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Asset Management & Investment Funds

June 2026

Key Dates & Deadlines: Q2 2026

The following are key dates and deadlines in Q2 2026 and some key forthcoming dates in the legal and regulatory calendar.

Date	Source	Summary
Early 2026		Funds sector implementation plan A roadmap is being developed by the Irish Department of Finance, for publication in early 2026, which will set out a proposed approach to simplify and adapt the tax framework to encourage retail investment.
Q2 2026		CBI consultation on money market funds The Central Bank of Ireland (CBI) will be consulting on money market funds in the coming months with a focus on liquidity levels.
June 2026		CP 161 feedback The CBI is expected to publish the revised Central Bank UCITS Regulations following the consultation process that took place at the end of 2025.
6 June 2026		ESMA re-bundling research and execution payments under MiFID II Member states must, by 5 June 2026, introduce implementing measures and legislation to transpose the Listing Act Directive changes related to research and apply the provisions from 6 June 2026.
19 June 2026		Central Bank of Ireland AML risk evaluation questionnaire Submission deadline on CBI Portal for AML Risk Evaluation Questionnaire (REQ) for Fund Administrators and Management Companies
30 June 2026		EC definition of prohibited weapons effective Effective date of redefinition of "controversial weapons" as "prohibited weapons" within the EU sustainable finance framework. Commission Delegated Regulation (EU) 2025/1775, adopted on 28 August 2025, amends Regulation (EU) 2020/1818 to narrow the definition to weapons prohibited by international conventions—specifically anti-personnel mines, cluster munitions, and biological/chemical weapons—aligning them with ESG benchmark exclusions.
H1 2026		Fund management company delegation The CBI will issue its first industry communication following its assessment of delegation in fund management companies.

H1 2026		CBI review of fund service provider framework The CBI has said that it will launch a comprehensive review of the fund service provider framework in H1 2026, including updating delegation and outsourcing provisions where necessary to reflect AIFMD 2.0 and EU guidance.
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.
7 July 2026		T+1 consultation; allocations and consultations Date for submitting feedback to ESMA on its consultation on the updated guidelines on standardised procedures and messaging protocols in preparation for transition to T+1.
31 August 2026		MiCA consultation Closing date for submitting feedback on the European Commission's consultation on the review of the Markets in Crypto-Assets Regulation
8 June 2027		UK CCI regime The UK Financial Conduct Authority's new retail disclosure regime for PRIIPs and UCITS called the Consumer Composite Investments regime came into effect on 6 April 2026. Firms have until 8 June 2027 to be compliant. See article in the April 2026 update for further information.

SECTION 1.0 - MANAGER-LEVEL UPDATES

ESMA report on compliance and internal audit functions

ESMA released a report following its Common Supervisory Action (CSA), undertaken in 2025, on the establishment of effective compliance and internal audit functions in the investment management sector.

The EU-wide review found that most fund managers comply with key requirements under the AIFMD and UCITS framework. At the same time, the CSA identified governance weaknesses, particularly in the independence of control functions, the quality and implementation of internal policies, and the way senior management and boards exercise oversight.

While most entities had relevant policies and procedures in place, national competent authorities (NCAs) observed significant differences in their quality and practical implementation, notably depending on the size, nature and complexity of market participants concerned. The report also sets out examples of good and poor practices identified across the compliance and internal audit functions, highlighting where controls were effective and where further strengthening is needed.

NCAs intend to follow up on individual cases where vulnerabilities or potential breaches were identified. 26 NCAs will follow up in individual cases through letters or bilateral communications outlining areas of improvement, requesting remediation or additional information, and/or by organising individual meetings with managers where supervisory findings/gaps were identified. Some NCAs will also publish their own reports.

