

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

Welcome to the first edition of Bite-Sized for 2026.

Joining me today to provide updates on some of the latest regulatory highlights are my colleagues,

Andrew Newson and Matthew Cherrill.

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

ANDY: Starting on the topic of fund liquidity, on 17 December the Monetary Authority of Singapore published a Consultation Paper on Updates to the Guidelines on Liquidity Risk Management Practices for Fund Management Companies - the LRM Guidelines for short.

MANDY: What do the updates cover?

ANDY: MAS says that the proposed updates seek to provide greater clarity regarding its expectations on the management of liquidity risk by fund management companies, including:

- Removal of Exchange-traded funds from the scope of the LRM Guidelines;
- Alignment between redemption terms and liquidity of fund assets;
- Adoption of anti-dilution liquidity management tools;
- Incorporation of explicit and implicit costs, including market impact of asset sales into redemption costs;
- Strengthening governance and enhancing disclosures on the design and use of liquidity management tools; and
- Holistic assessment of liquidity risks.

MANDY: Are there any proposals relating to specific fund types?

ANDY: Yes, there are. Providing further clarity on the liquidity of deposits held by Money Market Funds, MAS proposes to set out in its CIS Code a guidance note on the definition of "eligible deposits", clarifying that eligible deposits made by MMFs are expected to be repayable on demand or with the right to be withdrawn by an MMF at any time.

MAS says that in considering early withdrawals of deposits, an MMF should also consider pertinent factors such as penalties or other costs associated with the early withdrawal of deposits.

The consultation closes on 28 February.

MANDY: Turning to Europe, on 4 December, the European Commission adopted a comprehensive package of measures that it says are designed to remove barriers and unlock the full potential of the EU single market for financial services.

MATT: That's right. The Commission states that the package is a central component of the savings and investments union strategy, aiming to create a more integrated, efficient, and competitive financial system, providing EU citizens with better options for growing their wealth and supporting businesses in accessing funding.

MANDY: What are the main areas of interest to asset managers?

MATT: The proposed measures cover:

Removing obstacles to market integration and leveraging scale, which includes, amongst other items, streamlining the cross-border distribution of investment funds (UCITS and AIFs) in the EU.

Facilitating innovation. Here the package focuses on removing regulatory barriers to innovation related to distributed ledger technology. It adapts the regulatory framework to support these technologies and amends the DLT Pilot Regulation to relax limits, increase proportionality and flexibility, and provide legal certainty, thus encouraging the adoption of new technologies in the financial sector.

Streamlining and enhancing supervision. This includes transferring direct supervisory competences over significant market infrastructures such as certain trading venues, CCPs, CSDs, and all Crypto-Asset Service Providers to ESMA and enhancing ESMA's coordination role for the asset management sector.

MANDY: **And are there any proposals relating to regulatory simplification and burden reduction? A theme we have seen emerging from a number of regulators?**

MATT: Yes, there are. As seen in previous SIU measures, the Commission says that the package will simplify the capital markets

framework further, by converting directives into regulations, streamlining level 2 empowerments, and reducing national options and discretions to prevent gold-plating.

The proposals must now be negotiated with, and approved by, the European Parliament and the Council.

ANDY: In Ireland, on 10 December, the Central Bank published a report entitled, 'Regulating and Supervising Well – A More Effective and Efficient Framework'. Mandy, can you give us the highlights?

MANDY: The Report outlines how the Central Bank will, in line with initiatives across Europe, enhance the effectiveness and efficiency of its supervision and domestic regulatory framework, improve gatekeeping processes, and deliver a more integrated and less burdensome reporting and data framework.

These initiatives form part of a multi-year programme aligned with the Central Bank's strategic commitment to transform regulation and supervision in a rapidly changing financial environment.

ANDY: How does the Central Bank plan to achieve these initiatives?

MANDY: The Report outlines the Irish regulator's planned work across a number of pillars, including:

Supervision – In terms of a new integrated, risk-based supervisory approach, bringing together multidisciplinary teams, sharper risk focus, and clearer supervisory communications.

Regulation – By updating its domestic rulebook, retiring or consolidating outdated provisions, and aligning national requirements with evolving EU frameworks.

Of direct relevance to asset managers, this includes changes to the AIF rulebook and UCITS regulation and a full review of the Fund Service Provider Framework.

ANDY: Then relevant to other types of firms, I understand that the Central Bank will undertake work on insurance regulations; domestic banking rules; the Credit Union Lending Framework, and operational resilience, outsourcing and governance.

MANDY: That's right, the report promises a lot of other initiatives too. Such as a new Regulatory Impact Assessment Framework, and a new Gatekeeping Division.

Then finally around reporting and data, the Central Bank will undertake a comprehensive review of domestic reporting requirements, amongst other elements.

ANDY: Staying in Europe, on 17 December ESMA published research assessing the impact of its fund naming guidelines on ESG and sustainability-related terms. What did the study identify?

MATT: ESMA says that the study found that its Guidelines have:

- Improved consistency in the use of ESG terms, by increasing alignment of fund names and their actual investment strategies; and
- Enhanced investor protection by reducing greenwashing risks.

Identifying that:

- 64% of the funds mentioned in shareholder notifications changed their name, in most cases to avoid the use of ESG related terminology; and
- 56% updated their investment policies to strengthen their sustainability focus.

ANDY: Did ESMA focus on any other areas?

MATT: The study also focused on the impact of the fossil-fuel related exclusions on 4,000 EU funds using ESG terminology in their names. Here, ESMA says that the analysis shows that:

- Funds with higher fossil fuel exposures were more likely to remove ESG terms from their names, underscoring how portfolio composition influences compliance choices; and
- Since the publication of the Guidelines, funds retaining ESG terms in their names have reduced their portfolio share of fossil fuel holdings more than all other funds, suggesting efforts to green their portfolios.

MANDY: Finally, in the US, staff of the SEC's Division of Trading and Markets issued a statement providing its views on the application of paragraph (b)(1) of Rule 15c3-3 to crypto assets that are securities. What did the Division say?

ANDY: It says that the statement addresses any broker-dealer that carries crypto asset securities for customers, including broker-dealers that conduct a traditional securities business.

It adds that the statement was part of an effort to provide greater clarity on the application of the federal securities laws to crypto asset securities.

It should be noted that the Division provided its views in response to requests from market participants as an interim step while the SEC continues to consider issues relating to a broker-dealer's custody of crypto asset securities and the feedback it has received.

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.