

// ASSET MANAGEMENT & INVESTMENT FUNDS






Asset Management & Investment Funds Update

October 2025



Key Dates & Deadlines: Q4 2025

The following are key dates and deadlines in Q4 2025 along with possible impacts and action items arising for fund managers.

Date	Source	Summary	Action/Impact
July / August 2025*		ESMA standards and Guidelines on Liquidity Management Tools Scheduled date for entry into force of ESMA's Regulatory Technical Standards and Guidelines on Liquidity Management Tools for UCITS and AIFs	Please see article on the topic in the May 2025 update for further details. *As at the date of publication of this update these RTS have not yet entered into force.
October 2025		ESG rating providers: ESMA final report Deadline by which ESMA is to publish the final report and submit the draft technical standards to the European Commission for adoption.	Please see article on the topic in the June 2025 update for further details
5 November 2025		Deadline for responses to CBI AIF Rulebook and CBI UCITS Regulations consultations Feedback submissions on CP 162 and CP 161 are due 5 November 2025.	Please see articles on the topic in the September 2025 update for further details.
Q4 2025		SFDR update The European Commission's 2025 work programme has indicated that legislative changes to SFDR are scheduled for Q4 2025	
December 2025		ECB Regulation on investment fund statistics including money market funds The first reporting under the European Central Bank Regulation on statistics	Please see article on the topic in the February 2025 update for further details. See also updates on this CBI webpage for relevant documentation of the new IF & MMF return can be

**31 December
2025**



on investment funds, including money market funds, will be with a reference date of December 2025

Sustainable Finance omnibus simplification package

Date by which the European Commission has asked member states to implement the proposals delaying CSRD reporting for certain companies by 2 years and the effective date of CSDDD by 1 year.

found below. All files labelled with OF3 are related to the new return.

Please see article on the topic in the [May 2025 update](#) for further details. Ireland implemented stop-the-clock proposals in July.

ELTIF application process update

The CBI updated its ELTIF application form to clarify certain requirements relating to the ability to establish open-ended ELTIFs, disclosures required under the Sustainable Finance Disclosure Regulation, and the performance fee disclosure requirements for open-ended ELTIFs marketed to retail investors. Information on the ELTIF application process has also been updated on the CBI website.

Central Bank of Ireland updates

Delegation questionnaires

The CBI issued separate questionnaires to third party management companies and proprietary management companies earlier this year. Since the receipt of the completed questionnaires, the CBI has finished the desktop inspections and started on-site inspections of a sample of third-party management companies. For proprietary management companies, the desktop inspections have been finalised and the CBI has started the process to set-up onsite inspections with a sample of firms. The overall review process is due to be closed out by the end of the year.

CBI feedback report on SFDR CSA

The CBI's domestic report in relation to the outcome of the common supervisory action on the integration of sustainability risks and disclosures will be published imminently. The CBI has decided to defer any publication of domestic guidance on SFDR disclosure because the European Commission is due to publish SFDR Level 1 recommendations before the end of this year.

CSSF feedback report on ESMA sustainability CSA

Luxembourg's CSSF has issued its own feedback on ESMA's June 2025 report following the Common Supervisory Action regarding the integration of sustainability risks and factors in the investment management sector. ESMA's June 2025 report concluded that overall compliance was satisfactory, but identified areas needing improvement, such as integration of sustainability risks, entity-level SFDR disclosures and product-level SFDR disclosures.

CSSF feedback

The CSSF's feedback, published on 30 September 2025, aligns with ESMA's conclusions for Luxembourg-domiciled investment fund managers (IFMs) and adds detailed observations, recommendations for improvement, examples of good practices. All IFMs, regardless of whether they manage sustainability-related products, are expected to conduct a comprehensive self-assessment of their compliance with both the ESMA and CSSF reports and implement corrective measures where necessary.

Awaiting CBI feedback report

At the date of publication of this update, the CBI's feedback report has not yet been released, although as noted in the article above on CBI updates it is expected imminently. We will wait to see if it contains similar recommendations to the CSSF feedback that fund management companies should assess compliance with the CBI's and ESMA's report.

