a central element of the risk-based approach. It is intended to enable obliged entities to understand the risks arising from their business model, customers, products, services and transactions, delivery channels and geographical exposure. The draft guidelines propose four minimum requirements that can be applied across all types of obliged entities when conducting their BWRA. In adhering to these minimum requirements, the draft guidelines stress the obliged entities' responsibility to take ownership of their BWRA and ensure that it is proportionate to their individual specificities and complexity.

The draft guidelines also provide a list of additional sources of information to be taken into account in addition to those already listed in Article 10(1) of the AMLR.

Comments can be made until 15 July 2026. AMLA held a public hearing on the draft guidelines on 28 May 2026 and intends to issue the final guidelines in Q4 2026.

Consultation on draft RTS on group-wide requirements and additional measures on branches and subsidiaries in third countries

Articles 16 and 17 of the AML Regulation cover the regulatory provisions regarding the design and implementation of group-wide AML/CFT frameworks, including their application across cross-border group structures and in situations where branches or subsidiaries operate in third countries. The draft RTS address:

- organisational aspects related to group-wide requirements, including minimum requirements for group-wide policies, procedures and controls
- provisions relating to information sharing among entities of a group
- criteria for identifying the EU parent undertaking in cases of two or more obliged entities in the EU belonging to a head office in a third country
- the extension of group-wide requirements to structures other than groups.

AMLA will submit the final draft RTS to the European Commission by 30 September 2026.

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38 AMLA REPORTING PACKAGE TO IDENTIFY ENTITIES FOR DIRECT SUPERVISION

AMLA published a reporting package for national supervisors to use when identifying provisionally eligible obliged entities that will come under AMLA's direct supervision from 2028.

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AMLA hosted a public webinar on 10 June 2026 offering a practical walkthrough of the template. More information will follow in due course. National supervisors will collect data by 15 August 2026.

An error correction and alignment phase will follow in coordination with home supervisors. The provisional list of eligible obliged entities is expected to be finalised by end-September 2026.

39 AMLA CONSULTATION ON DRAFT GUIDELINES ON ONGOING MONITORING OF BUSINESS RELATIONSHIPS UNDER THE AML REGULATION

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The EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (**AMLA**) published a consultation paper on draft guidelines on ongoing monitoring of business relationships under Article 26(5) of Regulation (EU) 2024/1624 (the **AML Regulation** or **AMLR**). AMLA emphasises proportionality, cross-sectoral applicability and sound business-wide risk assessment as the basis for effective ongoing monitoring. The draft also highlights the need for clear governance, adequate documentation, appropriate staff training, and the responsible use of advanced analytical tools, supported by effective human oversight, where needed.

Article 26 requires obliged entities to conduct customer due diligence (**CDD**) reviews periodically and on an ongoing basis to identify relevant changes in customer information. Article 26(5) mandates AMLA to issue guidelines on ongoing monitoring of business relationships and related transactions and activities.

Key elements of the draft guidelines include:

- customer documents, data and information must be kept up to date, through periodic and event-driven reviews. The draft outlines sources of information that may be used to update CDD information and examples of information that obliged entities should consider and assess during periodic customer information reviews, and event-trigger reviews

- how obliged entities should design, implement and test monitoring frameworks to detect unusual or suspicious transactions and activities. It sets out proportionate approaches, including the use of manual, automated or semi-automated processes and controls and, where appropriate, advanced analytical tools. It also establishes expectations for the effective assessment and escalation of monitoring outputs and reinforces the importance of integration of monitoring with CDD to support a holistic and up-to-date understanding of customer behaviour.

The deadline for responses is 3 September 2026 with final guidelines expected in Q4 2026.

Glossary

AI	Artificial Intelligence Technologies
AIF	Alternative Investment Fund.
AIFM	Alternative Investment Fund Manager.
AIFMD	Directive 2011/61/EU, as amended, the Alternative Investment Fund Managers Directive.
AIFMD II	Directive (EU) 2024/927 amending the UCITS Directive and AIFMD as regards delegation arrangements, liquidity risk management, supervisory reporting, depositary and custody services and loan origination
AIFM Regulations	S.I. 257 of 2013, as amended by S.I. 379 of 2014, S.I. 428 of 2019, S.I. 414 of 2021, S.I. 630 of 2023 and S.I. 181 of 2026.
AIF Rulebook	AIF Rulebook issued by the CBI.
Amending Taxonomy Climate Delegated Act	Commission Delegated Regulation (EU) 2023/2485.
AMLA	EU anti-money laundering authority.
AMLA Regulation	Regulation (EU) 2024/1620 establishes the EU Anti-Money Laundering Authority or AMLA which commences operation from 1 July 2025. AMLA will produce technical standards.
AML/CFT	Anti-money laundering and combatting the financing of terrorism.
AML Single Rulebook	Regulation (EU) 2024/1624, the Anti-Money Laundering Regulation will take effect (generally) from 10 July 2027. The AML Single Rulebook will have direct effect and will harmonise AML/CFT rules throughout the EU.
4AMLD	Fourth Anti-Money Laundering Directive, Directive (EU) 2015/849.
5AMLD	Fifth Anti-Money Laundering Directive, Directive (EU) 2018/843.
6AMLD	Directive (EU) 2024/1640, the Sixth Anti-Money Laundering Directive, will replace the Fourth and Fifth Anti-Money Laundering Directives. It is to be transposed (generally) by Member States by 10 July 2027.
ASP	The CBI's administrative sanctions procedure.
AUM	Assets Under Management.

