



A Fund Manager's Guide to 2022

January 2022

Despite regulatory warnings of an ongoing high-risk outlook for the asset management sector, 2021 was undoubtedly a year in which recovery from the pandemic and the market volatility of Q1 2020 was strongly in evidence. At end-September 2021, investor inflows and positive revaluations drove net assets values of Irish resident funds to an all-time-high of €3,774bn and assets under management across Europe were expected to exceed the €30 trillion threshold for the first time. It was also a seminal year for the sector with several impactful legislative initiatives coming into effect, including the Sustainable Finance Disclosures Regulation, the Cross-Border Distribution of Funds regime and the Investment Firms Directive and Regulation.

Looking ahead

Against the backdrop of continuing pandemic-related operational challenges, and in large part as a result of these challenges, the schedule for legal and regulatory developments in 2022 is unlikely to provide the sector with any sizeable grace period in which to bed down 2021 compliance measures. Financial stability and the operational resilience of firms are key drivers of new and upcoming national and EU measures, which continue to focus on digitalisation and sustainability as tools to support the economic recovery.

Many of the initiatives which took effect in 2021, particularly in the [ESG & Sustainability](#) space, include further compliance deadlines and provide for the adoption of additional legislative measures in 2022 and beyond.

In this, the first edition of our Asset Management & Investment Funds Update in 2022, we analyse key upcoming dates and deadlines to assist funds' and fund managers' compliance preparations for what is likely to be another busy, yet opportunity-filled, year for the sector.

End-2021 publications to heavily impact 2022 compliance planning

The final weeks of 2021 saw a flurry of legal and regulatory publications which are likely to substantially frame funds' and fund managers' 2022 compliance plans. In December, the Central Bank's financial stability-focussed 2022-2026 Strategy led to the publication of two significant sets of cross-industry guidelines which are applicable, on a proportionate basis, to all regulated firms and address the Central Bank's recommended approach for (i) [ensuring operational resilience](#); and (ii) [managing risk arising from the outsourcing of activities](#). Compliance with both sets of guidelines, and in particular the outsourcing guidelines which were published with immediate effect, are likely to demand early and substantial focus by regulated firms.

The delayed application of [SFDR Level 2](#) and [PRIIPs rules for UCITS](#) in the closing stages of 2021, while certainly welcomed by industry, have resulted in a concentration of year-end compliance deadlines. SFDR Level 2, applying prescriptive and detailed rules for 'green' products and those managers which report on the principal adverse sustainability impacts of investments, is anticipated to take effect on 1 January 2023. This is the same date from which UCITS will become subject to the PRIIPs regime (cross-industry rules for the provision of key information to retail investors), including the revised Level 2 measures adopted on 20 December 2021 which come into effect on 1 July 2022.








No shortage of EU and national initiatives planned for 2022

EU legislators are expected to progress several legislative initiatives impacting funds and fund managers in 2022 including the Digital Operational Resilience Act (DORA), AIFMD Review and measures in the Commission's 2021 package of AML measures. The focus on costs and performance of retail products is likely to continue as the results of the ESMA CSA on costs and fees conducted in 2021 are expected to be published, with 'follow-up work' from the CSA highlighted as part of ESMA's work programme for 2022.







At a national level, the Central Bank has announced its intention to carry out several thematic reviews in 2022, including for compliance with CP86 and SFDR. In addition, the ongoing focus at national and EU level on fund liquidity likely means that supervisory action following on from the 2021 year-end deadline for funds and fund managers to review fund liquidity risk management frameworks cannot be ruled out. Property funds will keenly await the outcome of the Central Bank's inaugural consultation on macroprudential measures for funds while the sector more generally considers the possibility of other asset classes being brought into the macroprudential measure net. This follows on from the publication on 15 December 2021 of the Central Bank's first edition of its Market Based Finance Monitor highlighting various financial stability concerns across the investment funds sector.





2022 Key Dates and Deadlines for funds and fund managers:

DATE	SOURCE	TOPIC	SUMMARY
QUARTER 1 2022			
1 January 2022		SFDR	SFDR financial report disclosure rules for funds in scope of SFDR Articles 8 and 9 come into effect for reports published after 1 January 2022 (irrespective of the relevant financial period). See here for further details.
9 January 2022		PRIIPs	Revised PRIIPs Level 2 rules (principally to incorporate UCITS-specific rules into PRIIPs regime) enter into force and are applicable from 1 July 2022. See here for further details.

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1 February 2022		Central Securities Depositories Regulation (CSDR)	CSDR Settlement Discipline Regime (SDR) comes into effect. The controversial mandatory buy-in rules are to be de-coupled from the rest of SDR (settlement fails reporting and cash penalties) and ESMA issued a 'no-action' letter on 17 December 2021 advising NCAs not to prioritise supervisory actions on the application of the buy-in regime. See here for further details.
3 February 2022		Cross Border Distribution of Funds (CBDF)	ESMA Guidelines on Marketing Communications issued under the CBDF regime come into effect. See here for further details.
18 February 2022		Macroprudential measures	Central Bank consultation on macroprudential measures for property funds ends. See here for further details.
3 March 2022		AIFMD	Feedback period for Commission's AIFMD Review proposal published on 25 November 2021 ends. See here for further details.
31 March 2022		MiFID	Central Bank deadline for completion of compliance review by MiFID firms with client suitability rules. See here for further details.
Q1 2022 (fixed date not yet available)		AML	While 31 December 2021 was the legislative deadline for existing (on 1 July 2021) unit trusts and ICAVs to file beneficial owners' PPS details on the Central Bank's register of beneficial ownership, the Central Bank has confirmed that it will only be in a position to collect PPS details in 2022 with further regulatory guidance currently awaited.
		EU Taxonomy	Platform on Sustainable Finance (PSF) reports on social and red (significantly harmful/brown) activities to be published following which they will proceed through the legislative process for adoption alongside the green Taxonomy. PSF report on TSC for the four non-climate Taxonomy environmental objectives is also due for publication ahead of the legislative process for adoption as the non-climate Taxonomy delegated act which is due to come into force on 1 January 2023.

