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Asset Management & Investment Funds

November 2026

Key Dates & Deadlines

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

Date	Source	Summary
26 November 2026		Response deadline for the Commission consultation on EMIR regulatory technical standards on margin requirements for non-centrally cleared transactions Draft RTS extend the scope of the exemption from the exchange of initial margin on non-centrally cleared OTC derivatives to existing contracts. The RTS are based on those submitted to the Commission by the European Supervisory Authorities (**ESAs**). See our September 2026 update on the ESAs RTS.
3 December 2026		Response deadline for Central Bank of Ireland (**CBI**) Consultation on Guidance on Good Practices for the Sound Management of Third-Party Risks The Guidance on Good Practices for the Sound Management of Third-Party Risks reframes and simplifies the CBI Cross-Industry Guidance on Outsourcing which it will replace once finalised. The reframing presents technical 'guidance' as a series of outcomes with attendant good practices to achieve those outcomes and focuses on whether third-party risks are sufficiently controlled or mitigated.
7 December 2026		First T+1 deadline Market participants must be fully compliant with ESMA's first deadline on the move to T+1 in relation to exchange of allocations and confirmations.
31 December 2026		CBI Delegation review Fund Management Companies must conduct a gap-analysis of operations against the findings in the CBI feedback report to its Review of Delegation in the Funds Sector and, by end of 2026, put in place a time-bound plan to address any issues identified.
Early 2027		CBI consultation on fund management company (FMC) governance The CBI will consult on changes to governance of FMCs early next year. The consultation is likely to focus on areas under review by the CBI this year including simplification of its guidance, simplification and reinforcement of the PCF framework for FMCs, enhancement of regulatory

		governance requirements and how the CBI might proportionately apply the IAF/SEAR framework to the funds sector.
H2 2027		Completion of Fund Service Provider Framework review CBI target date for completing its review of the rules governing FMCs and fund service providers to ensure they reflect current structures and risk profiles, align with EU rules and are consistent across domestic regulations, guidance and Q&As.
12 February 2027		Response deadline for CP175 on PCF reforms CP175 details reform proposals for the Fitness & Probity regime's PCF framework. These include reducing the number of PCF roles by 60% and streamlining the PCF list. CP175 also cites the CBI intention to propose removing the designated person requirement and replacing it with a requirement for FMCs to appoint an executive management team.
31 March 2027		Sector-specific ML/TF Risk Evaluation Questionnaire submission date Fund management companies' initial submission date for the new sector-specific ML/TF REQ which replaces the current AML/CFT REQ. See article in this update for further details.
16 April 2027		Final Liquidity Management Tool (LMT) compliance deadline End of the one-year transition period available to UCITS and open-ended AIFs authorised prior to 16 April 2026 and deadline for compliance by such funds with applicable regulatory technical standards and ESMA Guidelines pertaining to the use of LMTs.
8 June 2027		UK CCI regime The UK's Financial Conduct Authority 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.
10 July 2027		AMLD 6 & AMLR effective date Deadline for application of AMLD 6 transposing measures and application date of the Anti-Money Laundering Regulation (**AMLR**). See article in this update for further details.
11 October 2027		Final T+1 transition deadline Deadline for transition to a T+1 securities settlement cycle across the EU, Switzerland and the UK.

Central Bank Proposes Removing Designated Person Requirement for Irish Management Companies

The mandatory requirement for Irish regulated fund management companies (**FMCs**) to appoint Designated Persons (**DPs**) is to be removed, according to Central Bank proposals published on 17

November 2026. Instead, FMCs will be required to appoint, at a minimum, a Chief Executive (PCF-8), Chief Risk Officer (PCF-14) and Head of Investment/Chief Investment Officer (PCF-XX).

These proposals are cited in the Central Bank's consultation paper 175 (**CP175**) on reforms to the Pre-Approval Controlled Function (**PCF**) framework under its Fitness & Probity regime. CP175 is not consulting on the removal of the DP requirement and its replacement with a requirement to appoint an executive management team. Such proposals will form part of a future consultation on reforms to the FMC governance regime. That consultation is likely to issue early next year based on previously published Central Bank commitments to consult on the simplification of FMC guidance, simplification and reinforcement of the PCF framework for FMCs, enhancement of regulatory governance requirements and how the Central Bank might proportionately apply the Senior Executive Accountability Regime under the Individual Accountability Framework to the funds sector.

Instead, CP175 is consulting on the simplification of the PCF framework with a view to reducing the regulatory burden, both for the Central Bank and regulated firms. Proposals include reducing the number of PCF roles by 60% and replacing the current PCF list with a largely sector-agnostic list. All DP roles, along with other FMC-specific PCF roles, are proposed to be removed from the PCF list, paving the way for the replacement of the DP requirement with an executive management team requirement under the forthcoming FMC governance reforms.

