

// ASSET MANAGEMENT & INVESTMENT FUNDS

Asset Management & Investment Funds Update

December 2025



Key Dates & Deadlines: Q4 2025

The following are key dates and deadlines in Q4 2025 and some key 2026 dates along with possible impacts and action items arising for fund managers.

Date	Source	Summary	Action/Impact
9 December 2025		CBI year end deadlines Deadline for receipt of application for ICAV Registration / Conversion / Migration to be effective 23 December 2025 – 31 December 2025	Complete application to be received by 5pm on this date.
15 December 2025		CBI year end deadlines Deadline for funds seeking to revoke by end of December 2025 to submit a complete revocation application including payment of the funding levy	Complete application to be received by 5pm on this date.
17 December 2025		CBI year end deadlines Deadline for receipt of QIAIF change of service provider filings to be effective 24 December 2025 – 2 January 2026	Complete application to be received by 5pm on this date.
19 December 2025		EU T+1 survey Date by which the CBI has requested responses to the survey launched by the EU T+1 Industry committee.	Please see article on the topic in this update below for further details.
19 December 2025		CBI year end deadlines Deadline for receipt of executed documentation for UCITS, RIAIF or retail ELTIF requiring authorisations/approvals/noting on 23, 24, 29, 30 and / or 31 December 2025	Complete application to be received by 5pm on this date. Please see article on the topic in this update below for further details.

22 December 2025		<p>CBI year end deadlines</p> <p>Deadline for receipt of filing for QIAIFs/professional and qualified ELTIFs seeking approval or authorisation for noting on 23 and 24 December</p>	Complete application to be received by 3pm on this date.
23 December 2025		<p>CBI year end deadlines</p> <p>Deadline for receipt of filing for QIAIFs/professional and qualified ELTIFs seeking approval or authorisation for noting on 29 December</p>	Complete application to be received by 3pm on this date.
23 December 2025		<p>CBI year end deadlines</p> <p>Date by which the CBI fund service provider authorisation team must be contacted by a firm intending to submit an Acquiring Transaction Notification between 29 December 2025 and 2 January 2026 inclusive</p>	Contact the CBI by emailing Mancofspauthorisations@centralbank.ie
25 December 2025		<p>EMIR 3.0 Article 7d reporting on clearing activity in 3rd country CCPs</p> <p>The date by which the Level 1 text of EMIR 3.0 mandates first annual reporting on clearing activity in 3rd country CCPs. The relevant technical standards under EMIR 3.0 are not in place.</p>	The CBI, in response to an Irish Funds submission, has confirmed it does not require any reporting in respect of Article 7(d) as of end 2025, noting that the relevant technical standards are not in place. The CBI continues to engage with ESMA in respect of a formal communication being issued to inform industry of this position.
29 December 2025		<p>CBI year end deadlines</p> <p>Deadline for receipt of filing for QIAIFs/professional and qualified ELTIFs seeking approval or authorisation for noting on 30 and 31 December</p>	Complete application to be received by 3pm on this date.
30 December 2025		<p>CBI year end deadlines</p> <p>Deadline for receipt of filing for QIAIFs/professional and qualified ELTIFs seeking approval or authorisation for noting on 2 January 2026</p>	Complete application to be received by 5pm on this date.
December 2025		<p>ECB Regulation on investment fund statistics including money market funds</p> <p>The first reporting under the European Central Bank Regulation on statistics on investment funds, including money market funds, will be with a reference date of December 2025.</p>	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 found below. All files labelled with OF3 are related to the new return.
Q4 2025		<p>EC proposals to simplify distribution of EU funds and cross-border asset management group operations</p> <p>The European Commission is expected to publish a legislative proposal as part of the Savings and</p>	

<p>Q4 2025</p> 	<p>Investment Union initiative to remove barriers to distribution of EU funds and reduce operational barriers faced by asset managers operating as a group structure across multiple EU Member States.</p> <p>EC proposals on supervisory convergence tools</p> <p>The European Commission is expected to publish proposals as part of the Savings and Investment Union initiative relating to supervisory capacity at EU level instead of national level.</p>	<p>The EC has said these considerations are particularly relevant for market operators with significant cross-border activities such as certain large trading and post trading infrastructure as well as large cross-border asset management groups and new or emerging sectors such as crypto asset service providers.</p>
<p>December 2025 / January 2026</p> 	<p>CBI tokenisation discussion paper</p> <p>The Central Bank of Ireland, in its 2025 Regulatory & Supervisory Outlook, said that it intends to publish a Discussion Paper on the potential application of tokenisation within investment funds. The anticipated date of issue is by the end of January.</p>	
<p>1 January 2026</p> 	<p>EU Benchmarks Regulation changes</p> <p>The regulatory burden will be reduced for administrators and users of non-significant benchmarks by limiting the scope to "critical", "significant", Paris-aligned, climate-transition and certain commodity benchmarks.</p>	<p>Please see article on the topic in the November 2025 update for further details.</p>
<p>24 March 2026</p> 	<p>CBI Standards for Business Regulations</p> <p>The Central Bank of Ireland's revised Consumer Protection Code, which comprises of Standards for Business Regulations and Consumer Protection Regulations and related guidance, begins to apply.</p>	
<p>16 April 2026</p> 	<p>National transposition of AIFMD 2.0</p> <p>Date by which member states must transpose into national law the changes to AIFMD and UCITS directive.</p>	<p>Note the enhanced reporting regime is not due to take effect until April 2027.</p> <p>Funds in existence prior to 16 April 2026 have 12 months to comply with the liquidity management tools provisions.</p> <p>Please see article on the topic in this update for further details.</p>