BMR or Benchmarks Regulation	Regulation (EU) 2016/1011, the Regulation on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, amended by Regulation (EU) 2025/914
Better Finance	The European Federation of Investors and Financial Services Users, a public interest non-governmental organisation. It was established to advocate and defend the interests of European citizens as financial services users at European level to lawmakers and the public in order to promote research, information and training on investments, savings and personal finances. The Better Finance report noted a large variation (from 51% to 95%) in the gross revenues generated by securities lending transactions that were returned to UCITS investors in some jurisdictions (DE, FR, IE, LU). This raised concerns with regards to the compliance with the Guidelines.
CBDF	Directive (EU) 2019/1160 amending the UCITS Directive and the AIFMD with regard to the cross-border distribution of collective investment undertakings; and Regulation (EU) 2019/1156 on facilitating cross-border distribution of collective investment undertakings and amending the EuVECA and EuSEF Regulation, and the PRIIPs Regulation.
CBI AML Guidelines	CBI Anti-Money Laundering and Countering the Financing of Terrorism Guidelines for the Financial Sector.
CBI	Central Bank of Ireland.
CBI UCITS Regulations	S.I. 230 of 2019 as amended by S.I. 565 of 2023.
CBI Central RBO	Central register of beneficial ownership for CFV, hosted by the CBI.
CCF	Common Contractual Fund.
CCP	Central Counterparty.
CDD	Customer Due Diligence.
CF	Controlled Function under the CBI Fitness & Probity Regime.
CfE	Call for Evidence.
CFV	Certain Financial Vehicles (includes ICAVs, Unit Trusts, ILPs, CCFs).
CIS	Collective Investment Scheme.
CIU	Collective Investment Undertaking.
CJA	Criminal Justice (Money Laundering and Terrorist Financing) Acts, 2010 to 2021.

Climate Delegated Act	Delegated Regulation (EU) 2021/2139.
CMU	Capital Markets Union.
Commission	The European Commission.
CP86	CBI consultation process on fund management effectiveness and the resulting guidance and correspondence.
CRD	Capital Requirements Directive IV.
CRE	Commercial Real Estate.
CRR	Regulation (EU) No 575/2013 Capital Requirements Regulation
CSA	Common Supervisory Action.
CSDDD	Directive 2024/1760 on corporate sustainability due diligence
CSDs	Central securities depositories
CSDR	Regulation (EU) No 909/2014, the Central Securities Depository Regulation.
CSRD	Directive 2022/2464/EU, the Corporate Sustainability Reporting Directive.
CSSF	Commission de Surveillance du Secteur Financier.
CTB	Climate Transition Benchmark.
DAoFI	Depositaries of Assets other than Financial Instruments.
Depositary Safe-Keeping Regulation (AIFMD)	Delegated Regulation 2018/1618 amending Delegated Regulation (EU) 231/2013 as regards safe-keeping duties of depositaries under AIFMD.
Depositary Safe-Keeping Regulation (UCITS)	Delegated Regulation 2018/1619 amending Delegated Regulation (EU) 2016/438 as regards safe-keeping duties of depositaries under UCITS.
Disclosures Delegated Act	Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation.
DNSH	Do Not Significantly Harm (in the context of ESG).
DoF	Department of Finance.

DoJ	Department of Justice.
DORA	Regulation (EU) 2022/2554 on digital operational resilience for the financial sector and Directive (EU) 2022/2556 as regards digital operational resilience for the financial sector.
DP	Designated Person.
DPF	Data Privacy Shield, the successor to the EU – US Privacy Shield.
EBA	European Banking Authority.
ECB	European Central Bank.
ECDD	Enhanced Customer Due Diligence.
ECON	European Parliament's Economic and Monetary Affairs Committee.
EEA	European Economic Area.
EDPS	European Data Protection Supervisor.
EIOPA	European Insurance and Occupational Pensions Authority.
Eligible Assets Directive	Directive 2007/16/EC.
ELTIF	European Long-Term Investment Fund.
ELTIF 1.0	Regulation (EU) 2015/760 on European long-term investment funds.
ELTIF 2.0	Regulation (EU) 2023/606, amending ELTIF 1.0.
EMIR	European Markets Infrastructure Regulation or Regulation (EU) No 648/2012 of 4 July 2012 on OTC derivatives, CCPs and trade repositories.
EMIR 3.0	Regulation (EU) 2024/2987
EPM	Efficient portfolio management.
ESAs	European Supervisory Authorities (EIOPA, EBA and ESMA).
ESAP	The European Single Access Point provided for in Regulation (EU) 2023/2859 to provide a 'single point of access' platform for public financial, non-financial and sustainability-related information about EU entities and EU financial products.
ESG	Environmental, Social and Governance.
ESMA	European Securities and Markets Authority.

ESRB	European Systemic Risk Board.
ESRS	European Sustainability Reporting Standards for use by companies subject to the reporting requirements of the CSRD.
ETF	Exchange-Traded Fund.
EU	European Union.
EU HRTC	EU high-risk third country under 4AMLD
EuSEF	European Social Entrepreneurship Fund.
EuVECA	European Venture Capital Fund.
FDI	Financial Derivative Instrument(s)
F&P	CBI Fitness and Probity regime which aims to ensure that persons in senior positions are competent and capable, honest, ethical, have integrity and are financially sound.
FAQ	Frequently Asked Questions.
FATF	Financial Action Task Force.
FC	Financial Counterparty.
FCA	The UK's Financial Conduct Authority
FIU	Financial Intelligence Unit (in Ireland, the FIU is located within the Garda National Economic Crime Bureau).
FMC	See Fund ManCo below.
FMP	Financial Market Participant (particularly in the context of ESG).
FoF	Fund of Funds.
FSB	Financial Stability Board.
FSMA	The UK's Financial Services and Markets Act, 2023.
FSP	Fund Service Provider.
FTE	Full-Time Equivalent, which is a unit to measure employed persons in a way that makes them comparable although they may work a different number of hours per week. The unit is obtained by comparing an employee's average number of hours worked to the average number of hours of a full-time worker. A full-time person is therefore counted as one FTE, while a part-time worker gets a score in proportion to the hours he or she works. For example, a