CP175 also proposes removing the chairs of board sub-committees from the list of PCF roles, consolidating the sector-specific PCF oversight roles into one generally applicable Head of Safeguarding Oversight role, and removing roles no longer utilised. A new PCF role is also proposed for the manager of an Irish branch of an EEA-authorised entity approved by the Central Bank to provide depositary or fund administration services. This would capture, for example EEA-authorised credit institutions or MiFID firms providing such services in Ireland via an Irish branch and for which they require an Irish authorisation in the absence of an EU passport. All roles no longer designated as PCFs would continue to be CF-1s (i.e. controlled function roles exercising significant influence on the affairs of a firm).

Next Steps

CP175 is open until 17 February 2027. The Central Bank intends to issue a feedback statement in Q2 2027.

Any changes to the PCF list are proposed to be introduced alongside any changes arising from the Central Bank's planned post-implementation review of the IAF framework early next year.

The Central Bank will provide for transitional arrangements, as appropriate and confirms any PCF list changes will not impact existing approvals, or applications in process, in the context of roles included within the revised list.

Where appropriate, the Central Bank will also update the revised Guidance on the Standards of Fitness and Probity to reflect changes to the PCF list, including to ensure clarity regarding the Central Bank's expectations in relation to the roles captured.

Central Bank Inquiry Decision on CF Participation in Contravention Overturned

The Central Bank acted ultra vires, irrationally and in breach of constitutional fair procedures in a decision following inquiry into a controlled function holder's participation in a prescribed contravention of a regulated firm. This was the decision of the Irish Financial Services Appeals Tribunal in upholding the controlled function holder's appeal. The Tribunal's decision was published on 22 October 2026 and includes useful consideration of the boundaries of the Central Bank's powers of inquiry under the Central Bank Act 1942 (as amended) (the **Act**).

Background

In April 2025, the Central Bank issued a decision pursuant to its Administrative Sanctions Procedure (**ASP**) that the CEO of PTSB had participated in PTSB's breach of the Consumer Protection Code 2006 between January 2009 and April 2010 whereby PTSB customers were overcharged on their mortgages (commonly referred to as the tracker mortgage scandal).

PTSB admitted the breach and entered into a settlement agreement with the Central Bank, following which the Central Bank initiated an inquiry into the CEO's participation in the breach.

The Act permits the Central Bank to hold an inquiry where it has reasonable grounds to suspect a person is or has participated in a prescribed contravention or, as controlled function holder in a regulated firm, in a regulated firm's prescribed contravention, in order to determine whether that is the case.

The CEO of PTSB appealed the Central Bank's decision and the Tribunal upheld the appeal.

Participation in a prescribed contravention

According to the Tribunal's decision, the terms 'participating' and 'participated' as per the relevant provisions of the Act should, in the absence of statutory definition, be given their ordinary meaning that is 'take part in' and their interpretation is a matter of "*fact and degree".* Relevant case law highlighted favourably in the Tribunal's decision notes that participation is a matter of substance and degree, that participating *"meant taking part in the process" "in a hands-on capacity".*

Ultra vires decision

The Central Bank's decision that the CEO of PTSB had participated in PTSB's prescribed contravention was found to be ultra vires as the inquiry into the CEO's participation contravened the statutory boundaries for such inquiry under the Act.

Under the Act, the Central Bank must provide notice of a proposed inquiry and that notice must state the grounds for its suspicions. The inquiry must then be limited to the allegations set out in the notice.

In this case, the allegation was that the CEO participated in the breach by PTSB when he was fully aware of the factual position. The Tribunal found that the evidence did not bear that out. The Central Bank reframed the allegation during the inquiry, with the process being noted as "*strongly resemble[ing] hammering a square peg into a round hole".* Instead of inquiring into and making a decision on the allegation, the inquiry focussed on whether the CEO had acted negligently, recklessly or carelessly. The Central Bank inquiry concluded that the CEO had acted negligently.

However, the allegation against the CEO did not refer to negligence. It was therefore not legally permissible to arrive at a decision of negligence and so the decision was found to be ultra vires.

The reframing of the allegation meant that the Central Bank failed to give fair and timely notice of the case the CEO was required to meet. The Tribunal also found that the Central Bank failed to give reasons for its reframing of the allegation which was a breach of fair procedures. The absence from the inquiry of "*fundamental components of independence, impartiality, dispassionate application of the law, openness and above all fairness"* was noted by the Tribunal as giving rise to other questions, consideration of which were however, not necessary for its decision.