30 June 2026		Gender balance regulations	Deadline for any fund falling within the scope of the European Union (Gender Balance on Boards of Certain Companies) Regulations 2025 to ensure that at least 40% of its non-executive directors are members of the underrepresented sex, whether the underrepresented sex is male or female.	
2 July 2026		EU ESG Ratings Regulation	The new framework under the EU ESG Ratings Provider regime begins to apply.	Marketing communications referencing an ESG rating will be required to include a weblink to detailed information relating to that ESG rating. The European Commission announced in October 2025 that it has deprioritised the adoption of regulatory technical standards under this framework until October 2027 at the earliest.

Final RTS on liquidity management tools for UCITS & open-ended AIFs under AIFMD 2.0

The European Commission (EC) published its final version of the Regulatory Technical Standards (RTS) for UCITS and for AIFs under AIFMD 2.0 on 17 November 2025 specifying the characteristics of liquidity management tools (LMTs) for UCITS and open-ended AIFs. These RTS now enter a 3-month scrutiny period by the European Parliament and Council and so are scheduled to be published in the Official Journal in Q1 2026.

Below is a summary of the limited changes to the LMT RTS from the versions issued by ESMA in April 2025 and suggestions how fund management companies and funds can begin to plan for the introduction of these LMT requirements.

Effective date and new transitional period

On 16 April 2026, the published RTS will apply to all funds constituted on or after 16 April 2026. A 12 month-transitional period for existing funds has been provided for in these RTS. The published RTS will apply from 16 April 2027 to funds constituted before 16 April 2026. See commentary below in relation to sub-funds of existing umbrellas launched after 16 April 2026. If any AIFM or UCITS voluntarily chooses to opt into the requirements from 16 April 2026, they must notify their competent authority.

ESMA's guidelines on LMTs of UCITS and open-ended AIFs are those already published dated 15 April 2025 (**ESMA LMT Guidelines**). The effective date and transitional period of the LMT RTS is now aligned with the effective date and transitional period of the ESMA LMT Guidelines.

Limited changes from RTS issued by ESMA in April 2025

There are no substantive changes from either the draft UCITS RTS or AIF LMT RTS published by ESMA in its final report in April 2025, but note the following:

- It has been clarified that UCITS and AIFs may implement a "soft closure" arrangement to protect exiting investors and manage the flow of investments into a fund without the soft closure being deemed a LMT. This will allow a UCITS to restrict subscriptions while continuing to allow repurchases and redemptions and so is a separate process from the LMT suspension of subscriptions, repurchases and redemptions
- Clarified that suspension of subscriptions, redemptions and repurchases are temporary strictly limited to the period necessary to address the exceptional circumstances in which they arose

- A UCITS can apply a redemption gate at the level of the UCITS, applying equally to all investors. An AIF can apply the gate at the level of the AIF, at the level of investors or a combination of both
- Redemption fees should take into account estimated explicit transaction costs and, where appropriate to the investment strategy of the UCITS, the implicit transaction costs estimated on a best efforts basis. Explicit and implicit transaction costs are described and apply in the case of swing pricing, dual pricing and anti-dilution levies (ADLs)
- The transfer of assets to investors under the activation of a redemption in kind LMT can be direct or indirect via intermediaries
- It has been clarified that side pockets must be closed to subscriptions, repurchases and redemptions. For AIFMs, it has been clarified that where an AIF creates a side-pocket by new AIF physical separation (a) remaining in the original AIF or (b) transferred by merger into another existing AIF, the side pocket must be managed in accordance with the investment strategy of the original AIF. Where the side pocket is created by way of transfer to a new AIF, the original AIF shall continue to be managed in accordance with its existing investment strategy.

Planning by Fund management companies to incorporate LMTs

It is not expected that there will be any further changes to the LMT RTS and these are the provisions we should see come into force in Q1 2026. The Central Bank of Ireland's (CBI's) CP 161 and 162 consultations on various aspects of the AIF and UCITS regimes included targeted changes to permit alignment with the new LMT provisions. In addition to that, the CBI proposed that UCITS and AIFs were permitted to retain provision for a redemption charge and redemptions in kind as part of dealing mechanics which are not the same as activating a LMT within the meaning of the new LMT rules. Depending on the outcome of the CBI's consultations, funds may wish to keep or build in these dealing mechanisms. This may require an update to a fund constitution and will require an update to prospectus disclosure.