	part-time worker employed for 20 hours a week where full-time work consists of 40 hours, is counted as 0.5 FTE.
Fund ManCo or FMC	Any of UCITS management companies; Self-managed UCITS investment companies/ICAVs; Authorised AIFMs; and Internally managed AIF investment companies/ICAVs.
GDPR	EU General Data Protection Regulation (EU 2016/679).
IAF	Individual Accountability Framework.
IAF Act	The Central Bank (Individual Accountability Framework) Act 2023.
ICAV	Irish Collective Asset-management Vehicle.
ICAV Acts	Irish Collective Asset-management Vehicle Acts 2015 and 2020.
ICT	Information and Communication Technologies.
IFD	Investment Firms Directive - Directive (EU) 2019/2034 on the prudential supervision of investment firms.
IFR	Investment Firms Regulation - Regulation (EU) 2019/2033 on the prudential requirements of investment firms.
ILP	Investment Limited Partnership.
ILP Acts	The Investment Limited Partnerships Acts 1994 and 2020.
ILP (Amendment) Act 2020	The Investment Limited Partnerships (Amendment) Act 2020.
INED	Independent Non-Executive Director.
Investment Funds, Companies and Miscellaneous Provisions Acts	Investment Funds, Companies and Miscellaneous Provisions Acts 2005 and 2020.
IOSCO	International Organisation of Securities Commission.
IPM	Individual Portfolio Management.
IQ	Individual Questionnaire.
IREF	Irish Real Estate fund.
Irish Funds	Irish Funds (previously the Irish Funds Industry Association).
ITS	Implementing Technical Standards.
KIID	Key Investor Information Document.
KPI	Key Performance Indicator.

LDI	Liability Driven Investment.
Listing Act	The Listing Act aims to simplify the listing rules for companies that want to list on public stock exchanges, while also preserving transparency, investor protection and market integrity. It seeks to counter the fragmentation of national laws that restrict the flexibility of companies to issue multiple-vote shares when going public, which is particularly important for innovative scale-ups.
LMT	Liquidity Management Tool.
LO AIFs	LO AIFs means loan-originating alternative investment funds under AIFMD
LOQIAIF	Loan Originating Qualifying Investor Alternative Investment Fund.
Low Carbon Benchmarks Regulation	Regulation (EU) 2019/2089 amending the Benchmarks Regulation as regards EU climate transition benchmarks, EU Paris-aligned benchmarks and sustainability-related disclosures for benchmarks.
LRM	Liquidity Risk Management.
LST	Liquidity Stress Testing.
ManCo	Management Company.
MICA	Markets in Crypto-Assets (MiCA) Regulation.
MiFID II	Markets in Financial Instruments Directive II (2014/65/EU).
MiFID II Regulations	European Union (Markets in Financial Instruments) Regulations 2017 (S.I. No. 375 of 2017).
MiFIR	Markets in Financial Instruments Regulation (EU 600/2014).
ML	Money Laundering.
MMF	Money Market Fund.
MMFR	Regulation (EU) 2017/1131 on MMFs.
MOP	Multi-option Product.
MoU	Memorandum of Understanding.
MRF	Mutual Recognition Framework
NAV	Net Asset Value.
NBFI	Non-Bank Financial Intermediation.

NCA	National Competent Authority.
NFC	Non-Financial Counterparty.
NFRD	Directive 2014/95/EU, the Non-Financial Reporting Directive.
OECD	Organisation for Economic Co-operation and Development.
OEF	Open-Ended Fund.
OFR	UK's Overseas Funds Regime.
Omnibus I	Directive (EU) 2025/794
OJ	Official Journal of the EU.
ONR	CBI Online Reporting System.
OTC	Over The Counter (derivative).
PAB	Paris-aligned benchmark.
PAI	Principal Adverse Impacts.
PCF	Pre-Approval Controlled Function under the CBI Fitness & Probity Regime.
PEP	Politically Exposed Person (AML/CFT context).
PEPP	Pan-European Personal Pension product (The development of a common European framework for personal pensions forms part of the EU's CMU agenda).
PIE	Public Interest Entity.
PPSN	Personal Public Service Number.
PRIIPs KID	Key Information Document required for Packaged Retail and Insurance-based Investment Products under the PRIIPs Regulation.
PRIIPs Regulation	Regulation (EU) No. 1286/2014, supplemented by the PRIIPs delegated PRIIPs regulation, Commission Delegated Regulation (EU) 2021/2268.
PRISM	CBI's risk-based framework for the supervision of regulated firms (Probability Risk and Impact System).
PSF	the EU platform on sustainable finance (an advisory body to the European Commission)

QIAIF	Qualifying Investor AIF.
REIT	Real Estate Investment Trust.
RFSP	Regulated Financial Service Provider (includes UCITS ManCos, AIFMs, SMICs and internally managed AIFs).
RIAIF	Retail Investor AIF.
RMP	Risk Management Process.
RTS	Regulatory Technical Standards.
SEAR	Senior Executive Accountability Regime.
SFC	Hong Kong Securities and Futures Commission
SFDR or SFDR Level 1	Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector.
SFDR Level 2	Regulation (EU) 2022/1288 on sustainability-related disclosures in the financial services sector.
SFTR	Securities Financing Transaction is an EU Regulation 2015/2365 on transparency of securities financing transactions and of reuse (SFTR) and amending Regulation (EU) No 648/2012.
SIA	Savings and investment accounts under the SIU.
SIU	Savings and investments union
SIVC	Sustainable Investment Value Chain.
SMIC	Self-Managed Investment Company.
SRD II	Directive (EU) 2017/828 the Second Shareholders' Rights Directive.
SRD II Regulations	S.I. 81 of 2020.
STOR	Suspicious Transaction and Order Report under the Market Abuse Regime.
STR	Suspicious Transaction Report (AML/CFT).
Taxonomy Regulation	Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, and amending the Disclosure Regulation.