ESMA views and conclusions – Key takeaways

- ESMA encourages NCAs to verify that comprehensive internal control mechanisms are in place, including clear reporting lines, compulsory training programs, regularly updated risk assessments, comprehensive compliance monitoring plans, regular compliance controls and monitoring of remedial actions. NCAs should be satisfied that such mechanisms detect any risks of failure with the obligations under the AIFMD and UCITS Directive.
- Written documentation and recordkeeping arrangements are important - such as records/logs for monitoring breaches, conflicts of interest, related party transactions
- ESMA stresses, without prejudice to the principle of proportionality, the importance of ensuring that the compliance and internal audit functions have the necessary resources in terms of FTEs to perform their tasks properly and that organisational arrangements are put in place to provide for a strong role of the compliance and internal audit functions within the organisation. Fund managers always remain responsible for ensuring that the compliance and internal audit functions operate in accordance with the applicable rules, also in cases where third parties are entrusted to perform the relevant tasks. This includes appropriate consultations of the compliance and internal audit functions before taking significant strategic decisions e.g. entering new markets or engaging in new asset classes, setup of new funds, delegation of functions set out in Annex II of the UCITS Directive and Annex I of the AIFMD to third parties.
- The compliance function should have the necessary authority within the organisation and the method of determining the remuneration of the relevant persons involved in the compliance function must not compromise or affect their objectivity. Clearly defined escalation procedures should be in place in the case of disagreements between the control functions and operational units.
- NCAs should verify that the compliance and internal audit functions operate independently.
- The compliance function should receive all necessary information to ensure the quality and application of the internal processes of operational units. In cases of violation of relevant rules e.g. investment limit breaches, the compliance function should be informed in a timely and documented manner that enables it to assess and mitigate relevant risks.
- Fund managers which are subsidiaries of banking groups should be aware that the risk assessment methodologies and tools provided by the parent company can potentially lead to underestimating relevant/local risks. Managers should not just rely on the group risk assessment but develop their own risk assessment

Compliance with the legislative framework: Highlights

The CSA assessment framework covered several provisions under the AIFMD and UCITS Directive relating to the establishment of effective compliance and internal audit functions, including that those functions have adequate staffing, authority, knowledge and expertise to perform their duties.

- Overall, the level of compliance with relevant legislation was satisfactory. However, certain areas for improvement may be more pronounced in some jurisdictions. The relevant NCAs may provide more detailed or jurisdiction-specific guidance, where appropriate.
- relevant policies and procedures were generally considered adequate, but their quality and practical implementation varied significantly, also depending on the size, nature and complexity of the entities.
- 21 NCAs reported no regulatory breaches. 3 identified that up to 10% of entities surveyed may have breached legal/regulatory obligations and 6 NCAs identified that more than 20% of entities may have breached, mostly regarding the independence of the internal audit and compliance functions and cases of incomplete reports to senior management.
- 25 NCAs observed some vulnerabilities with respect to compliance and internal audit functions, such as missing or incomplete internal audit documentation, insufficiently robust compliance risk assessments, lack of structured risk-based approach to assessing and addressing compliance risks. In severe cases, the NCA issued immediate corrective actions and in other cases the NCAs planned follow-ups.

Compliance function: Highlights

The assessment framework included the investigation of questions related to the establishment of an adequate and effective compliance function, with the appropriate policies and procedures in place and adequate resources to perform functions properly and independently.

- 12 NCAs identified breaches or vulnerabilities with respect to the independence of the compliance function in respect of up to 20% of entities surveyed.

- With regards to the policies, procedures and measures with relevance to the compliance function, the findings of the CSA confirm that supervised entities sampled by NCAs maintain written policies and procedures covering the core responsibilities of the compliance function. There were, however, cases where policies were not regularly updated or reviewed, procedures were not consistently followed, and the appropriate follow-up measures were not put in place. Several NCAs observed different degrees of granularity of policies and procedures as well as different approaches and methods in the areas covered by the compliance function.
- Size of the entity is relevant: larger entities or those part of a larger financial group tend to have more formalised and well-documented policies, they also often rely heavily on group level policies which are not always tailored to the local regulatory environment or to the specific business activities of the manager. Conversely, smaller firms often displayed more minimalistic documentation, and in some severe cases even lacked basic compliance policies.
- Most NCAs concluded that resource allocations (in terms of FTEs) were deemed appropriate. However, a few NCAs identified resource shortages, especially in some larger firms or where compliance staff split their time across multiple functions. In some cases where compliance tasks were entrusted to third parties, resource allocations within the authorised manager were well below 1 FTE, raising concerns about the adequacy of internal resources.
- Compliance monitoring plans and internal reporting to senior management was generally adequate although some weaknesses were observed in internal reports, namely missing elements, weak documentation or inadequate alignment with the compliance monitoring plans.
- Compliance monitoring plans were generally found to be adequate. There is a need for stronger compliance risk assessment methodology. The risk-based approach to compliance planning is appropriate.
- In the case of ex-post controls, one NCA noted that the trigger event for escalation appears too high.
- For follow up and remedial measures on compliance reports, it was noted that UCITS managers have more standardised procedures, in some cases electronically, compared to AIFs.