AIFs and UCITS existing prior to 16 April 2026 have until 16 April 2027 to comply with the new LMT requirements. The LMTs are silent on the application of the transitional period to new sub-funds established after 16 April 2026 in an existing umbrella, just referring to "UCITS" and "AIFs". Without a clear published position on this from the EC, ESMA or the CBI fund management companies (FMCs) should plan on the basis that new sub-funds will be in scope from 16 April 2026. This means that constitutions of existing umbrellas launching new sub-funds soon after 16 April 2026 will have to be assessed and, if changes are necessary, updated prior to 16 April 2026.

The 9 LMTs are

1. Suspension of subscriptions, repurchases and redemptions
2. Redemption gate (quantitative)
3. Extension of notice periods (quantitative)
4. Redemption fee (anti-dilution tool or **ADT**)
5. Swing pricing (ADT)
6. Dual pricing (ADT)
7. ADL (ADT)
8. Redemption in kind (permitted only for professional investors)
9. Side-pockets

LMT	Policies and procedures update	Fund Documentation update
Timing	Q1 2026 if establishing new UCITS/AIF after 16 April 2026 or launching new sub-funds soon after 16 April 2026* Funds existing prior to 16 April 2026 have until 16 April 2027 to comply	Q1 2026 if establishing new UCITS/AIF after 16 April 2026 or launching new sub-funds soon after 16 April 2026* Funds existing prior to 16 April 2026 have until 16 April 2027 to comply
Action	FMCs must assess the suitability of each LMT for each sub-fund under management relevant to its investment strategy, liquidity profile and redemption policy. The ESMA LMT Guidelines will	Review fund constitutions to ensure they permit the use of all relevant LMTs intended to be used. Ideally, constitutions will enable the use of all 9 LMTs. The actual LMTs selected can be described in detail in the prospectus and

	assist fund managers undertaking this assessment.	supplement for a particular sub-fund where relevant Also review constitutions for CBI permitted redemption charge and redemptions in kind as non-LMT dealing provisions
	FMCs must select at least 2 LMTs from 2 – 8 above for each sub-fund. It is possible to select more. It is not possible to only select 5 and 6	Update constitution if necessary, including obtaining any investor and / or depositary approvals. Note PLCs will need to convene a general meeting to approve amendments.
	A money market fund is permitted to only select 1 LMT from 2-8	Update prospectus and / or supplements.
	FMCs should consider the merit of selecting at least one quantitative based LMT and one ADT for each sub-fund	Obtain CBI approval for updated fund documentation by way of expected CBI fast-track process
	Put in place detailed policies and procedures for the activation and de-activation of any selected LMT and the operational and administrative arrangements for the use of each LMT. This can be an update to the existing fund liquidity policy or a standalone policy	
	Board approval of the revised policies	Board approval of the revised prospectus and / or supplements

SFDR 2.0

The European Commission's (**EC**) has published its long-awaited SFDR 2.0 proposal on 20 November 2025. The proposed changes are radical, with a focus on simplification and introduction of 3 product categories to replace the existing A8 / A9 disclosures.

We have set out below high-level actions for fund managers and timing, followed by a more detailed summary, including a table comparing the 3 core product categories of the SFDR 2.0 proposals.

Actions for fund managers

Existing funds in scope of the revised SFDR requirements will need to ensure compliance with SFDR 2.0 by its applicable date, when known.

Details of the final product categories are now known and final details will be settled once the final legislation, including any relevant Level 2 measures, are published. Fund managers will need to undertake an exercise mapping existing SFDR Article 8 and 9 products to the new product requirements to see if they will fall to be classified under the new product categories or whether any changes may need to be made to comply with the new product requirements. Funds disclosing under A8 and A9 SFDR complying with the ESMA Fund Name Guidelines will have already assessed compliance with an 80% threshold and CTB and / or PAB exclusions.

Fund of funds should assess the proposals for products investing in a combination of categories to establish if they will be able to be categorised as a result of investing in categorised products.

Those fund managers with funds classified under the UK SDR regime may want to assess how the proposed categories map to UK SDR categories.

Processes and procedures for the use of data and estimates will need to be reviewed in light of the proposed requirements under the revised SFDR.

Precontractual and periodic disclosures will change. They will reduce to 2 pages and the pre-contractual disclosure will double as the website disclosure.

For funds that will be categorised under one of the three SFDR categories, and that produce a KID, the KID will need to be updated.

Products falling outside of the three categories can refer to sustainable factors, but it cannot be central to the marketing of the fund. Sustainability-related terms are prohibited in product names.

Fund managers required to produce entity-level PAI statements will no longer have to do so. At this stage, it is not clear what will happen in the case of PAI statements which will need to be published between now and the effective date of SFDR 2.0. There will no longer be a requirement to consider PAIs at product level.

Closed-ended funds which have closed before SFDR 2.0 will have to decide if they will avail of the exemption to comply with SFDR.

"Sustainability-preferences" in suitability assessments are likely to be updated to reflect the three new product categories, impacting on distribution processes.

Products making sustainability related disclosures falling outside the 3 categories will be required to report annually under Article 6a.

Timing and next steps

The EC proposal will now be negotiated by the co-legislators. Subsequent implementing Level 2 measures to determine specific details of the framework will be developed in a second step. The EC envisages implementation with a start-up period from 2027 – 2028. We would expect the Level 2 measures to be in place in time for the effective date of SFDR 2.0. There will be no transitional provisions for existing AIFs or UCITS.