Next steps

The decision of the Tribunal is subject to confirmation by the High Court. The Central Bank will not appeal the Tribunal's decision. The inquiry was the last to be conducted under the previous ASP regime, which was in place until December 2023 when revised ASP Guidelines were published by the Central Bank. A Central Bank-commissioned independent review of its enforcement activities is ongoing following a High Court finding in April of this year that the Central Bank did not observe basic fairness of procedures in its prohibition of a senior executive concerning his role in a regulated firm.

SFDR Trilogues Underway

EU legislators are currently negotiating reforms to the Sustainable Finance Disclosures Regulation (**SFDR 2.0**), with trilogue negotiations having begun early last month.

Irish Funds has published industry views on a number of key outstanding issues to be resolved during those negotiations:

- ***Fossil fuel investment by Transition products***: Irish Funds welcomes the proposal to allow Transition products to invest in companies active in the fossil fuel sector but urges EU legislators to simplify relevant investment eligibility criteria and avoid mandating a Taxonomy criteria which would limit emerging or global market strategies.
- ***PAI disclosures***: Irish Funds welcomes the removal of entity-level PAI disclosures but cautions against a mandatory PAI indicator regime for product-level PAI disclosures.
- ***Public sector debt***: Irish Funds welcomes the facility for Transition and ESG Basics products to invest in general-purpose sovereign debt issuances by public sector bodies but is concerned that

Transition products may only count such investment towards the 70% investment threshold if issued by an EU public sector body. The inability of Sustainable products to make such investments is also highlighted as regrettable.

- ***Engagement strategy disclosure***: Irish Funds strongly opposes the proposal for all categorised products to disclose, on a comply-or-explain basis, a description of the sustainability-related engagement strategy on the basis that it may cause retail investors to unduly prefer products with such strategies and disadvantage those which cannot support such a strategy e.g. index tracking funds and fund of funds.
- ***Opt-out for AIFs marketed solely to per se professional investors***: while welcoming the proposed opt-out to grow the SFDR product categorisation and disclosure regime, Irish Funds recommends that it also be made available for AIFs marketed solely to opt-up professional investors.
- ***Non-categorised products***: Irish Funds calls out the proposed mandatory disclaimer that products which are not categorised do not meet EU sustainability standards and recommends that the mandatory annual periodic report disclosure for such products be removed or made optional.
- ***Private market challenges***: Irish Funds calls for further guidance on the treatment of private assets to ensure sufficient flexibility and proportionate accommodation of private market strategies.
- ***One-year delay between pre-contractual disclosures and periodic reports***: Irish Funds calls for a one-year gap between the application of pre-contractual and periodic report disclosure rules to avoid sequencing difficulties which could result in products being subject to SFDR 2.0 periodic report disclosures before operating for at least one year under their chosen categorisation.
- ***SFDR 2 Level 2:*** Irish Funds looks for a commitment to publishing final SFDR 2.0 Level 2 at least 12 months before SFDR 2.0 applies and for the alignment of SFDR 2.0 and Level 2 application dates.

Next steps

SFDR 2.0 is expected to be finalised by end-2026/early 2027 with a 24-month implementation period for all funds.

EMIR 3 revised clearing thresholds

With effect from 10 November 2026, the EMIR clearing thresholds have been revised following publication of revised EMIR RTS in the Official Journal on 21 October last.

The revised thresholds are summarised below.

Background

EMIR 3, which first entered into effect in December 2024, amends the current EMIR clearing threshold calculation methodology with effect from the operative date of the revised EMIR RTS.

Under EMIR 3 financial counterparties (**FCs**) calculating their positions to determine if they are subject to the EMIR clearing obligation must calculate (i) their uncleared OTC positions and (ii) their aggregate (cleared and uncleared) OTC positions where uncleared positions are those which are not cleared through an EU or recognised third-country CCP. UCITS and AIFs calculate their uncleared and aggregate positions at the level of the fund. These changes to the EMIR clearing threshold calculation methodology became applicable on 10 November 2026 (the date of effect of the revised EMIR RTS).

Revised clearing thresholds

The revised EMIR RTS set out clearing thresholds for aggregate positions and uncleared positions (i.e. (i) and (ii) above). FCs must calculate their positions as against these thresholds and where they exceed any one, commence clearing of all derivatives subject to the clearing obligation i.e. certain interest rate and credit derivatives.

FCs may also decide not to calculate their positions, in which case they are obliged to commence clearing of all derivatives to which the clearing obligation applies. The revised thresholds are summarised below.