Responsibilities and organisational set-up

There are different market practices across the EU with respect to the responsibilities assigned to the compliance function and their overall organisational setup. In some Member States, supervised entities made significant use of third parties for the provision of compliance-related tasks, either by using specialised third-party providers or entities within the same group. External providers can be particularly beneficial to smaller firms. Conversely, in other Member States, tasks undertaken in the compliance function were fully performed internally. Where third parties are used, some NCAs identified weak or insufficient oversight as an issue especially regarding Service Level Agreements (SLAs), KPIs and evidence of control execution. Service providers servicing multiple entities can lead to capacity issues or errors spread across different firms.

NCAs in some jurisdictions noted that the use of group entities may involve additional risks, notably insufficient tailoring to the specific local business and rules. There are divergent national practices on whether third parties providing compliance-related tasks qualify as delegation arrangements pursuant to the AIFMD and UCITS Directive and to what extent internal resources need to be maintained in those cases.

Internal audit function: Highlights

In general, supervised entities established independent internal audit functions, with sufficiently knowledgeable and experienced staff and there is a good level of compliance on internal audit provisions. Internal audit resourcing models vary widely across entities.

- the quality of internal audit reports to senior management or the board was overall satisfactory across most entities. However, their quality and granularity varied.
- Some NCAs reported that senior management/boards were not always in a position to demonstrate how they oversee internal audit activities and how they ensure internal audits were performed on areas relevant to the risk profile of the activities. In some cases, the role of the senior management/board was too reactive.
- In some cases, there is some room for improvement on follow-up mechanisms and remedial measures
- audit plans sometimes lack transparency on how priorities are set and how risks are assessed, with limited detail on the methodology used. Additionally, roles and responsibilities for developing the audit plan are not always clearly documented, highlighting the need for stronger governance and clearer processes.

- A significant number of entities rely on support from external service providers or group-level entities to support their internal audit work. Where managers relied on third parties for the provision of internal audit-related tasks, some NCAs found missing or incomplete internal audit handbooks, audit charters or documentation of the internal audit plans.
- Several NCAs reported however that some entities assessed do not maintain an internal audit function. When challenged on the rationale for this, entities outlined that the size, scale and complexity of their business models do not require them to establish one, based on the principle of proportionality.
- As with the compliance function, there are divergent national practices on whether arrangements with third parties concerning internal audit-related tasks qualify as delegation pursuant to the AIFMD and UCITS Directive and to what extent internal resources need to be maintained in those cases.

ESMA report on MiFID sustainability aspects

ESMA issued a statement presenting the results of its Common Supervisory Action (CSA) on how sustainability is integrated into firms' suitability assessment as well as into processes and procedures for product governance.

The statement highlights key themes emerging from the supervisory exercise and sets out high-level interim supervisory expectations, notably in relation to:

- the collection and treatment of clients' sustainability preferences;
- the categorisation and matching of products to those preferences;
- the application of the portfolio approach; and
- the target market assessment of products.

ESMA reaffirms the importance of sustainability and encourages firms to continue implementing the MiFID II sustainability requirements, recognising that the CSA has been conducted at a time when the sustainable finance framework is undergoing significant revision.

No-action style approach

In view of the wider sustainable finance framework developments and reflecting ESMA's strategic priority of promoting simplification and reducing undue burden, ESMA invites national competent authorities to adopt a proportionate supervisory approach. This includes fostering dialogue with firms during the transition period, rather than prioritising enforcement actions, without prejudice to cases involving clear breaches or mis-selling.

Next steps

ESMA will consider the results of this work for any future updates of the MiFID II Delegated Acts on sustainability and the related ESMA Guidelines, with the aim to simplify the framework and support more consistent and effective application.

CBI letter on Depositaries' risk management assessment of FMCs

The CBI released a letter dated 11 May 2026 following a Thematic Review to assess how Depositaries applied the relevant UCITS and AIFMD requirements to assess the risks associated with the nature, scale and complexity of a fund's investment objective and strategy, and the organisation of a fund management company (FMC), both at onboarding and on an ongoing basis. The review also assessed how any actual or potential conflicts of interest with the fund, FMC, and any relevant delegate, are identified and managed at onboarding and on an ongoing basis to ensure Depositary independence is preserved.

In particular, the Thematic Review focused on the below three areas:

1) Client Acceptance and Onboarding;

2) Due Diligence Processes; and

3) Depositary Independence / Conflicts of Interest Management.

Good practices

The Thematic Review identified that some deficiencies exist in the controls established by Depositaries to effectively undertake risk assessments and to effectively identify conflicts of interest that may exist. Taking this into account, the letter sets out some general good practices observed during the Thematic Review to assist Depositaries to develop consistent practices across the sector.