Transition, ESG basics and Sustainable product categories to replace A8/9 disclosures

The Article 8/9 regime will be replaced by 3 mandatory product categories under new Articles 7, 8, and 9. The continued reference to "Article 8" and "9" is intended to provide some form of continuity for funds currently disclosing under A8 SFDR moving to the new ESG basics category and for funds currently disclosing under A9 SFDR moving to the new Sustainable category. The requirements of the ESMA Fund Name Guidelines have been incorporated into the SFDR 2.0 product category proposals, with some adjustments, e.g. the threshold of investments to be aligned with the stated objective for the relevant SFDR product category is 70% rather than 80% per the ESMA Fund Name Guidelines.

Definition of "sustainable investment" and DNSH removed

The definition of sustainable investment is deleted as is the do-no-significant-harm article. They fall away; however, each product category will now include more prescriptive requirements around permitted and excluded investments which means that specified elements of the sustainable investment and DNSH concepts remain.

Product categories

The new categories proposed are:

- Transition (new Art 7)
- ESG basics (new Art 8)
- Sustainable (new Art 9)

Transition+Impact and Sustainable+Impact products

For the first time, a "sustainability-related financial product with impact" is recognised as a product add on to the Transition and Sustainable categories.

Conditions for the ESG basics, Transition and Sustainable product categories

- Mandatory minimum of 70% to be aligned with the relevant objective for the category.
- For Transition products, this 70% threshold will be deemed to be satisfied for products that replicate or are managed by reference to EU CTB or PAB benchmarks. For Sustainable products, the 70% threshold will be deemed to be satisfied by reference to EU PAB benchmarks. Transition and Sustainable products with more than 15% in taxonomy aligned investments are regarded as meeting a sufficient threshold without having to meet the 70% threshold.
- Mandatory exclusions. As per the ESMA Fund Name Guidelines, these exclusions cross reference to the exclusions for CTB and PAB benchmarks. There are additional exclusions for Transition and Sustainable categories related to new fossil fuel developments.
- There is a list of permitted investment types in which a product may invest to achieve the sustainability objectives.
- Transition+Impact and Sustainable+Impact products must satisfy the transition and sustainable product category requirements, respectively, and make mandatory impact-specific disclosures. Only a product satisfying these conditions can use the term "impact" in its name.

See below a comparison of the three proposed SFDR product category requirements.

Product category	ESG basics (new Art 8)	Transition (New Art 7)	Sustainable (new Art 9)
Threshold	70% threshold linked to the proportion of investments integrating the sustainability factors in accordance with the binding elements of the investment strategy of the financial product, measured using appropriate sustainability-related indicator(s)	70% threshold linked to the proportion of investments to meet a clear and measurable transition objective related to sustainability factors, including environmental or social transition objectives in accordance with the binding elements of the investment strategy of the financial product, measured using appropriate sustainability-related indicator(s)	70% threshold linked to the proportion of investments to meet a clear and measurable objective related to sustainability factors and social objectives in accordance with the binding elements of the investment strategy of the financial product, measured using credible sustainability-related indicator(s)
Cannot include in threshold	N/A	Investments in issuances by public sector bodies ¹ (i.e. sovereign, sub-sovereign or supranational issuers) EXCEPT public sector bodies that issue	Investments in issuances by public sector bodies (i.e. sovereign, sub-sovereign or supranational issuers) EXCEPT public sector bodies that issue

¹ means central governments or central banks, regional governments or local authorities, multilateral development banks as referred to in Article 117 of Regulation (EU) No 575/2013 of the European Parliament and of the Council*1, and international organisations as referred to in Article 118 of that Regulation