Clearing thresholds	Pre-EMIR 3	Post-EMIR 3

(in gross notional)			
		Aggregate (cleared and uncleared) positions	*Uncleared positions*
Credit derivatives	€1 billion	€1 billion	€0.8 billion
Equity derivatives	€1 billion	N/A as not yet subject to clearing obligation	€0.7 billion
Interest rate derivatives	€3 billion	€3 billion	€2.2 billion
FX derivatives	€3 billion	N/A as not yet subject to clearing obligation	€3 billion
Commodity and other derivatives	€4 billion	N/A as not yet subject to clearing obligation	€4 billion (only for commodity and emission allowances derivatives as opposed to current requirement to include any other position not already captured)

Next steps

While the RTS and the changes to the EMIR clearing threshold calculation methodology are applicable from 10 November 2026, ESMA has previously indicated that FCs should not be obliged to undertake calculations immediately following the entry into effect of the RTS but instead retain their existing timing for annual calculations, which is typically every year in June (as a result of the timing of the EMIR Refit) with month-end positions from June of the previous year till May of that year. This was the view of ESMA provided the RTS entered into effect after the calculation period – a timeline which would allow FCs the flexibility to decide whether to recalculate their positions based on the new methodology immediately after 10 November or to wait until the following calculation period before applying the new methodology. Those FCs with a June calculation date should therefore have until the June 2027 calculation to embed the new thresholds in their calculations.

FMC impact of new third-party risk guidance

The CBI has published CP173 and draft Guidance on Good Practices for the Sound Management of Third-Party Risks for the financial services sector (**Guidance**).

Once finalised and published, the Guidance will replace the CBI's 2021 Cross-Industry Guidance on Outsourcing (**2021 Guidance**). Responses to the consultation are due by 3 December 2026, and the final Guidance is expected in Q1 2027.

The Guidance is non-binding and is expected to be applied in proportion to a firm's nature, scale and complexity, business model, the materiality of its third-party dependencies and the potential impact of disruption and failure. It will be used by the CBI to inform its supervisory activities.

The CBI expects limited incremental impact from the Guidance for firms subject to DORA and the EBA Guidelines on Sound Management of Third-Party Non-ICT Risk or that have mature third-party risk frameworks.

Key impacts for FMCs

The following considers key impacts and changes in the Guidance when compared to the 2021 Guidance across topics relevant to FMCs.

Parts of the Guidance are largely carried over from the 2021 Guidance including on delegation vs outsourcing; governance (role of board and senior management, strategy and policy for outsourcing, record keeping, outsourcing of risk management and internal control functions), sensitive data risk

management, data security-availability and integrity, disaster recovery and business continuity management, and outsourcing registers.

Area	Key impacts and changes
Scope	**Extended beyond outsourcing to all third-party arrangements** • Third-party arrangements in scope of the Guidance cover any ongoing or recurring arrangement, including intra-group arrangements, not only outsourcing. • Third-party arrangements in scope which may not fall within traditional definitions of outsourcing could include partnerships, joint ventures, cloud service providers, technology vendors and software providers, data processors, shared services and other arrangements where firms depend on third parties for services, processes, or functions. • The good practices still apply by default to critical or important (C/I) arrangements. The specific C/I criteria under relevant sectoral regulations and guidelines as detailed in Appendix 2 to the 2021 Guidance are not set out in the Guidance, nor is the expectation that firms have regard to the specific definition derived from the EBA Guidelines on Outsourcing when determining C/I criteria. The Guidance states that there is no 'science' to the use of the terms and it is for each firm to identify what is C/I to the ability of a firm to function, to provide services to its customers, including the financial stability of the firm and its ability to comply with laws and regulations.
Structure	**Restructured to follow lifecycle of third-party arrangements** The restructuring reflects a more intuitive approach with the Guidance setting out 16 desired outcomes across five stages in the lifecycle of third-party arrangements: • governance & organisational context (establishing accountability, strategy and policy frameworks); • pre-engagement (risk assessment and C/I assessment); • engagement (due diligence, contracting and onboarding); • ongoing management (oversight, performance and continuity management, risk management, monitoring and assurance); • termination (exit planning and execution) For each desired outcome, the Guidance sets out good practices for their achievement split into (i) foundational good practices, being the core practices that form the foundation of sound third-party risk management and (ii) supporting good practices, being the additional practices that enhance and support the foundational practices.
Intra-group	**Tighter guidance** Unlike the 2021 Guidance which dealt with intra-group arrangements as a standalone item, these arrangements are included as a key risk in the Guidance which includes foundational good practices for firms that use centrally provided governance arrangements and/or centrally provided C/I services or functions.