ESMA 2026 work programme

ESMA released its 2026 work programme on 3 October 2025. A key priority for 2026 will be supporting the forthcoming strategic developments set out by the European Commission's (EC's) Saving and Investments Union (SIU) strategy. Key priorities will also include contribution to enhancing the competitiveness of EU financial markets and simplifying rules to reduce reporting and administrative burdens.

ESMA will continue supporting implementation of key legislative files already agreed, notably the European Market Infrastructure Regulation (EMIR 3) and the European Single Access Point (ESAP).

Other ongoing legislative files which, depending on progress, may require ESMA's attention in 2026 are the Retail Investment Strategy (RIS), as well as review of PRIIPS, SFDR and Securitisation Regulation. ESMA will ensure that it integrates the principles of simplification and burden reduction across all its activities and will follow up on the 2025 'flagship' projects seeking simplification and efficiencies in disclosure and reporting frameworks.

Key projects for 2026

Key projects for 2026 include the rollout of the ESMA Data Platform, centralisation studies, and the development of AI-powered supervisory tools. These initiatives will bring common benefits to both ESMA and the National Competent Authorities, improving market efficiency and transparency through the support that data provides for risk-based and data-driven supervision across Europe.

In the digital finance sector ESMA will continue to focus on the effective implementation of MiCA, as it is key to ensuring investor protection and the orderly functioning of crypto-asset markets. ESMA's supervisory convergence efforts will remain focused notably on the authorisation and supervision of crypto-asset service providers.

Finally, in line with the EU's ambition to accelerate the settlement cycle to T+1 by 11 October 2027, ESMA will also coordinate closely with market participants to ensure the smooth transition and preparedness of the financial sector for this event.

In 2026, ESMA will continue to deliver level 2 and 3 work as a result of the reviews of EMIR 3, CSDR, and AIFMD/UCITS. ESMA is also mandated to undertake level 2 and 3 work and other tasks under the Listing Act.

Investment management sector

Under the AIFMD and UCITS Directive, ESMA will, in 2026, develop Guidelines providing indications to guide the competent authorities on the activation of suspensions of subscriptions and redemptions of funds. Similarly, the EC's assessment and review of the PRIIPs Regulation and SFDR may give rise to regulatory technical standards (RTS) and requests for technical advice from the ESAs to contribute to the simplification of the legislative framework and burden reduction for financial market participants. In 2026, ESMA will produce the Final Report on the 2025 CSA on Compliance and Internal Audit Functions of UCITS Management Companies and AIFMs. Finally, in 2026, ESMA will finalise the project on "Tackling greenwashing risk in the sustainable investment fund market" as part of the EC's 2024 Technical Support Instrument.



Main outputs	
Ongoing Activities	
<ul style="list-style-type: none"> • Guidance and other tools to promote supervisory convergence as needed related to investment management. • Integration of supervisory data collection under AIFMD, UCITS. • Ongoing updates and revisions of technical standards and guidance on data reporting obligations across EU legislation, including AIFMD/UCITS. 	
Specific outputs	Due date 2026
Guidelines on suspensions of subscription and redemption and other NCAs' powers. Report on 2025 CSA on Compliance and Internal Audit Functions of UCITS Management Companies and AIFMs. Report regarding the development of the integrated collection of supervisory data in the asset management sector.	Q2
Annual update of guidelines on MMF stress testing (update of the parameters of the stress tests scenarios). Annual ESMA market report on Costs and Performance of EU Retail Investment Products. Public project brief for TSI project on tackling greenwashing risk in the sustainable investment fund market.	Q4

ESG rating regulation

The date of application for the ESG rating regulation is 2 July 2026. Leading up to this date ESMA will be focused on the smooth delivery of the regulation's supporting technical standards, communication of expectations for notification and registration processes as well as the clarification of certain regulatory requirements.

ESMA will continue to actively engage with stakeholders to understand key market issues and intentions. In the first half of 2026, ESMA will also organise a workshop to identify and address practical questions around the process of registration for ESG rating providers. From mid-2026 ESG rating providers will be able to submit their registration applications to ESMA in line with the deadlines set out in the regulation.