Taxonomy Climate Delegated Act	Delegated Regulation (EU) 2021/2139 supplementing Regulation (EU) 2020/852 as amended by Commission Delegated Regulation (EU) 2023/2485 (Amending Taxonomy Climate Delegated Act).
Taxonomy Complementary Climate Delegated Act	Regulation (EU) 2022/1214 (made under the Taxonomy Regulation).
Taxonomy Environmental Delegated Act	Commission Delegated Regulation (EU) 2023/2486.
TF	Terrorist Financing.
TMPR	UK Temporary Marketing Permissions Regime.
UCITS Directive	Directive 2009/65/EC, as amended or supplemented.
UCITS Regulations	S.I. 352 of 2011, as amended by S.I. 379 of 2014, S.I. No. 143 of 2016, S.I. 430 of 2019, S.I. 413 of 2021, S.I. 262 of 2022, S.I. 442 of 2022, S.I. 629 of 2023 and S.I. 182 of 2026.
USSP	Union Strategic Supervisory Priority. USSPs are used by ESMA to coordinate supervisory action with NCAs.
VaR	Value-at-Risk which is a risk measurement framework used in the context of FDI. The VaR approach measures the maximum potential loss at a given confidence level (probability) over a specific time period under normal market conditions.
Whistleblowing Directive	Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law.

ASSET MANAGEMENT & INVESTMENT FUNDS

Ireland implements AIFMD II: Revised AIF Rulebook and key changes for fund managers

The Central Bank of Ireland has published the revised AIF Rulebook alongside its feedback to CP162.

Fri 08 May 2026 4 min read

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The Central Bank of Ireland (**CBI**) has published the revised AIF Rulebook and its feedback statement to Consultation Paper 162 (**CP162**). In addition, the transposition of Directive (EU) 2024/927 (**AIFMD II**) into Irish law has been effected through a Statutory Instrument amending the European Union (Alternative Investment Fund Managers) Regulations 2013 (**AIFM Regulations**)[1].

Together these represent the most significant update to the Irish regulatory framework for alternative investment fund managers (**AIFMs**) and alternative investment funds (**AIFs**) in over a decade.

The revised AIF Rulebook applies with immediate effect from 5 May 2026 to Irish authorised AIFs and AIFMs and to non-Irish AIFMs to the extent provided for in the Rulebook where they manage or market Irish authorised AIFs or are otherwise subject to CBI supervisory requirements.

As noted in our previous insight on the launch of CP162 in September 2025, the consultation proposed a comprehensive re-write of the AIF Rulebook, structured around three policy objectives of the AIFMD II transposition, the European Commission's Savings and Investment Union (**SIU**) goal of reducing regulatory burdens and improving the accessibility of financial products and the Department of Finance Funds Sector 2030 Review objectives, which included a recommendation to further support the growth of private assets. The CBI has implemented substantially all of the key proposals set out in CP162 while also taking account of industry feedback.

AIFMD II rules on delegation, liquidity management tools, loan origination, reporting and depositaries have been implemented through the revised AIFM Regulations.

Revised AIF Rulebook highlights

Qualifying Investor AIFs (QIAIFs)

The standalone loan origination QIAIF or “L-QIAIF” category has been removed, aligning Ireland with the harmonised EU loan origination framework under AIFMD II, implemented through the AIFM Regulations.

The former restriction on QIAIFs granting loans or acting as a guarantor for third parties has been removed, subject to compliance with the AIFMD II loan-originating AIF provisions in the AIFM Regulations.

Non-EU AIFMs may now manage closed-ended loan-originating QIAIFs, subject to compliance with the provisions applicable to loan originating AIFs in the AIFM Regulations.

The AIF Rulebook now clarifies that both open-ended and closed-ended QIAIFs may allocate assets at share class level, provided the arrangement does not pursue a separate investment objective, operate as a de facto sub-fund, or circumvent other share class requirements. Existing CBI guidance is also now codified and extended, expressly permitting for QIAIFs the issuance of interests in a QIAIF other than at NAV, and the issuance of interests in a QIAIF which provide for differentiated participation in underlying investments to facilitate the operation of excuse and exclude provisions, stage investing, and management participation or carried interest arrangements.

The former restriction on QIAIFs acquiring voting rights conferring significant influence over an issuing body is removed.

The subsidiary regime has been broadened into an “intermediary investment vehicles” framework, which covers SPVs, aggregators and co-investment structures. Prior CBI approval and the QIAIF director board majority requirement is replaced by disclosure, due diligence and ongoing AIFM oversight obligations supported by documented policies and procedures.

QIAIFs can operate a capital commitment mechanism to provide for those QIAIFs to account for the contribution of the committed capital towards the minimum subscription of €100,000. The list of entities that the QIAIF can grant an exemption from the minimum subscription requirement has been extended to include the AIFM or other entity within the AIFM's group and those entities that provide advisory services (discretionary or non-discretionary) to the AIFM.