	While certain of these good practices are carried over from the 2021 Guidance (application of the same rigour when conducting risk assessments, establish satisfaction with level of prioritisation of remediation of issues, ensure policies are fit for purpose), the following are new, in comparison to the 2021 Guidance: • intra-group arrangements should be appropriately at “arms-length”. • centralised operational monitoring of third-party arrangements e.g. as part of master agreement for monitoring at group level, should provide for a firm's receipt of reports on risk assessment and performance monitoring, a summary from the centralised function of relevant audit reports for C/I functions provided by third parties and, upon request, full audit reports • to allow for impact assessment, firms should be informed of planned changes regarding centrally monitored third party service providers along with the potential impact of these changes on C/I services including summary risk analysis, including legal risks, compliance with regulatory requirements and the impact on service levels • firms relying on central pre-contractual analysis of third-party arrangements should receive a summary of the assessment and ensure it takes its specific business model, regulatory requirements and risk profile into account • firms relying on group-level exit plans should receive a summary of the plan and be satisfied it could be effectively executed. The above is in response to the CBI's identification of "insufficient consideration of risks arising from reliance on group entities, with some firms lacking full visibility on the resilience of the services being provided as well as the capability to operate effectively if group support becomes unavailable".
Concentration risk	**Evaluation of systemic risk contribution removed** The Guidance, while noting concentration risk can arise at a systemic level, focusses on concentration risk at firm level which it notes can arise from (i) dependencies on a single or small number of third parties; (ii) concentrations of multiple services provided by the same third-party; (iii) concentration of services from one or multiple third parties in a single geographical region; or (iv) multiple third party service providers with a dependency on the same sub-outsourced service provider. Firms should assess and manage their own concentration risk including: • Substitutability of dependencies • Over-dependence on single providers, including potential disruption and lock-in risks • Real world substitutability of services • Contingency and exit planning • Diversification where feasible and appropriate. The CBI does not expect firms to avoid using dominant providers where they offer the best solution but should understand and mitigate the risk, plan for exit and alternatives and seek to include conditions in contracts that require prior notification of material changes.

Contracting	**Enhanced expectations for non-C/I contracts – dominant service provider guidance** • outsourcing policy should clearly assign the internal responsibilities for the approval, management, control, and documentation of all contractual arrangements including intragroup service providers to support its C/I functions • minimum expected terms for all agreements go beyond the 2021 Guidance for non- C/I service agreements to include appropriate safeguards to manage relevant risks and not impede or limit the CBI's ability to supervise • firms should take reasonable steps to secure contractual protections. Where a firm cannot obtain particular protections, it should assess the resulting residual risk, consider available alternatives and implement proportionate mitigating measures. The adequacy of the firm's approach will depend on factors including the C/I of the service, the availability of alternative providers and the effectiveness of other controls. According to the CP, this guidance was included in response to industry concerns around the challenge of negotiating contract terms with dominant service providers • direct monitoring by firms of sub-outsourced service providers is limited to monitoring for concentration risk while contracts for C/I outsourced services should include obligations for the third party to continuously monitor the sub-contractor. • guidance for termination and transfer of services to another third party is reduced by comparison to the 2021 Guidance.
Offshoring	**Potential constraints on offshoring not carried over** The 2021 Guidance detailed certain circumstances in which the CBI may restrict firms from offshoring activities. In response to industry concerns, these are not included in the Guidance. The CP notes the CBI does not prohibit or discourage offshoring but that firms should implement appropriate mitigants for the specific risks to which it may give rise.
Values and ethical behaviour due diligence	**Regulatory expectations not carried over from 2021 Guidance** The Guidance does not include the expectations from the 2021 Guidance for a firm to ensure that outsource service providers act in a manner consistent with its values and code of conduct or to satisfy themselves, in particular with regard to third country providers, that they act in an ethical and socially responsible manner, adhering to international standards on human rights, environmental protection and appropriate working conditions, including the prohibition of child labour.
Outsourcing notifications	**Guidance removed with firms advised to check CBI website**

T+1 Securities Settlement Update

The CBI published an article on 20 October 2026 regarding the EU's move to T+1 securities settlement, which is set to happen on 11 October 2027**.** The CBI article was based on a recent ESMA press release that urged market participants to finalise technical preparations, assess readiness and carry out testing throughout their trading and settlement chains to better ensure a smooth transition.

The ESMA press release also announced guidelines that clarify how market participants should meet new requirements on allocations and confirmations introduced by amended RTS on settlement discipline, which come into effect on 7 December 2026.

The EU's T+1 Industry Committee, established to coordinate the transition, published a letter earlier this month addressed to compliance officers of asset management and alternative investment firms noting that industry preparations are generally progressing well, but recent readiness surveys indicate that further work is required, particularly among smaller and mid-sized firms and in relation to firms' understanding of the preparedness of their counterparties, intermediaries and technology providers. The UK and Switzerland will also move to T+1 settlement on 11 October 2027.

Next Steps

The Guidelines aim to support market participants in preparing for the transition to a T+1 Settlement Cycle.