DATE	SOURCE	TOPIC	SUMMARY
		MiFID	Revised ESMA Guidelines on MiFID suitability rules are expected to be published incorporating guidance on the MiFID sustainable preference rules which come into effect on 2 August 2022. See here (Sustainable Finance: New UCITS, AIFMD and MiFID Delegated acts) for further details.
QUARTER 2 2022			
30 April 2022		COVID-19 measures	Interim company law flexibility measures introduced under the Companies (Miscellaneous Provisions) (COVID-19) Act 2020 expire. See here for further details.
30 June 2022		PRiIPs	National deadline for transposing amendments to the UCITS Directive which will allow for the preparation of a PRiIPs KID in satisfaction of UCITS KIID rules with effect from the application of PRiIPs rules to UCITS on 1 January 2023. See here for further details.
QUARTER 3 2022			
1 July 2022		PRiIPs	Revised PRiIPs Level 2 rules in effect other than Article 1(13) which came into effect on 1 January 2022. See here for further details.
1 August 2022		UCITS and AIFMD	UCITS Directive and AIFMD amendments, which incorporate SFDR concepts of sustainability risk and adverse sustainability impacts into the fund governing regimes, take effect. See here (Sustainable Finance: New UCITS, AIFMD and MiFID Delegated acts) for further details.
2 August 2022		MiFID	Sustainable Finance amendments to MiFID (2017/565) organisational requirements and operating conditions take effect. See here (Sustainable Finance: New UCITS, AIFMD and MiFID Delegated acts) for further details.

DATE	SOURCE	TOPIC	SUMMARY
1 September 2022		EMIR	Last phase of applicants (covered entities with an AANA of non-centrally cleared derivatives greater than €8 billion) subject to the initial margin requirements under EMIR (Commission Delegated Regulation (EU) No 2016/2251 on bilateral margining). See here for further details.
Q3 2022 (fixed date not yet available)		MiFID	ESMA Guidance on MiFID appropriateness and execution-only requirements likely to take effect. Effective date dependant on the date of the as-yet-to-be published translations of the final guidelines published on 3 January 2022. See here for further details.
QUARTER 4 2022 + 1 January 2023			
October 2022		Corporate Sustainability Reporting Directive (CSRD)	First set of reporting standards under the proposed CSRD expected to be published with standards currently scheduled to be applied to reports published in 2024, covering financial year 2023. See here and below for further details.
22 November 2022		MiFID	Amendments to MiFID (2017/593) product governance obligations to take account of SFDR concepts in effect. See here (Sustainable Finance: New UCITS, AIFMD and MiFID Delegated acts) for further details.
30 December 2022		SFDR	SFDR disclosure rules for fund-level principal adverse sustainability impacts in effect. See here for further details.
31 December 2022		PRIPs	End of PRIIPs exemption period for UCITS. From 1 January 2023, UCITS must produce a PRIIPs KID in accordance with PRIIPs rules. Production of a PRIIPs KID can be used to satisfy UCITS KIID rules. See here for further details.

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		Cloud Outsourcing	Deadline for completion of review and update by UCITS managers and AIFMs of existing (as of 10 May 2021) cloud outsourcing arrangements to comply with ESMA Cloud Outsourcing Guidelines. See here for further details.
1 January 2023		SFDR	<ul style="list-style-type: none"> SFDR Level 2 expected to take effect with additional disclosure rules for funds in scope of Article 8 and 9 and managers' assessing the principal adverse sustainability impacts of investments. See here for further details. SFDR Taxonomy-related pre-contractual and periodic report disclosure rules for non-climate Taxonomy environmental objectives in effect. See here for further details.
		Retail performance fees	Central Bank deadline for multi-manager UCITS and RIAIFs compliance with ESMA Q&A on performance fees which precludes the payment of performance fees to individual managers if overall the fund has underperformed.
		Corporate Sustainability Reporting Directive (CSRD)	<p>Under current proposals, in-scope companies would apply the CSRD sustainability reporting standards for the first time to reports published in 2024, covering financial years beginning on or after 1 January 2023. The CSRD is to replace the existing Non-Financial Reporting Directive (NFRD) and provide for more detailed sustainability reporting by a larger category of companies than is in scope of the NFRD including large fund managers and corporate investment funds and all listed corporate investment funds. Large companies under NFRD/CSRD are those which exceed two out of three criteria of balance sheet total >€20,000,000; net turnover: €40,000,000, avg. employees: 250.</p> <p>Following replacement of the NFRD with the CSRD, the scope of companies subject to Article 8 EU Taxonomy disclosure rules will automatically be extended to include those in scope of the CSRD.</p>

Contact Us

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