Relevance

This letter is of primary relevance to Depositaries and their control functions but may result in engagement by Depositaries with FMCs in relation to ongoing risk assessments.

CBI thematic review: Compliance function MiFID firms

On 18 May 2026 the CBI released the findings from its Thematic Assessment: Compliance Function in the MiFID Investment Firm Sector. The CBI sent the report directly to any firms directly involved in the thematic review process.

Key objectives

The key objectives of the thematic assessment were to assess firms' adherence to the compliance function requirements set out in Article 22 of the MiFID II Delegated Regulation and the related ESMA Guidelines. The following were the key areas of focus for the thematic assessment:

- determine the adequacy of the compliance function and related compliance framework;
- assess the effectiveness of the compliance planning, monitoring and testing process; and
- ascertain the quality of compliance reporting to the board/ sub-committee(s).

Effective compliance function

Overall firms were found to have a good understanding of their obligations in relation to the establishment of an effective compliance function. The CBI was particularly pleased to see the active involvement of the compliance function in strategic decision-making regarding new products and business lines. Firms also appear to have well established compliance functions with appropriate levels of resources for the nature and scale of their business.

Actions

Where gaps/weaknesses are identified, MiFID Investment Firms should develop and implement actions to address these in a proactive and timely manner. The CBI requires this report to be discussed at the next Board meeting, and for the discussion to be recorded in the meeting minutes. The CBI may engage directly with firms on the above as part of supervisory activities.

ESMA T+1 consultation

On 26 May 2026, the European Securities and Markets Authority (ESMA) launched a consultation on the updated guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients under Article 6(2) of the Central Securities Depositary Regulation (CSDR) (the Guidelines).

CSDR requires investment firms to establish arrangements with their professional clients to ensure the timely settlement of securities transactions, which mostly concern arrangements for the communication of allocations and confirmations.

In October 2019, ESMA published the Guidelines and proposes reviewing these in light of amendments to Articles 2 and 3 of the RTS on Settlement Discipline to enhance settlement efficiency and support a smooth transition to T+1.

Additionally, ESMA further clarifies the discretion available to investment firms and professional clients when documenting their contractual arrangements and seeks stakeholders' views on potential amendments to the existing Guidelines that could support the overall objective of simplification and burden reduction.

Next Steps

The review of the Guidelines aims to support market participants in preparing for the transition to a T+1 Settlement Cycle. Stakeholders are invited to submit feedback by 7 July. ESMA will then consider the feedback received and expects to publish the final report including updated Guidelines by October 2026. The revised Guidelines should apply from 7 December 2026.

Market participants are reminded of the importance to continue with their timely preparations for the T+1 transition, which will take effect on 11 October 2027.

CBI Notice of Intention on the Application of ESMA LMT Guidelines

On 7 May 2026, the Central Bank of Ireland (CBI) published a notice of intention regarding the application of ESMA's Guidelines on Liquidity Management Tools (LMTs) of UCITS and open-ended AIFs, confirming that the CBI expects full compliance with the Guidelines from that date. The notice outlines that fund managers should select a combination of at least one quantitative-based LMT and one anti-dilution tool when designing liquidity frameworks, subject to limited exemptions for money market funds.

The ESMA Guidelines on LMTs contain a 12-month grandfathering provision. It follows that it is new funds / sub-funds which have to comply from 7 May 2026. Regulatory confirmation on this point is being sought by industry representatives.

IOSCO report on valuing open-ended funds

On 1 June 2026, IOSCO published a report setting out 13 recommendations to enhance the reliability, consistency and transparency of valuation practices across global investment funds.

Recommendations

These focus on:

- Robust governance and oversight arrangement, including under stressed market conditions;
- Management of conflicts of interest;
- Sound and consistently applied valuation methodologies;
- Appropriate use and oversight of third-party valuation providers;
- Adding to the process to address stale or inaccurate valuations;
- Enhancing guidance on pricing errors and related treatment; and
- Transparency, disclosure to investors and record-keeping.

The report updates and consolidates IOSCO's earlier Principles on valuation for collective investment schemes and hedge funds respectively. It takes into consideration feedback from market participants and developments in financial markets such as the rise in funds investing in less liquid, harder-to-value assets, including private assets, and the increasing participation of retail investors in such funds.