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.

DLT & Tokenisation: CBI Publishes Perspectives and Insights

CBI feedback to its Discussion Paper (**DP**) 12 'Distributed Ledger Technology and Tokenisation in Financial Services' was published this month highlighting key emerging themes and future CBI work on the topic.

DP Feedback– high level points of note

- 7 key emerging themes: Legal certainty; Regulatory adaptability; Governance and accountability; Interoperability and infrastructure; Tokenised financial assets; Tokenised money and settlement; Management of systemic, sectoral and transitional risks
- Technology neutral: CBI approach is grounded in technological neutrality: where financial activities give rise to comparable risks, the same regulatory outcomes should be achieved, irrespective of the technology through which those activities are undertaken.
- Adapted regulatory framework: CBI sees tokenised finance as leading to distinct risks, for which the regulatory framework needs to adapt so that these risks are managed appropriately, at the level of both individual institutions and the wider ecosystem.
- Limited benefits of tokenisation: CBI sees limited evidence of tokenisation's benefits to users of financial services and broader economic benefits, the commercial viability of some models, and the behaviour of tokenised markets and products under stress. The focus needs to shift beyond whether a process can be tokenised, towards whether tokenisation along the value chain produces demonstrably better outcomes for market participants and users of financial services than the alternatives, when costs, risks, dependencies and system-wide effects are taken into account.
- Future CBI work*:* enabling central bank settlement of on-chain transactions and evolving the collateral framework to accept tokenised assets; supporting advancement of legal and regulatory clarity; evolving innovation practices; shaping development of tokenised ecosystem to guard against fragmentation and deepening its understanding of the macro-financial implications of tokenised finance.

Key emerging themes and CBI perspectives and insights

CBI feedback identifies the following key themes across responses received to the DP:

1. Legal certainty

DP respondents identified the need to address ownership recognition, settlement finality, status of tokenised deposits and deposit tokens, smart contract enforceability.

CBI perspective/insight: A tokenised transaction can be technically irreversible while remaining legally challengeable. Legal certainty is needed in Irish company law and certain funds legislation. The CBI will continue to coordinate with the Department of Finance domestically, and with our partners at EU level, to support progress towards greater legal certainty for digital assets and tokenisation.

2. Regulatory adaptability

DP respondents had a preference for adapting existing regulatory frameworks rather than creating new tokenised finance frameworks.

CBI perspective/insight:

- Regulation should be technology-neutral, but that does not mean it is technology agnostic. This means looking at the economic function being performed: a tokenised bond remains a bond; a tokenised fund interest remains an interest in an investment fund; and a tokenised deposit remains a claim on a credit institution.
- Regulatory responses to policy questions may include application of existing requirements where appropriate, providing policy or supervisory clarification in the case of uncertainty around application of existing requirements to new technological arrangements; targeted legislative or infrastructural adaptation where existing requirements assume a particular technological and unnecessarily prevent use of an alternative model.
- Common infrastructure can create concentration risk – failures in widely used protocols, oracles or other dependencies may transmit risk rapidly across multiple firms or markets.
- Effective and interoperable identity solutions could support customer verification, investor eligibility and suitability checks, regulatory reporting and the movement of investors across platforms. Greater portability must, however, be accompanied by appropriate traceability and accountability.

3. Governance and accountability

DP respondents noted that responsibility stays with the regulated entity with key implications arising from interaction between private/public and permissioned/permissionless chains

CBI perspective/insight: Good governance should ensure that technological characteristics are not presented in ways that obscure the economic characteristics of the underlying product, service or infrastructure, and the risks are well managed. Innovation in financial product or service delivery should not weaken responsibility for the outcome experienced by the investor or consumer. Three layers of governance identified (1) Regulatory accountability of the regulated entity (2) Governance of the underlying infrastructure (3) Operational control and intervention arrangements when something goes wrong.

4. Interoperability and infrastructure

DP respondents highlighted that traditional and DLT systems must be interoperable, common technical standards and cross-platform connectivity are essential, digitalisation of AML KYC is critical for saleability, and DLT standards and assurance frameworks are necessary for custody infrastructure and operational resilience.

CBI perspective/insight:

- Market participants and market infrastructures must consider the operational impact of moving to a 24/7 ‘on-demand’, enriched data operating model as part of transitioning to tokenised financial operations. It is crucial for development efforts to build in backwards compatibility where tokenised systems will co-exist with legacy processes and systems.
- CBI supports common standards that enable tokenised markets to scale across infrastructures and borders without creating new fragmentation or weakening existing safeguards. The CBI considers exploration of interoperability between permissioned and permissionless networks to be a priority policy focus.

