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

And joining me to provide an update on the latest regulatory highlights are my colleagues,

Andrew Newson and Matthew Cherrill.

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

MATT: Once more leading off with DORA, on the 26 September the ECB published a paper outlining how the TIBER-EU framework – the common European approach to threat-led intelligence-based ethical red teaming – can help competent authorities and financial entities fulfil the requirements for threat-led penetration testing under DORA.

MANDY: And what's in the TIBER-EU framework?

MATT: The framework provides comprehensive guidance on how authorities, financial entities, threat intelligence providers and red team testers should work together to test and improve financial entities' cyber resilience, by carrying out controlled cyberattacks.

The ECB states that the benefits of adopting the framework include extensive guidance, experience and knowledge of threat-led penetration testing, and access to the TIBER-EU Knowledge Centre and community.

MANDY: We also saw an update from the UK on its T+1 implementation. Andy what can you tell us about that?

ANDY: Yes, on 27 September, the UK Accelerated Settlement Taskforce Technical Group published an interim report, draft recommendations, and a short consultation.

MANDY: What are the recommendations?

ANDY: The report includes three sets of recommendations:

  - Recommendation Zero - This is the scope of instruments that will be covered by the implementation of T+1. It contains two scenarios. One where the UK migrates ahead of the European Union and Switzerland and a second scenario where the UK, European Union and Switzerland migrate to T+1 together.

- There are also 43 principal recommendations – these cover the critical post-trade activities that must be able to complete efficiently if the UK's transition to T+1 and market participants contribution to that is to be successful.

- And thirdly, 14 additional recommendations – these look at environmental issues that need to be addressed if the UK is to maximise the efficiency gains that T+1 can deliver but they are not essential to the successful implementation of T+1.

MANDY: What's the estimated timing in terms of next steps?

ANDY: The consultation, which consists of six questions relating to the draft recommendations, is open until 31 October 2024.

The Taskforce says it plans to publish its final report this December, with the aim of providing detail on the timing and sequencing of implementation of the recommendations.

MATT: Mandy, still in the UK, we've had an update on the FCA's SDR.

MANDY: Yes, in the run up to the UK SDR's naming, marketing and disclosure rules coming into force on 2 December 2024, the FCA stated that following engagement with industry, it's become clear that it will take longer than expected for some firms to make the required changes.

So, it announced on the 9 of September that it was offering firms temporary flexibility, in specific circumstances, to comply with the 'naming and marketing' rules under the SDR regime until 2 April 2025.

MATT: What does the FCA's temporary flexibility allow?

MANDY: The flexibility will be offered to sustainability products which are UK authorised investment funds in circumstances where the fund operator:

- Had submitted a completed application for approval of amended disclosures in line with ESG 5.3.2R for that fund by 1 October 2024; and
- Is currently using one or more of the terms 'sustainable', 'sustainability' or 'impact' (or a variation of those terms) in the name of that fund and is intending either to use a label, or to change the name of that fund.

With this in mind, the FCA has stated its expectation that firms comply with the rules if they do not require this flexibility, or to comply with the rules as soon as they can without waiting until 2 April next year if they can do so.

Notwithstanding this flexibility, the FCA has also stated that firms must continue to comply with all other relevant rules, including the anti-greenwashing rule (which applies now) and these temporary measures do not apply to funds using other sustainability-related terms in their names that are not specified by the FCA. Further information on this development is available on the FCA's website.

MATT: And anything else from the FCA on SDR?

MANDY: Yes, toward the end of September the FCA updated its website on extending the SDR regime to portfolio management.

The FCA says that it is carefully considering the feedback to its April 2024 consultation to ensure that the regime protects consumers but also recognises and takes account of any practical challenges that firms may have.

In terms of next steps, the FCA has stated a revised aim to publish a Policy Statement and further information about implementation in Q2 2025.

ANDY: Matt, looking at the US, what's the latest from the SEC?

MATT: On 27 September the SEC adopted rule and form amendments intended to enhance the security of EDGAR, its Electronic Data Gathering, Analysis, and Retrieval system, and improve filers' access and account management capabilities.

ANDY: And what's in the amendments?

MATT: They require EDGAR filers to authorise identified individuals who will be responsible for managing their accounts, and individuals acting on behalf of EDGAR filers will need to present individual account credentials obtained from Login.gov to access those EDGAR accounts and make filings.

The SEC says it will also offer filers optional Application Programming Interfaces (APIs), a machine-to-machine method of making submissions, retrieving information, and performing account management tasks, that will improve the efficiency and accuracy of filers' interactions with EDGAR.

ANDY: What's the timing of the changes?

MATT: On 30 September 2024, the SEC opened a beta software environment for filer testing and feedback, that will reflect the adopted rule and form amendments and the related technical changes. Information about signing up for beta testing and extensive additional information about the rule adoption and related technical changes can be found on the SEC website.

Compliance with amended Form ID is required on 24 March 2025. All rule and form amendments will be effective on that date, and filers will be required to comply with them by 15 September 2025.

MANDY: And looking ahead to next year, ESMA has published its 2025 Annual Work Programme. What are ESMA's priorities?

ANDY: ESMA says that a significant portion of its work next year will comprise policy work to facilitate the implementation of the large number of mandates received in the previous legislative cycle, and the preparation of new mandates, such as the European Green Bonds and the ESG Rating Providers Regulations.

Also, following the adoption of EMIR 3, ESMA will take on new responsibilities and develop a substantial number of technical standards.

2025 will also see the selection and authorisation of the first Consolidated Tape Provider, and the effective implementation of MiCA.

MANDY: What does it say about safeguarding the interests of retail investors wishing to participate in EU capital markets?

ANDY: In addition to preparations for potential new responsibilities under the Retail Investment Strategy and for the possible shortening of the settlement cycle, ESMA says key outputs include technical standards and guidelines under MiFIR/MiFID II and AIFMD/UCITS.

Also, ESMA says it will work closely with national competent authorities to enhance cross-border cooperation and data-sharing. Through the continued implementation of its Data Strategy and the development of common SupTech and data projects, ESMA says it will be contributing to the EU strategy on supervisory data in financial services.

Lastly, ESMA says it expects to finalise preparations to launch the first phase of the European Single Access Point in 2026, aiming to create a centralised platform for easy access to public data and information on securities markets.

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.