Updated performance fee verification requirements apply. The QIAIF must ensure that the depositary or a competent person appointed by the AIFM and who is approved for the purpose by the depositary, verifies that procedures have been effectively implemented to ensure that any performance fees payable and accrued pursuant to the QIAIF's performance fee payment cycle are calculated in accordance with the QIAIF's governing documents. The QIAIF must also ensure that its AIFM provides the depositary/competent person with all necessary information regarding the calculation of the performance fee in advance of any such fees being paid.

The AIF Rulebook supplements the revised AIFM Regulations on LMTs for open-ended QIAIFs or open-ended QIAIFs with limited liquidity, including the ability for AIFMs to select additional LMTs beyond those specified in Annex V of AIFMD. AIFMs must disclose at least two LMTs in governing documents and consider selecting at least one quantitative based LMT (redemption gate, extension of notice period, redemption in kind) and at least one anti-dilution tool (swing pricing, redemption fee, dual pricing, anti-dilution levy). General LMT notification to the CBI has been removed in light of the CBI's daily reporting requirements but immediate notification remains for activation or deactivation of suspensions and specific requirements apply for redemption gates, side pockets and suspensions.

Further private asset enhancements include removal of the current market value cap on warehoused assets, simplified in specie redemptions, deletion of the 10% redemption proceeds retention threshold and preferential treatment provisions providing a disclosure-based framework for side letter arrangements.

Retail Investor AIFs (RIAIFs)

The changes to the RIAIF chapter are more limited in scope, reflecting the CBI's decision to focus this update on AIFMD II alignment while deferring a broader review of the RIAIF framework in the context of the SIU initiative. Key changes include the removal of the restriction on granting loans, new LMT requirements, revised performance fee verification procedures, more streamlined reporting and the introduction of stress testing requirements for Money Market RIAIFs.

European Long-Term Investment Funds (ELTIFs)

The ELTIF chapter has also been updated in several areas to align with the updated QIAIF framework. Key enhancements include new LMT provisions for open-ended ELTIFs, clarification of performance fee requirements, preferential treatment disclosure obligations, requirements relating to charity share classes, extension of entities exempt from minimum subscription requirements and consolidated and simplified voting procedures for changes to duration, investment objective and fees.

What's next?

The CBI has indicated that it intends to carry out a broader review of the AIF framework in the coming year, which will include further consideration of the RIAIF chapter and of the approach to unregulated funds.

Fund managers should review existing documentation and operational frameworks to ensure alignment with the revised AIF Rulebook and updated AIFM Regulations.

For more information, please contact any member of the Asset Management & Investment Funds team.

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[1] S.I No. 181 of 2026 – European Union (Alternative Investment Fund Managers) (Amendment) Regulations 2026.

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ASSET MANAGEMENT & INVESTMENT FUNDS

ESMA Publishes Final Report on 2025 CSA on Compliance and Internal Audit Functions

On 11 May 2026, the European Securities and Markets Authority published its Final Report on the 2025 Common Supervisory Action on compliance and internal audit functions of fund managers

Thu 14 May 2026 6 min read

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On 11 May 2026, the European Securities and Markets Authority (**ESMA**) published its Final Report on the 2025 Common Supervisory Action (**CSA**) on compliance and internal audit functions of fund managers (**Final Report**). The CSA assessed how alternative fund managers (**AIFMs**) and UCITS management companies have implemented the compliance and internal audit requirements under the AIFMD and UCITS Directive and their implementing measures.

The EU-wide review found that **most fund managers comply with key requirements**. However, the CSA identified governance weaknesses, particularly in the independence of control functions, the quality and implementation of internal policies and in senior management and board oversight. The Final Report also sets out examples of good and poor practices, highlighting where controls were effective and where further strengthening is needed.

Key findings: compliance function

Policies and procedures

NCAs confirmed that entities generally maintain written compliance policies and procedures. However, shortcomings were observed where policies were not regularly reviewed or updated, procedures were not consistently followed and follow up measures were absent.

Larger entities or those within financial groups tended to have more formalised and well-documented policies but often relied on group-level policies not always tailored to local regulatory requirements or business activities. Smaller firms often had minimal documentation with a small number of entities lacking basic compliance policies.

Resources, independence and expertise

Most NCAs concluded that resource allocations were appropriate. However, resource shortages were identified in some larger firms where staff performed multiple functions and in some cases compliance tasks were outsourced to third parties with manager resources below one FTE. A small number of NCAs identified breaches or vulnerabilities with respect to the independence of the compliance function (and audit functions).

Compliance officers were generally regarded as having appropriate experience and expertise with regular training undertaken. Some NCAs noted the role of compliance in approving the appointment of head of compliance.

Monitoring plans and internal reporting

Most NCAs considered compliance monitoring plans and reporting to senior management or boards to be generally adequate. However, vulnerabilities were identified, including missing elements, weak documentation and inadequate alignment with compliance monitoring plans. Areas for improvement included limited scope of compliance processes, the generic description of activities without specifying the aspects to be reviewed and compliance audit plans not being formalised. Smaller entities tended to produce less detailed or less structured reports and, in some cases, relied on oral reporting.

While monitoring plans generally followed a risk-based approach, some NCAs identified insufficiently formalised methodologies, risk models that underestimated certain business-specific risks and limited transparency around escalation triggers. Follow-up and remediation processes were broadly adequate, though in some cases NCAs observed weaknesses in tracking deficiencies, documenting root-cause analysis and monitoring remedial actions.

Use of third parties

In some jurisdictions, entities made significant use of third parties for compliance-related tasks, either through specialised providers or group entities. Where third parties were used, some NCAs required structured and documented due diligence, written and signed contracts, clear internal responsibility, regular monitoring and formalised reporting.