5. Tokenised financial assets

DP respondents highlighted that cross-border legal recognition is essential, it is critical to distinguish between digital twin and digital native models, there are meaningful benefits for collateral mobility and liquidity management - also pointing to the link with on-chain money, and fractional ownership is a core use case.

CBI perspective/insight:

- To operate efficiently at scale, a tokenised financial instrument needs to interact with digital identity, existing compliance processes, trading and post-trade systems, custody

arrangements, money and settlement infrastructure and, ultimately, the legal framework through which ownership and transactions are recognised.

- The key question is not simply whether an on-chain record can technically replace a conventional one. A legally authoritative record performs important functions in establishing ownership, supporting third-party enforceability and providing certainty in the event of dispute or insolvency. Any evolution towards greater reliance on DLT-based authoritative records would therefore need to preserve these outcomes.
- The potential risks of liquidity fragmentation caused by limited interoperability across networks illustrates the delicate balance between the benefits and risks of tokenisation scaling.
- Limited secondary market liquidity is emerging as a barrier to widespread adoption of tokenisation and is creating fragmented pools of liquidity.
- CBI recognises the important role of tokenised bonds in encouraging broader digital market participation and, over time, contributing to deeper and more liquid secondary markets and enhancing the functioning of digital markets.

6. Tokenised money and settlement

DP respondents highlighted tokenised settlement in central bank money as the most critical development for scalability which requires credit institutions to work towards interoperable tokenised deposits

CBI perspective/insight:

- Central bank money must remain as the ultimate settlement asset for wholesale transactions, while allowing for private sector innovation to meet market demand.
- Stablecoins systemic implications vary significantly depending on their regulatory status, issuer, denomination, and jurisdiction.
- CBI advocates for an integrated ecosystem that preserves the role of central and commercial bank money, while allowing for the use of the most appropriate settlement asset for distinct roles and use cases. CBI will support collective efforts to advance interoperable tokenised deposits in the European market.

7. Management of systemic, sectoral and transitional risks

DP respondents were supportive of CBI's technology neutral approach, highlighted that traditional risk categories remain relevant, and the need for regulatory authorities to develop capabilities.

CBI perspective/insight: tokenisation does not create an entirely new taxonomy of risk. What may change is where those risks reside, how they interact, how quickly they crystallise and how rapidly they can be transmitted through the financial system. Tokenisation reallocates risk rather than removes it; tokenisation can remove a particular friction, without necessarily eliminating the underlying economic risk. Tokenised systems may create and increase novel dependencies on smart contracts, DLT network operators, validators, oracle providers, bridges, wallet providers and other technology infrastructure which need to be managed.

Current and future CBI work on topic

Since the DP, the CBI has authorised three money market funds to utilise DLT-based digital twin-representation of fund share classes reflecting tangible deployment.

The CBI will establish a new Tokenisation Access Point (TAP) to provide a clearer route for engaging with the CBI on emerging tokenisation models, practical implementation issues and questions arising from the application of existing rules and frameworks.

CBI future work will be structured around five areas:



CBI Guidance on MMF Weekly Liquidity Asset Levels

CBI guidance for money market fund (**MMF**) weekly liquid asset levels has been published in coordination with the French and Luxembourg financial regulators.

The guidance is subject to a three-month implementation period and includes regulatory expectations for the management of liquidity risk in MMFs and guidance on increased supervisory scrutiny and engagement in the event liquidity levels fall below identified market resilience levels.

Guidance on liquidity risk management

The Guidance notes that the daily and weekly liquidity levels, as set out in the MMFR, are minimum requirements and that MMF managers should integrate the findings set out in the European Commission's 2023 and 2026 MMF Reports into their internal liquidity risk management systems.

In particular, MMF managers should account for WLA levels of 20% for VNAV and of 40% for PD CNAV and LNAV MMFs in their stress testing processes under Article 28 MMF Regulation (**MMFR**) when assessing the resilience of MMFs in stressed market conditions. If WLA levels approach or fall below the identified market resilience levels on any business day (20% for VNAV MMFs and 40% for PD CNAV/LNAV MMFs) the CBI expects MMF managers to exercise enhanced vigilance in accordance with their liquidity risk-management systems, including timely escalation and reinforced internal decision-making processes.

The MMF manager shall notify the CBI in accordance with the Guidance, where a MMF falls below the market resilience levels for a period exceeding 10 business days or where the MMF manager expects a prolonged and/or substantial deviation. The notification shall contain relevant explanations and justifications, including, where relevant, the measures taken under Article 28(4) and (5) of the MMFR if the stress tests reveal a vulnerability.

Guidance on increased supervisory scrutiny and engagement

Where an MMF manager notifies the CBI of an MMF falling below the market resilience level or where the CBI identifies based on the MMF reporting and related supervisory work MMFs with liquidity levels below the market resilience levels for prolonged periods of time, the CBI will initiate increased supervisory scrutiny and engagement with the relevant MMF managers.