		<ul style="list-style-type: none"> • EU Green Bonds OR • use of proceeds instruments so long as the use of proceeds do not fund any activities set out in 12(1)(a) + (b) +(c) + (d) Commission Delegated Regulation 2020/1818 relating to Climate Transition and Paris Aligned Benchmarks (CTB and PAB BMR) i.e. those involved in (i) controversial weapons (ii) the cultivation and production of tobacco (iii) companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite or (iv) companies in violation of UNGC principles or OECD guidelines for MNEs (Basic exclusions) 	<ul style="list-style-type: none"> • EU Green Bonds OR • use of proceeds instruments so long as the use of proceeds do not fund any activities set out in 12(1) CTB and PAB BMR i.e. activities related to (i) controversial weapons (ii) the cultivation and production of tobacco (iii) companies that derive 1 % or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite; (iv) companies that derive 10 % or more of their revenues from the exploration, extraction, distribution or refining of oil fuels; (v) companies that derive 50 % or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels; (vi) companies that derive 50 % or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO₂ e/kWh or (a) new projects for the exploration, extraction, distribution or refining of hard coal and lignite, oil fuels or gaseous fuels; or (b) new projects for, or do not have a plan to phase-out from, the exploration, mining extraction, distribution, refining or exploitation of hard coal or lignite for power generation or (c) companies in violation of UNGC principles or OECD guidelines for MNEs (PAB exclusions)
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<p>Exclusions</p>	<p>Must apply Basic exclusions</p> <p>WITH THE EXCEPTION OF</p> <p>Investment in companies issuing</p> <ul style="list-style-type: none"> • EU Green Bonds OR • use of proceeds instruments so long as the use of proceeds do not fund any underlying activities related to the Basic exclusions 	<p>Must apply Basic exclusions</p> <p>WITH THE EXCEPTION OF</p> <p>Investment in companies issuing</p> <ul style="list-style-type: none"> • EU Green Bonds OR • use of proceeds instruments so long as the use of proceeds do not fund any underlying activities related to the Basic exclusions <p>and also exclude companies that:</p> <p>(i) develop new projects for the exploration, extraction, distribution or refining of hard coal and lignite, oil fuels or gaseous fuels; or</p> <p>(ii) develop new projects for, or do not have a plan to phase-out from, the exploration, mining extraction, distribution, refining or exploitation of hard coal or lignite for power generation (New fossil fuel development exclusions)</p>	<p>Must apply PAB exclusions and New fossil fuel development exclusions</p> <p>These exclusions do not apply to investment in companies issuing</p> <ul style="list-style-type: none"> • EU Green Bonds OR • use of proceeds instruments so long as the use of proceeds do not fund underlying activities in the PAB exclusions or New fossil fuel development exclusions provided the issuer is not in violation of UNGC principles or OECD guidelines for MNEs
<p>Deemed compliance with threshold + exclusions</p>	<p>n/a</p>	<p>Financial products that replicate or are managed in reference to EU CTB or EU PAB</p>	<p>Financial products that replicate or are managed in reference to EU PAB</p>
<p>Deemed compliance with threshold</p>	<p>n/a</p>	<p>Products invested 15% or more in taxonomy-aligned investments.</p> <p>This replaces the requirement to meet the 70% threshold above</p>	<p>Products invested 15% or more in taxonomy-aligned investments.</p> <p>This replaces the requirement to meet the 70% threshold above</p>
<p>Permitted investments</p>	<p>1. Investments with an ESG rating as defined by Regulation 2024/3005 that outperforms the average rating of the investment universe or</p>	<p>1. Investments portfolios replicating or managed in reference to EU CTBs or PABs</p> <p>2. taxonomy-aligned economic activities including transitional activities and</p>	<p>1. Investments in portfolios replicating or managed in reference to a PAB</p> <p>2. investments in taxonomy aligned activities</p>

	<p>the reference benchmark;</p> <p>2. Investments that outperform the average investment universe or reference benchmark on a specific appropriate sustainability indicator;</p> <p>3. Investments that favour undertakings or economic activities with a proven positive track record in terms of processes, performance or outcomes related to sustainability factors</p> <p>4. A combination of investments pursuant to Article 7(2) [permitted investments for transition products] or Article 9(2) [permitted investments for sustainable products] and the investments referred to in points 1, 2, 3 above;</p> <p>5. Other investments integrating sustainability factors beyond the consideration of sustainability risks, provided proper justification is included in the disclosures required below</p>	<p>Taxonomy-eligible economic activities provided they become taxonomy-aligned over a period of maximum 5 (exceptionally 10) years i.e. in accordance with (b) of Section 1.1.2.2 of Annex I Delegated Regulation (EU) 2021/2178</p> <p>3. Investments in undertakings or economic activities with a credible transition plan as regards at least one sustainability factor at the level of the undertaking or at activity level respectively, proportionate to the size of the undertaking</p> <p>4. Investments in undertakings or economic activities with credible science-based targets that are supported by information ensuring integrity, transparency and accountability</p> <p>5. Investments accompanied with a credible sustainability-related engagement strategy, targeting specific changes with defined milestones and measured with reference to those targets and milestones, and integrating escalation actions in case the expected changes do not happen in combination with any of those referred to in points 1 – 4 or 8</p> <p>6. Investments pursuant to permitted investments for Sustainable category in combination with any of those referred to in bullet points 1 – 5 above;</p>	<p>3. EU Green Bonds</p> <p>4. Investments including co-investments that finance the same undertaking, project or portfolio identified in financing and investment operations benefitting from an EU budgetary guarantee or financial instruments under the EU programmes pursuing E or S objectives</p> <p>5. Investments in comparable assets to those referred to in points 1 – 3 above provided that a proper justification of their high level of performance in terms of sustainability standards is included in the disclosures</p> <p>6. Investments in EuSEF</p> <p>7. Other investments in undertakings, economic activities or assets that contribute to an environmental or social objective, provided that a proper justification is included in the disclosures required pursuant below</p>
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<p>2-page Disclosure in prospectus</p>	<ol style="list-style-type: none"> 1. Statement that the product meets the threshold conditions 2. Description of sustainability factors that the financial product integrates 3. Description of the strategy, applicable choice and relevant share of investments, applicable phase-in period for the product to reach 70% threshold in accordance with that set out in precontractual disclosures 4. Sustainability related indicators 5. Statement that the FMP complies with exclusion requirements and any additional exclusions 	<ol style="list-style-type: none"> 1. Statement that the product meets the threshold conditions above 2. Description of the transition related objective(s) 3. Description of the transition related strategy to satisfy the threshold, applicable choice and relative share of permitted investments, applicable phase-in period for the product to reach 70% threshold in accordance with that set out in precontractual disclosures 4. Where a product pursues an environmental objective, a statement on whether and the 	<ol style="list-style-type: none"> 1. Statement that the product meets the threshold conditions 2. Description of the sustainability-related objectives to which product contributes 3. Description of the strategy, applicable choice and relative share of permitted investments, applicable phase-in period for the product to reach 70% threshold in accordance with that set out in precontractual disclosures 4. Where a product pursues an environmental objective, a statement on whether and the extent to which the 70% threshold is met by