SECTION 2.0 - PRODUCT-LEVEL UPDATES

European Commission Money Market Fund report

On 11 May 2026, the European Commission published a report on the adequacy of the Money Market Funds (MMF) Regulation from a prudential and economic perspective. The report finds that the MMF Regulation has broadly enhanced the resilience and transparency of the MMF sector, strengthening investor protection and mitigating systemic risks. In addition, the Commission has also issued a set of FAQs to supplement the report and provide further clarity and guidance to the market.

Liquidity risk management assessment

MMFs have demonstrated their capacity to reconstitute liquidity buffers even during periods of market stress, reflecting active liquidity risk management and effective supervisory oversight. This suggests that the different mechanisms set out in the MMF Regulation have been implemented consistently, under the coordination of ESMA.

The report assessed the resilience of weekly liquid assets (WLAs), which is considered a useful WLA benchmark for liquidity risk management and supervision. The report concludes that the appropriate WLA benchmark levels ('market resilience levels') are 20% for VNAV MMFs and 40% for CNAV and LVNAV MMFs.

Market resilience levels

The Commission therefore believes that these market resilience levels may serve as benchmarks for MMF managers, in particular in risk management roles, and national competent authorities, to help identify situations that may warrant closer monitoring and increased supervisory engagement.

SFDR 2.0; European parliament and Council proposals

The European Commission's SFDR 2.0 proposals published in November 2025 are making their way through the European legislative process. The European Parliament has released its draft proposed edits to SFDR 2.0 and the European Council has also given preliminary indications of its position. These are not final positions and may change when approved by the respective institutions or when the next iteration of SFDR 2.0 is released.

European Parliament draft proposals

The European Parliament is broadly supportive of the SFDR proposals and the move towards a sustainable finance product category regime. It suggests some enhancements on transparency, effectiveness and burden relief.

Transparency

Non categorised products will be able to disclose limited information on the integration of sustainability factors, however they should make a disclaimer that this financial product does not meet the EU standards for defining sustainable financial products and protecting against greenwashing and should make it clear to retail investors that they are not buying SFDR compliant products. The European Parliament rapporteur proposes enhancing the comparability of categorised products by requiring a tiered set of mandatory principal adverse impact indicators to be disclosed for all categorised products. This is a significant departure from the Commission proposals. Financial market participants offering products that are categorised under SFDR should disclose a description of the sustainability-related engagement strategy pursued by the financial market participant and how it has been implemented in alignment with the objectives of the product or a clear and reasoned explanation of why it does not pursue one.

There is also a focus on the retail investor; the European Parliament proposes that the new SFDR 2.0 pre-contractual disclosure should be "suitable for the retail investor".

Effectiveness

The European Parliament proposes that the 'ESG basics' category can be enhanced by requiring investments to outperform the average investment universe, reference benchmark, or average rating, after eliminating at least 20% of the lowest values for the chosen indicators or ratings. It proposes to remove the safe harbours for funds tracking EU climate transition benchmarks (CTB) or EU Paris-aligned benchmarks (PAB) in the

'transition' and 'sustainable' categories in order to require the same conditions on exclusions for all investments. The safe harbour for products offering investments in taxonomy-aligned economic activities should be increased from 15 to 20%, a condition that is already met by 44.1% of current Article 9 funds.

Burden relief

The European Parliament supports the Commission proposal on the removal of entity level reporting and advocates that those elements regarding burden relief should start applying immediately upon entry into force of SFDR 2.0. For other provisions, it proposes a 24-month – rather than 18-month – transition period from when SFDR 2.0 enters into force.

European Council indicative position

The European Council position is, for the most part, moving in a direction aligned with industry feedback so far. It does suggest a professional investor opt-out from SFDR 2.0 which is a departure.

Transparency

The Council agrees with the Parliament's position on the disclaimer for non-categorised products. It also suggests a list of mandatory PAI indicators from which financial market participants can choose a minimum of 2 most relevant. No PAI indicators are proposed for the ESG Basics category which remains subject to voluntary indicators.

Effectiveness

The Council has proposed some broadening of the treatment of general-purpose sovereign debt for transition products. It retains the CTB and PAB safe harbours and makes no change to the Taxonomy limit. The Council refines the reference to 'replicate or are managed in reference to' replacing it by 'investment strategy meets', ensuring actively managed products are explicitly captured.

It proposes a targeted carve out whereby fossil fuel companies may qualify for the transition category. The Council also proposes a maximum 3 years' phase-in period specifically designed to capture ramp-up time for alternative and private asset strategies.

Burden relief

The Council is so far aligned with the Parliament's position on a 24-month transition period and immediate burden relief for entity level reporting.