The intensity of the supervisory engagement will depend on the duration and frequency of deviations below the market resilience level in the WLA and also on the explanations and justifications provided by the MMF manager. Where frequent, prolonged and/or substantial deviations are observed, the CBI may initiate a dialogue with the MMF manager to determine the underlying causes and potential implications for the liquidity of the MMF.

In the event that an MMF's WLA level falls below the market resilience level for 10 business days and this level is not justified by the MMF manager's liquidity risk management processes and systems, the CBI shall review the information at its disposal. Following its supervisory engagement, the CBI may request additional information from the MMF manager in the context of restoring the MMF's WLA above the market resilience level. At the onset of stressed market conditions affecting MMFs, the CBI shall undertake

enhanced supervisory engagement with MMF managers, and in particular, also MMF managers where their managed MMFs fall below the market resilience level. In such conditions, the CBI may also request more frequent data that could include key risk indicators, daily reporting and key data points such as: NAV; Net subscriptions; WAM; WAL; Daily liquidity buffer; Weekly liquidity buffer; Difference in bps between constant NAV and shadow NAV (when applicable).

Periodic engagement with MMF managers may also be undertaken, to gather more qualitative information as needed.

RIS Update: European Parliament Rejects RIS Omnibus Directive

The European Parliament has voted to reject the Retail Investment Strategy (**RIS**) omnibus Directive amending MiFID II, the IDD, Solvency II, the UCITS Directive and AIFMD (2023/0167(COD)) (the **RIS Directive**).

The RIS Directive was expected to be finalised and published by year-end subject to a 24-month transition period. Of relevance to FMCs, it includes proposals on compliance with the undue cost rules, value for money assessments for retail funds, cost reporting rules, widening of MiFID II professional client regime. Our July 2026 article contains further information on these proposals.

Despite provisionally agreeing the RIS Directive with Council in December 2025, Member States endorsing that text on 5 June 2026 and the Parliament's ECON committee approving that text on 23 June 2026, the Parliament voted to reject the agreed text at its meeting on 12 November 2026.

RIS comprises the RIS Directive and a regulation amending the PRIIPs regime (the **PRIIPs Amending Regulation**). The Parliament adopted the PRIIPs Amending Regulation at its 12 November meeting.

What happens next for the RIS Directive?

While MEPs rejected the RIS Directive by a narrow majority of 286 votes to 300 (with 23 abstentions), the Parliament has confirmed that the procedure on the RIS Directive will continue with amendments to be tabled subject to a new deadline. The text will then be put to a vote at a subsequent plenary session in accordance with the Parliament's rules of procedure.

Industry opposition was strong in the run-up to the vote. On 4 November 2026, EFAMA published an open letter urging MEPs to vote down the RIS Directive. It argued that it fell short of its objectives, remained "largely still a black box" due to its heavy reliance on Level 2 measures, added complexity instead of removing it, and would cause additional fragmentation of the Single Market.

What happens next for the PRIIPs Amending Regulation?

The PRIIPs Amending Regulation can now move towards formal adoption by the Council and publication in the Official Journal of the European Union, independently of the rejected RIS Directive.

The majority of the changes to the KID, which we summarised in our July article, are expected to take effect in mid-2029, assuming publication of the PRIIPs Amending Regulation in the Official Journal before the end of 2026[1]. Key changes include:

- a new "Product at a Glance" dashboard is to be included in the KID containing a summary of the product type, the summary risk indicator, the total costs of the PRIIP, the recommended holding period and whether the PRIIP offers insurance benefits;
- a new norm that KIDs are to be provided in electronic format by default and that layering of information is permissible (the Product at a Glance dashboard must be in the first layer);
- a requirement to provide KID information in machine-readable format to the European Single Access Point (ESAP);
- that Multi-option PRIIP manufacturers must provide tools to help investors research and compare investment options, including on costs; and
- that performance information would be calculated in a new way in accordance with rules to be set by the European Supervisory Authorities (**ESAs**). The rules may permit a combination of forward-looking performance scenarios and past performance information where this is

[1] 30 months after entry into force. Entry into force occurs on the twentieth day following publication in the Official Journal of the European Union.

considered meaningful for a particular type of PRIIP. These rules will be developed by the ESAs for adoption by the Commission within 12 months of entry into force of the PRIIPs Amending Regulation.

Despite the new information requirements, including the “Product at a Glance” dashboard, the three-page format of the KID is retained.

Certain provisions (including clarifications on the scope of the PRIIPs regime) apply from entry into force of the PRIIPs Amending Regulation.