	6. Data sources for 2 - 5	<p>extent to which the 70% threshold is met by investing in taxonomy-aligned investments</p> <p>5. Sustainability related indicators</p> <p>6. Statement that the FMP complies with exclusion requirements and any additional exclusions</p> <p>7. Data sources for 2 - 5</p>	<p>investing in taxonomy-aligned investments</p> <p>5. Sustainability related indicators</p> <p>6. Statement that the FMP complies with exclusion requirements and any additional exclusions</p> <p>7. Data sources for 2 – 5</p>
Principal adverse indicators – identification and disclosure		<p>Must identify and disclose the principal adverse impacts of their investments on sustainability factors and explain any actions taken to address those impacts.</p> <p>This requirement can be complied with in full or in part by using appropriate sustainability related indicators.</p>	<p>Must identify and disclose the principal adverse impacts of their investments on sustainability factors and explain any actions taken to address those impacts.</p> <p>This requirement can be complied with in full or in part by using appropriate sustainability related indicators.</p>

Products investing in a combination of product categories

There is a new provision for financial products that invest in a combination of two or more underlying product categories, such as funds of funds or multi-option products. In the case where investment in categorised products reach the 70% threshold at the level of the portfolio of the investing product, and where compliance with other criteria such as exclusion criteria, is met, those products can themselves be categorised. Provided the appropriate exclusions are met in each case, only products that meet the 70% threshold by investing solely in Sustainable products would be considered Sustainable while those investing across categories would fall either within Transition, if mixing Sustainable or Transition products, or ESG basics if mixing products from any of the three.

Financial products investing in categorised products but not meeting thresholds can include how much they have invested in the categorised products as well as in portfolios managed for clients on a discretionary basis in accordance with the criteria for categorised products.

Fund managers of these combination products can rely on the SFDR disclosures made by the ESG basics, Transition and/or Sustainable products or from the portfolio manager.

Simplification and reduction of disclosures

Transition, ESG basics and Sustainable products will still need to make mandatory pre-contractual, website and periodic report disclosures. However, the EC is proposing significant changes:

- Pre-contractual and periodic disclosures will be maximum 2 pages, as such significantly reduced content requirements.
- New RTS to be developed to specify the templates and mandatory disclosures per each category.
- The pre-contractual template will double as the website disclosure, removing the current duplicative/expanded website only disclosures.

PAI regime removed

The current entity-level and product-level Principal Adverse Impact regime is deleted entirely.

Transition and Sustainable products must identify and disclose the principal adverse impacts of their investments on sustainability factors and explain any actions taken to address those impacts. This requirement can be complied with in full or in part by using appropriate sustainability related indicators.

Scope narrowed

Portfolio management and investment advice services are no longer "products" and are excluded from scope in SFDR 2.0.

Closed-ended fund exemptions

Closed-ended funds which have closed before SFDR 2.0 will be exempt from the new product categorisations.

Other notable points

- There is a "no gold-plating" rule – prohibiting NCAs from introducing additional national level requirements – learning the lessons obviously from the current regime.
- The remuneration policy disclosures are deleted.
- SFDR 2.0 will prohibit non-categorised products using sustainability-related terms in their name or marketing materials.
- SFDR 2.0 product categories will appear in the PRIIPs Key Information Document (KID) for retail investors.
- Product level taxonomy-alignment disclosures will be optional only.
- New requirements on data processes and use of estimates. Financial market participants will have the possibility to rely on estimates where granular data is missing, obtained either from external data providers or generated in-house, with transparency toward investors on how this is done in practice.
- No grandfathering for existing SFDR products once SFDR 2.0 is in force.
- The requirements in the existing ESG Ratings Regulation relating to website disclosure about ESG ratings when used in marketing materials have been included in the proposal.

Level 2 measures

The SFDR proposals permit Level 2 measures to provide detail on:

- the three proposed product categories in relation to
 - conditions for investments to contribute to the respective objective of each category including indicators
 - limited permitted deviations from exclusions for the purposes of hedging
 - methodologies to calculate the threshold and conditions for investments
 - templates for the 2-page precontractual disclosure
- the 2-page template for periodic disclosures

The EC rather than the European Supervisory Authorities, will have the power to adopt SFDR Level 2 legislative measures. The ESAs and the Platform on Sustainable Finance will be consulted as part of the process.