Some NCAs identified weak oversight as a recurring issue, especially regarding SLAs, KPIs and evidence of control execution. ESMA noted divergent national practices on whether such arrangements qualify as delegation pursuant to the AIFMD and UCITS Directive and to what extent internal resources needed to be maintained in those cases. ESMA reiterates that managers remain fully responsible for compliance, irrespective of outsourcing arrangements.

Key findings: internal audit function

The majority of NCAs reported that entities established independent internal audit functions with sufficiently knowledgeable and experienced staff. Overall compliance was assessed as good. However, the quality and granularity of internal audit reports varied, some NCAs observed that senior management and boards did not always demonstrate adequate oversight of internal audit activities or ensure that audits covered risks relevant to the risk profile of activities, with the role of senior management in some cases being too reactive. Some NCAs noted room for improvement on follow-up and remedial measures.

Most NCAs reported that entities use risk-based methodologies and multi-year cycles, with audit plans regularly updated to reflect emerging risks, regulatory changes and past results. However, weaknesses were identified including insufficient coverage of key areas, risk-based models underestimating specific risks and audit plans that lacking transparency on how priorities and risks are assessed.

Some entities rely on external providers or group-level entities for internal audit work. Where third parties were engaged, some NCAs found missing or incomplete documentation including audit handbooks, audit charters or audit plans.

ESMA's views and conclusions

ESMA stressed the importance of effective compliance and internal audit functions supported by clear reporting lines, compulsory training, regularly updated risk assessments, comprehensive compliance monitoring plans, compliance controls and monitoring of remedial actions, appropriate documentation and recordkeeping (such as records for monitoring breaches, conflicts of interest, related party transactions) and sufficient FTEs with organisational arrangements supporting a strong role for these functions.

ESMA further stressed that managers remain responsible for compliance and internal audit functions even where third-parties are appointed and highlighted to NCAs that compliance and internal audit functions should be consulted before taking significant strategic decisions, compliance should have the necessary authority within the entity, their remuneration methodology must not compromise objectivity and that there should be clearly defined escalation procedures for disagreements between control functions and operational units.

Managers that are subsidiaries of banking groups were cautioned against relying exclusively on group-level risk assessments where these do not capture local risks.

Good and poor practices identified

The Final Report includes an annex of good and poor practices identified by NCAs.

Compliance function

Examples of good practice include:

- compliance providing opinions on policies and procedures before submission to senior management or the board
- use of dedicated IT tools supporting interaction between compliance and operational functions
- establishment of an internal 'controls committee' embedding compliance in day-to-day operations
- compliance reports submitted at least semi-annually or quarterly to the board, with clear procedures for prompt reporting of deficiencies, defining remedial actions and deadlines, and setting out how regular progress reports are made to the board and ad-hoc reports triggered by events or regulatory developments, etc

Examples of poor practice include:

- inadequate action plans progress updates and follow-up monitoring, despite matters being reported to the board
- compliance reports identifying deficiencies without clear recommendations or deadlines
- insufficient documentation of compliance discussions in board minutes
- reliance on group compliance functions that failed to prioritise local risks
- inadequate safeguard arrangements for electronic data processing
- compliance function having restricted access to relevant information including employee remuneration data
- insufficient resources allocated locally while resources were used to provide advice to other group entities
- manager's failure to systematically track reports of non-compliance
- limited compliance function coverage regarding certain risks, including manager's ability to ensure compliance with investment limits
- compliance issues missed or discovered too late indicating failures in second and third lines of defence
- insufficient coordination between compliance monitoring and internal audit plans
- undocumented or inconsistently applied risk assessment methodology for the compliance monitoring plan

Internal Audit Function

Some practices identified for the internal audit function overlap with those above (and vice versa).

Examples of good practice include:

internal audit reporting as a standing agenda item at board meetings, ensuring consistent and active involvement in internal audit matters

Examples of poor practice include:

- internal audit plans lacking quality and clarity, missing clear descriptions, objectives, scope and thorough explanations of findings preventing senior management or the board from relying on these reports for informed decisions or effective follow-up actions
- internal audit engagements with overly broad themes, causing controls to lack sufficient detail
- failure to apply group internal audit policies at local level
- absence of internal audit review of compliance function

Conclusion

While acknowledging the overall positive outcome of the CSA, ESMA encourages NCAs to follow up on breaches and vulnerabilities identified, to understand their root causes and to ensure effective remedial actions are implemented. ESMA will continue promoting exchanges among NCAs on this topic, including through follow-up supervisory actions, to further enhance supervisory convergence across the EU funds sector.

Fund managers should treat the Final Report as a prompt for an internal review of their compliance and internal audit arrangements, and boards and senior management should take a proactive approach to addressing any gaps.

For more information, please contact any member of the Asset Management & Investment Funds team.

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Central Bank of Ireland board effectiveness review through D&I lens

On 21 April 2026, the Central Bank of Ireland published its feedback report on its thematic review of board effectiveness through the lens of diversity and inclusion in the fund management company sector.

Mon 27 Apr 2026 6 min read

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Key takeaways for fund management companies

On 21 April 2026, the Central Bank of Ireland (**CBI**) published its feedback report on its thematic review of board effectiveness through the lens of diversity and inclusion (**D&I**) in the fund management company sector.

While the CBI has previously referenced D&I considerations, including board composition, gender balance and independent non-executive director (**INED**) tenure, in earlier thematic work on fund management company effectiveness, this review is the first dedicated, standalone D&I focused assessment of board effectiveness in the sector. While the report applies to UCITS management companies and AIFMs, the CBI has been clear that the findings are relevant more broadly across other regulated firms.

The report reinforces the CBI's long-standing position that board effectiveness is a cornerstone of good governance, and that diversity and inclusion is a key component of board effectiveness.

