

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

**Joining me today to provide an update on the latest regulatory highlights are my colleagues,**

**Andrew Newson and Matthew Cherrill.**

**This month we're focusing on the following developments:**

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- **In the U.S., the SEC and CFTC Jointly Propose Amendments to Reduce Private Fund Reporting Burdens.**
  - **A Consultation Paper on Accelerated Settlement for the Hong Kong Cash Market.**
  - **The UK FCA Sets Out its Support for Innovation in Fund Tokenisation.**
  - **SFC Unveiling a New Regulatory Framework to Allow Secondary Trading of Tokenised SFC-authorized Investment Products in Hong Kong.**
  - **And the FCA Consulting on Guidance for the UK's Future Crypto Regime.**
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**MATT:** In the U.S., the SEC and CFTC have jointly proposed to amend Form PF, both to reduce private fund reporting burdens while also enabling the SEC's continued collection of necessary and appropriate information.

**MANDY:** Can you explain what's in the joint proposals?

**MATT:** Certainly. The proposed amendments would eliminate filing requirements for smaller advisers, who represent almost half of the advisers currently required to file Form PF. This is achieved by raising the filing threshold for advisers with private fund assets under management from USD150 million to 1 billion.

The proposal would also raise the exposure reporting threshold for "large" hedge fund advisers from USD1.5 billion to 10 billion.

**MANDY:** Those are large uplifts in reporting thresholds. Do the regulators explain how they will still receive the information they need?

**MATT:** The SEC states that Form PF would continue to obtain information on over 90% of private fund gross assets and require detailed exposure information for funds managed by large hedge fund managers.

In addition, the proposed amendments to Form PF would enable a method to identify funds that are active in the private credit market.

Lastly, the SEC explains that as well as amending these thresholds, the joint proposal would eliminate or streamline many Form PF requirements, significantly reducing burdens for advisers required to file the Form.

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**MANDY:** Andy, moving from reporting to settlement developments, last month the Hong Kong Exchanges and Clearing Limited (or HKEX) published a Consultation Paper on Accelerated Settlement for the Hong Kong Cash Market. What's in the paper?

**ANDY:** The consultation outlines the proposed operational model to shorten the settlement cycle for Hong Kong's cash market to T+1 from the current T+2.

The paper published by HKEX follows up on a Discussion Paper it issued last July. HKEX says that the feedback it received indicated overall support for Hong Kong's cash market to move to T+1, as key markets around the world continue to transition to shorter settlement cycles.

And leveraging the progress made through the Discussion Paper, HKEX says that this consultation is its next stage of engagement with the industry.

**MANDY:** Can you tell us more of what's in the paper?

**ANDY:** The Consultation outlines the T+1 operating model, including key changes in HKEX's processes when compared with the existing T+2 settlement cycle.

HKEX states that it acknowledges the importance of encouraging the development of industry-wide guidance that is 'with the industry and grounded in the industry' on T+1 implementation.

It also discusses the planning for a T+1 launch, pre- and post-settlement activities, and a proposed workflow tool to increase operational efficiency.

**MANDY:** And what about its implementation approach and timeline for the launch of T+1 in Hong Kong?

**ANDY:** The proposed implementation date is Q4 2027.

The consultation closed on 18 May, and a Consultation Conclusions Paper will be issued in due course, which will summarise the main points made by respondents and indicate the way forward, including the detailed implementation timeline and other matters under consultation.

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**MATT:** Mandy, at the end of April, we saw the UK's Financial Conduct Authority publish guidance to support innovation in fund tokenisation and new rules to facilitate direct dealing by funds. What can you tell us?

**MANDY:** Yes, in the FCA's Policy Statement 'Progressing Fund Tokenisation', the FCA says that its guidance explains how firms can use distributed ledger technology within the regulator's existing rules.

In addition, the regulator says that new rules, that are set out in the policy statement, include an optional Direct to Fund model, which will enable investors to deal directly with the fund, whether traditional or tokenised.

**MATT:** So, how has the FCA set out its Policy Statement?

**MANDY:** The regulator sets out how fund tokenisation could develop over time as part of the FCA's roadmap for digital assets.

In terms of the structure of the Policy Statement covers:

- Accelerating tokenisation of authorised funds.
- A new direct dealing model.
- Near-term steps for fund tokenisation.
- And Future tokenisation models.

The new rules and guidance entered into force with immediate effect, so are already live.

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**ANDY:** Matt, staying with tokenisation developments, what's the latest from the SFC in Hong Kong?

**MATT:** In April, the SFC launched a new regulatory framework to pilot the secondary trading of tokenised SFC-authorized investment products.

The SFC says its new guidance aims primarily to facilitate secondary trading of tokenised SFC-authorized open-ended funds on SFC-licensed

virtual asset trading platforms, broadening access to regulated trading services for retail investors. However, the SFC says that it may also consider over-the-counter secondary trading arrangements, on a case-by-case basis.

**ANDY:** What does the SFC say about the development of the market in Hong Kong?

**MATT:** As of March 2026, the SFC says that 13 tokenised products were offered to the public in Hong Kong, with the assets under management of their tokenised classes increasing around seven-fold to HKD10.7 billion over the past year.

And against this backdrop, the SFC says that it is an opportune time to pilot 24/7 secondary trading, to further integrate tokenised products with the Web3 ecosystem, through the potential use of regulated stablecoins and tokenised deposits for trading.

**ANDY:** And how does the SFC plan to address liquidity and investor protection issues of secondary trading of tokenised open-ended funds, as well as trading beyond regular trading hours of the underlying securities?

**MATT:** Here, the SFC explains that new measures are built into the framework which is drawn from the trading of exchange-traded funds and SFC-licensed virtual asset trading platforms infrastructure. The measures cover fair pricing, orderly trading, liquidity provision and disclosure.

The initial batch of products is expected to focus on tokenised money market funds, and the SFC will review their operation, and consider expanding the product scope in due course.

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**MANDY:** Andy, back to the UK, what is the latest development on its crypto regime?

**ANDY:** In April, the FCA stated that crypto will be regulated in the UK from October 2027. The FCA says that it is currently finalising the wider cryptoasset regime, with rules to be published this summer. The FCA has also explained that the UK Parliament has now confirmed which cryptoasset activities will fall within the scope of regulation.

**MANDY:** So, what is contained in the FCA's latest proposals?

**ANDY:** It's consulting on new guidance to help firms understand how they might be affected by the regulatory regime for cryptoassets, and is seeking feedback on its interpretation of the following regulated cryptoasset activities:

- Issuing qualifying stablecoin;
- Operating trading platforms;
- Dealing and arranging deals in qualifying cryptoassets;
- Safeguarding cryptoassets; and
- Staking.

Until the new regime comes into force, the FCA says that crypto is largely unregulated except for financial promotions and financial crime purposes.

The consultation closes on 3 June.

**MANDY:** If you would like to learn some more about the topics we discussed today, as well as other regulatory developments, you can follow the relevant links in our **Bite-Sized** publication.