Changes from widely circulated "leaked" SFDR 2.0 text

Notable changes from the SFDR text leaked on 6 November 2025 which was widely circulated include

- The product category names have been decided – not left to Level 2
- A new annual periodic reporting obligation is introduced for any product choosing to make voluntary sustainability-related disclosures under Article 6a i.e. non categorised products
- Reintroduction of PAI for Transition and Sustainable
- Clarity on the products that invest in a combination of categories (FoFs and MOPs) i.e. (A) they can be categorised themselves if they invest to a sufficient threshold of SFDR categorised products and (B) can be non-categorised and simply disclosing the amount to which they are invested in categorised products.
- The ESG ratings regulation website disclosure requirements for marketing materials have been carried through
- No longer any exemption for funds marketing to professional investors only
- Existing Level 2 RTS will be repealed in their entirety (I think this was implicit per leaked text but is explicit in official version)
- It is proposed to enter into force 18 months after OJ publication.

ESMA report on total costs of investing in UCITS and AIFs

ESMA published a report on the total costs of investing in UCITS and AIFs in November 2025. This report was mandated under AIFMD 2.0 amending the AIFMD and UCITS frameworks and its findings will inform implementation of AIFMD 2.0 and contribute towards the ongoing SIU debate, in particular, in relation to retail participation.

It provides a comprehensive assessment of the total costs charged to investors in EEA investment funds including analysis on distribution costs. The report covers UCITS assets representing 66% of the total UCITS market and 40% of the AIF market.

Key findings

Total Cost Levels

UCITS (Retail):

Passive bond UCITS: ~0.5% of invested amount

Active equity UCITS: up to 2%

AIFs:

Range: 1.4% – 2.8%

Costs are higher for actively managed and complex strategies.

Distribution Costs

Represent 48% of total UCITS costs and 27% of AIF costs.

Driven by credit institutions and investment firms.

Inducements i.e. payments from fund managers to distributors account for up to 45% of UCITS ongoing costs and 34% for AIFs.

Cost Drivers

Fund size: Larger funds benefit from economies of scale and so lower costs.

Management style: Active funds cost more than passive.

Asset class: Higher-risk assets such as equities, emerging markets, real estate incur higher costs.

Distribution model: Advisory channels and inducement-heavy models increase costs.

Geographic variation: Significant cross-country differences due to local market practices and regulatory rules e.g., inducement bans in some jurisdictions)

Market Trends

Traditional distribution channels dominate e.g. banks, investment firms.
Neo-brokers emerging, especially for ETFs, but still only ~1% market share.

ESMA highlighted the lack of harmonisation in cost disclosure. Increased scrutiny is to be expected on inducements and distribution practices. ESMA also advocates for a clearer specification of the meaning of "undue costs" which would support national competent authorities' supervision, enforcement and investor protection mandates.

CBI publishes feedback statement, standards and guidance on the F&P regime

The CBI published a feedback statement on 24 November 2025 on amendments to the Fitness and Probity Regime following the CP160 consultation with industry. The CBI also published the Fitness and Probity Standards 2025, which consolidates the Fitness and Probity Standards 2023 and the Fitness and Probity Standards for Credit Unions 2024 into one document; and the revised Guidance on the Standards of Fitness and Probity (the Guidance) effective 20 November 2025.

Under the consultation process, industry respondents sought clarity on specific elements of the application of the F&P framework including the approach to identifying the Controlled Function (CF) population, additional granularity in relation to the F&P due diligence to be undertaken by firms and greater flexibility in the CBI's expectations of the factors to be considered within F&P assessments. Having considered the industry feedback, the CBI published its feedback statement and revised Guidance to provide additional detail, and to reflect the application of the principle of proportionality and the appropriateness of case-by-case assessments. The revised Guidance also reflects that while legislative references have been included to highlight what, in the CBI's view, constitutes best practice, these references are not intended to extend such legislation and/or requirements to sectors to which they do not currently apply.

Temporary officer

One of the key changes made in the feedback statement was the approach to appointing a temporary officer. Whilst the draft Guidance allowed for the appointment of a Temporary Officer when a PCF role became vacant, it could only be used in exceptional circumstances. The revised Guidance provides that when a PCF role becomes vacant a Temporary Officer may be allowed to perform a PCF role by way of an arrangement agreed in writing with the CBI, for a period of up to six months upon certain conditions being satisfied. The firm must notify the CBI of specific matters relating to the appointment and there are certain conditions which must be satisfied in relation to the appointment.

An appointment of a Temporary Officer will not take effect until the CBI has confirmed in writing that it agrees to the appointment.

Although Temporary Officers are not technically PCF role holders, they are considered to hold a CF-1 role on the basis that they can exert significant influence on the conduct of the affairs of the regulated firm. Whilst the Common Conduct Standards and the Additional Conduct Standards introduced under the Senior Executive Accountability Regime (**SEAR**) will apply to the Temporary Officer, they will not be required to have a Statement of Responsibilities under SEAR. Nonetheless, firms should ensure that the role and responsibilities of the Temporary Officer are appropriately set out and understood.

Guidance on the Standards of Fitness and Probity

The CBI has revised the guidance to provide additional detail and reflect application of the principal of proportionality and appropriateness of case-by-case assessments.