The CBI expects fund management companies, and, more broadly, all regulated firms to:

- review and consider the findings of this report
- assess governance frameworks relating to board effectiveness through a D&I lens against both the findings and good practices outlined in the report
- take appropriate steps to address any gaps or weaknesses identified
- continually evaluate arrangements to ensure they remain fit for purpose.

Below, we examine the CBI's key findings and good practices set out in the feedback report.

Overview

The review examined how fund management company boards operate and make decisions when assessed through a D&I lens. It covered a range of governance processes, including:

- board, senior management team (encompassing senior executives and designated persons) (SMT) and committee composition, including the role of the Organisational Effectiveness Director (OED)
- board evaluation processes
- strategic decision-making processes
- succession planning
- broader D&I practices, such as policies, reporting and training.

The CBI has emphasised that diversity is not confined to any single characteristic and encompasses, among other factors, gender, age, ethnicity, educational and professional background. It notes that diversity of thought is critical to ensure a range of perspectives are considered and evaluated to help firms navigate their way through uncertainty. Inclusion, in turn, concerns whether those differences are valued and integrated into the firm's processes, improving the quality of decision-making and strengthening governance and oversight.

While the CBI acknowledged examples of positive practices, its overall conclusion is that more work remains to be done to enhance board effectiveness through the lens of D&I within the fund management company sector. Issues were identified in governance processes relating to board effectiveness across all firms reviewed, with differing levels of understanding of D&I leading to varying degrees to which D&I was considered and embedded across governance processes.

Board, SMT and board committee composition

The CBI stresses that the key D&I considerations when assessing the composition and effectiveness of boards, board sub-committees and SMTs are diversity of thought and independence of mind. The report highlights that a more consistent and structured approach to embedding D&I, particularly at board and senior leadership level, can strengthen governance, support better decision-making and enhance overall board effectiveness.

The review found that firms demonstrated differing levels of understanding regarding the impact of D&I on governance.

Good practices observed included structured approaches to D&I evidenced through charter memberships, active board sponsorship and embedding D&I into governance structures. Board and SMT membership in firms generally reflected diverse professional and educational backgrounds, supporting broader perspectives and more informed decision-making.

Some firms also took proactive steps to address challenges in attracting diverse applicants at senior level, such as the use of tools to identify and reduce gender biased language, gender-neutral job descriptions and diverse interview panels at senior levels of the organisation, and ongoing engagement and challenge by human resources in terms of prospective candidates. In the CBI's view such initiatives demonstrate a proactive and structured approach to improving diversity in senior roles.

However, the review highlighted a number of weaknesses across some of the firms reviewed that risk undermining board effectiveness:

- an overly narrow focus on observable diversity characteristics, particularly gender, without sufficient consideration of diversity of thought
- gender imbalances at board and board committee level and significant gender imbalances at SMT level
- some firms mistakenly equate D&I with corporate social responsibility initiatives, such as charitable or community engagement activities
- the absence of D&I targets or metrics
- limited evidence of local board D&I training, local reporting or board level sponsorship.

Independent non-executive directors

The findings highlight an inconsistent approach across firms regarding the emphasis placed on the role of INEDs and the value their independence of mind brings to effective governance.

In most firms reviewed, the INED held the role of board chair, which the CBI views as consistent with good practice. However, the review identified prolonged tenure, with some individuals having served for ten years or more. INED tenure featured in the CBI's 2020 and 2022 thematic work on fund management company effectiveness, and the CBI reiterates that where an INED has been in place for a prolonged period it expects firms to:

- formally and comprehensively assess INED independence at least annually
- consider whether it remains appropriate to use the INED designation.

Maintaining a strong presence of truly independent directors, who demonstrate independence of mind and objective judgement, is seen as helping to ensure effective oversight and challenge. In the CBI's view having a comprehensive process in place to assess and support the ongoing independence of INEDs further strengthens the overall governance framework.

Board evaluation

All firms reviewed conducted annual board evaluations, but they were found to be carried out to varying degrees of detail. The CBI views effective board evaluations as providing firms with a valuable opportunity to identify critical blind spots and incorporate diversity of thought, enabling the board to continuously evolve and adapt to the changing external environment.

The CBI identified examples of good practices, including the use of a board skills matrix where directors assessed themselves as "Very Experienced, Experienced or Limited Experience" and provided supporting rationale, promoting greater self-awareness of individual capabilities. In some cases, gender diversity was included within the board skills matrix, helping to embed D&I directly into the board evaluation process.

Areas for improvement include:

- reliance on self-assessment questionnaires, without broader assessments such as skills gap analysis and attendance reviews
- use of a simple affirmative/negative response format, which limited the depth and usefulness of insights gained
- D&I considerations, particularly around inclusivity, were often absent from evaluations.

Succession planning

While all firms had documented succession plans for their boards and SMTs, their quality varied widely.

Good practices included comprehensive succession plans that identified named successors, clear time horizons and detailed skills matrices. Others maintained separate documents for the succession plan and policy. Some firms had clearly documented, for each key personnel, their principal activities, responsibilities, and the skills, competencies and experience a successor would require. Some firms also indicated whether a successor was 'ready now' or required further developments, and noted which skills were missing from the board and SMT within their skills matrix. One firm maintained a named panel of potential successors for INED roles.

However, the following shortcomings were identified:

- succession planning policies that lacked clarity on how succession plans influenced board and executive appointments
- D&I considerations were largely absent, even in firms with diversity targets

- plans that were out of date following changes to named successors
- no version control or assigned responsibility for succession planning.