Crypto assets and distributed ledger technology (DLT)

In the context of the DLT Pilot Regulation, ESMA will continue, where relevant, to provide non-binding opinions and monitor the application of exemptions, permissions, and related conditions. In parallel, ESMA will begin assessing more actively the broader impact of tokenisation on EU financial markets, including implications for market structure, regulatory frameworks and the entities it supervises. These reflections will inform ESMA's future policy work and may contribute to the upcoming review of the DLT Pilot Regulation.

ESA's 4th annual report PAI disclosures

The ESA's released its 4th Annual Report on Principal Adverse Impact (PAI) disclosures under SFDR on 9 September 2025. In general, the ESA's noted improved quality of PAI disclosures at both entity and product level. Larger financial market participants (FMPs), especially those in multinational groups, continue to provide more detailed and structured disclosures. Smaller FMPs often mix ESG marketing content with regulatory disclosures, leading to unclear or incomplete reporting.

The ESA's report recommends that the European Commission considers a shorter form of PAI statement with reduced indicators. It also recommends considering an alternative to the threshold trigger to produce a PAI statement of "more than 500-employees", for example the total amount of FMP's investments. This would involve amendments to SFDR Level 1 legislation and worth taking note whether these changes may be proposed in the SFDR legislative changes due to be published in Q4 2025.

Good practices identified

The report presents a list of good and below average practices and one case of non-compliance. This is a useful list against which fund management companies (FMCS) can internally assess their PAI reporting and disclosure to determine how supervisors may view the FMC's current practices. Some examples of good practice are:

Clarity: Use of structured templates, clear headings, and accessible formats.

Completeness: Detailed reporting on indicators like CO₂ emissions, with actions and targets.

Quantification: Specific actions and metrics per indicator, rather than generic statements.

Transparency: Disclosure of methodologies, data sources, and assumptions.

Some examples of below average practice are:

Disclosure location: PAI statements not easily accessible

Generic language: generic or vague language in PAI statements such as statements that did not clearly explain whether PAIs were considered

Targets: failure to quantify actions or set targets

Mixing content: Mixing marketing content with regulatory disclosures.

Recommendations

The report recommended that National Competent Authorities enhance supervision and promote good practices.

Recommendations in the report to the European Commission are:

- consider the continuing value of PAI statements, whether they should be in shorter form with reduced indicators, in machine-readable format and made available in the ESAP
- consider introducing other ways of proportionality for FMPs aside from the "more than 500-employees" threshold. Establishing a threshold based on the total amount of FMP's investments may be a more meaningful threshold.
- Consider reducing the frequency of the ESA's PAI reports to every 2–3 years to allow deeper analysis.

T+1 Settlement: European Parliament vote

The European Parliament has adopted its position at first reading on the proposed Regulation to amend the Central Securities Depositary Regulation to introduce T+1 settlement for transferable securities transactions within the EU. The text put to a vote was the compromise reached on 18 June between the Parliament and the Council. Under the agreement, certain securities financing transactions (SFTs) will be exempt from the new settlement cycle requirement if they are documented as single transactions consisting of two linked operations.

Next step

The next step is for the Council of the EU to formally adopt the agreed text. Once adopted, the Regulation will be published in the Official Journal of the European Union and enter into force on the twentieth day following its publication. It will apply from 11 October 2027.

SEC notice of intent: ETF share classes

The U.S. Securities and Exchange Commission (SEC) has issued a notice of intent to grant Dimensional Fund Advisors permission to offer ETF share classes within its existing mutual funds.

Summary of the SEC Notice

Vanguard previously held a patent allowing ETF share classes within mutual funds, which expired in May 2023. This opened the door for other asset managers to pursue similar structures.

The SEC's notice supports a dual-share class model, allowing a single fund to offer both traditional mutual fund shares and ETF shares.

The proposal includes measures such as board oversight, conflict monitoring, advisor reporting and investor disclosures.

Timing and Next Steps

The notice was published on September 29, 2025. The earliest date the SEC may issue a final order is October 16, 2025, pending public comment and any hearing requests. The SEC has directed the 80+ other applicants to revise their filings to closely match DFA's updated application. Those who comply may receive expedited review.

Once DFA's order is finalized, the SEC staff will have delegated authority to approve similar applications, potentially accelerating the rollout of ETF share classes across the industry.

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