PCFs as a subset of CFs

In the context of the dual classification of all PCFs as CF-1s, and the designation of all compliance-focused PCFs as CF-2s (as well as CF-1s), the CBI has confirmed that there are no new requirements or expectations associated with this dual classification and the dual classification does not introduce any additional due diligence requirement for PCFs.

The role of company secretary

The designation of a company secretary as CF-1 should be determined on a case-by-case basis. Where a firm determines that the role carried out by their company secretary is purely the administration of company law matters, such individuals need not, for those activities alone, be designated as a CF-1.

CF-2

Where the functions performed by an individual constitute “*ensuring, controlling or monitoring*” compliance by a regulated financial service provider with its relevant obligations, that individual is occupying a CF-2 role, regardless of their seniority.

F&P due diligence

The CBI has clarified that it expects firms to carry out F&P due diligence on a best-efforts basis and will take into account the limitations of public records. This was in response to difficulties outlined by industry in performing F&P due diligence, such as gaining references and conducting criminal record checks, and when using public databases to search for personal financial information or cross-jurisdictional references.

Look-back period

The CBI has noted that notwithstanding that ten years is given as a guide to relevance, firms should nevertheless seek information in relation to all criminal, civil or regulatory actions in respect of an individual regardless of when they may have occurred.

Financial soundness

The CBI has confirmed that it does not expect PCF applicants/CFs to provide bank statements as part of the assessment of financial soundness. In addition, the CBI has confirmed that, in general, the absence of a judgement or default will suffice, and checks should be performed on a best efforts basis.

Capacity to perform a role

Time commitments, executive PCF roles and availability and accessibility of a PCF to the CBI

The CBI reaffirms that a case-by-case approach is appropriate, and that case-by-case assessments will be made based on the firm and the role in question. The CBI has declined to provide illustrative cases.

While the CBI expects that in many cases executive PCF roles are carried out on a full-time basis, it recognises that there are circumstances where this is not necessary or practical, and further that there will be circumstances where there are synergies between roles. In such circumstances, firms should be able to explain why a full-time role is not considered necessary.

The CBI has confirmed that requests for persons performing PCF roles to reside outside the State will be assessed on a case-by-case basis taking into consideration the nature, scale and complexity both of the firm and of the PCF role in question. The Guidance has been amended to reflect that in the overall assessment of fitness of a proposed PCF role-holder, the capacity of an individual to meet the CBI's expectations while residing outside the State will be taken into account, as will the residence of other PCF role holders in the firm.

Inherent responsibilities

The CBI has retained inherent responsibilities within the revised Guidance but for the avoidance of doubt the reference to SEAR has been removed.

Level of knowledge and experience

The objectivity of setting out a minimum number of years of experience has been retained, the Guidance has been amended to allow for greater flexibility in the types of knowledge and experience considered appropriate.

Collective Suitability, Diversity and Inclusion

The CBI has not given particular examples for the benefit of all firms how collective suitability and diversity can be improved. This is because in any given situation this is highly dependent on cases of individual firms.

Review of the PCF list

The CBI has decided not to conduct a two-stage review of the PCF list or to remove the sector specific categorisations. It will instead undertake a substantive review of the PCF list and consult on its proposed changes in 2026, with the introduction of revisions being implemented mid-2027 to coincide with a review of the SEAR.

ESMA Peer Review on the Supervision of Depository Obligations

ESMA published the results of a peer review which assessed the supervision by national competent authorities (**NCA**s) of depositaries in November 2025, in particular their oversight and safekeeping obligations.

The peer review focused on five jurisdictions: Czechia, Ireland, Italy, Luxembourg and Sweden. The top 5 depositaries for UCITS and AIFs account for between 67% and 100% of all assets under custody in the respective jurisdictions.

Review of oversight and safekeeping obligations

The focus of the review on oversight obligations was valuation oversight and compliance with investment restrictions and leverage limits. For safekeeping obligations, the focus was on due diligence when delegating safekeeping, asset segregation compliance and delegation arrangements.

Overall, the peer review found that the foundational frameworks for the supervision of depositaries are in place. However, it also found notable divergences across jurisdictions in terms of the depth and maturity of supervisory approaches.

Recommendations

The report set out some recommendations for each NCA in their approach to depository supervision, so that risks inherent in their activities are adequately identified, assessed and mitigated. In particular, the ESMA review committee expects that all assessed NCAs consider implementing more frequent and intrusive engagement to higher impact entities and therefore move closer to a true risk-based supervisory approach.

Next steps

ESMA will continue promoting further discussion on the supervision of depositaries and will follow up on the recommendations in the report in due course.

EU T+1 Industry Committee launches industry survey

The move to T+1 settlement represents a major industry shift toward faster, more efficient post-trade processes. While the High-Level Roadmap, prepared by EU T+1 Industry Committee, offers guidance through the recommendations it contains, each firm must conduct its own analysis to understand the operational and

technological changes required. The CBI strongly encourages market participants to begin assessing their readiness now and take the necessary steps to ensure a smooth and timely transition.

The EU T+1 Industry Committee has launched its first comprehensive survey to assess industry progress on High-Level Roadmap recommendations.

The link to the survey and the accompanying guidance note can be found on the CBI's website.

The CBI has asked for responses by 19th of December 2025.

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