The report highlights that comprehensive succession plans can help reduce over-reliance on key individuals, assist the development of diverse leadership pipelines, and support long-term governance effectiveness.

Strategic decision-making

As part of the review, the CBI examined a strategic decision taken by each firm and, in some cases, observed board meetings directly. The findings again pointed to varying practices.

Good practices included the use of diverse project teams to advise the board, well documented decision-making procedures and clear board minutes demonstrating challenge and discussion.

However, the review also identified areas requiring improvement in some firms:

- absence of standalone decision-making policies and documentation of the strategic decision-making process
- key decisions being taken outside formal board forums without clear documented summaries or records
- minutes recording approvals without documenting the underlying discussion, challenge or voting process
- limited use of post-decision reviews or “lessons learned” exercises.

The CBI notes that improving the governance around strategic decision-making, including thorough documentation, embedding formal review processes and the integration of D&I considerations can strengthen board effectiveness and overall governance quality.

Next steps

The boards of fund management companies should review the findings and good practices outlined in the report and assess their governance frameworks through a D&I lens. Where gaps or weaknesses are identified, firms should develop and implement actions to address them and continually evaluate their arrangements to ensure they remain fit for purpose. The CBI has indicated that where specific issues or concerns were identified during the review, these are being followed up directly with the individual firms concerned.

For more information, please contact any member of the ALG Asset Management & Investment Funds team.

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AML reform progresses with final RTS on risk assessments and direct supervision selection

The EU's Anti-Money Laundering Authority (AMLA) published two final reports on draft regulatory technical standards (RTS).

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In March 2026, the EU's Anti-Money Laundering Authority (**AMLA**) published two final reports on draft regulatory technical standards (**RTS**) on:

1. **the assessment of the inherent and residual risk profiles of obliged entities in the financial sector (see final report here)**

2. **the assessment for the purpose of selecting obliged entities for direct supervision by AMLA (see final report here)**

The two sets of draft RTS will be submitted to the European Commission for adoption before being published in the Official Journal of the EU.

The finalisation of these RTS marks a significant step in the EU's objective of creating a consistent, risk-based supervisory framework across the EU. By harmonising how money laundering or terrorist financing (**ML/TF**) risk is assessed and how high-risk entities are identified for direct supervision, the RTS will give financial sector firms much greater clarity on supervisory expectations. This will ensure a more predictable and level playing field. As AMLA moves towards assuming its supervisory powers, these standards will form a critical foundation for both national supervisors and financial sector firms in navigating the new EU anti-money laundering/counter-terrorist financing (**AML/CFT**) landscape.

ALG's Financial Regulatory Advisory Team has extensive experience in advising on AML/CFT matters. If your bank or financial institution is planning up-lifts to its internal AML/CFT policies, procedure and controls, please contact your usual ALG contact to discuss how we can help.

RTS on inherent and residual risk profiles of obliged entities in the financial sector

AMLA is mandated under Article 40(2) of Directive (EU) 2024/1640 (**AMLD 6**) to prepare draft RTS to develop a common methodology for national supervisors to use for assessing the level of ML/TF risk to which obliged entities are exposed.

The draft RTS specify:

- a common risk-based methodology for assessing and classifying the inherent and residual ML/TF risk profiles of obliged entities in the financial sector
- how often the inherent and residual risk profiles must be reviewed by national supervisors, taking into account the nature and size of obliged

entities

The draft RTS do not apply to non-financial sector obliged entities. AMLA will prepare a separate set of draft RTS for the non-financial sector.

RTS on the risk assessment for selecting obliged entities for direct supervision

AMLA is mandated under Article 12(7) of Regulation 2024/1620 (**AMLA Regulation**) to prepare draft RTS on the risk assessment for the purpose of selecting up to 40 obliged entities (specifically, credit institutions and financial institutions) for direct supervision by AMLA.

From 1 January 2028, AMLA will directly supervise 'selected obliged entities' or groups of 'selected obliged entities' that are deemed to pose the highest risk of ML/TF and operate in at least six EU Member States through establishments or under the freedom to provide services. AMLA must begin the selection process by 1 July 2027 and determine the selection within six months. Where more than 40 obliged entities or groups would qualify for direct supervision based on their high-risk profile, AMLA may, in consultation with the relevant national supervisors, agree to directly supervise a larger number (AMLA has discretion in this regard).

The draft RTS set out:

- materiality thresholds for determining if an obliged entity operates in an EU Member State via the freedom to provide services for the purposes of assessing if the obliged entity operates in at least six EU Member States
- benchmarks and methodology for classifying an obliged entity's inherent and residual risk profiles for the purposes of assessing the obliged entity's ML/TF risk
- a group-wide risk scoring method based on a weighted average of entity-level residual risk scores (this weighted averaging method

- ensures that high-risk obliged entities and significant operations are appropriately reflected in a group's risk score)

AMLA's data collection exercise to test risk assessment models

As previously signposted, AMLA recently published a reporting package for its data collection and testing exercise for calibrating its risk assessment models and methodologies. The exercise aims to:

- ensure that ML/TF risks of obliged entities in the financial sector are assessed consistently by national supervisors across the EU
- inform the selection of up to 40 obliged entities for AMLA's direct supervision

All obliged entities selected to take part in AMLA's exercise have been notified by their national supervisor. Participating entities are invited to download the excel template and refer to the accompanying interpretative note and submit their data by 22 April 2026. If you have not been notified of the exercise, you are not required to participate.

For further information on the EU's new AML/CFT framework and how it impacts your firm, please contact Eoin O'Connor, Partner, Patrick Brandt, Partner, Eimear O'Brien, Partner, Louise Hogan, Partner, Sarah Lee, Senior Practice Development Lawyer or your usual ALG contact.

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