

Asset Management and Investment Funds

Legal and Regulatory Quarterly Report

covering the period
1 July 2026 – 30 September 2026



KEY DATES	
2026	
2 July 2026	Regulation (EU) 2024/3005 on ESG Ratings Providers commenced application whereby financial market participants referencing an ESG rating in marketing communications are required to include a weblink to detailed information relating to that ESG rating.
10 July 2026	Central Bank UCITS Regulations 2026 and revised Central Bank Performance Fee Guidance for UCITS and certain RIAIFs published.
7 December 2026	ESMA's first deadline on the EU T+1 settlement transition in relation to the exchange of standard and timely allocation and confirmation processes.
31 December 2026	Fund management companies ("FMCs") are expected to conduct a gap-analysis of the Central Bank delegation feedback report and put in place a time-bound plan to address any identified gaps.
2027	
28 February 2027	Central Bank outsourcing register submission deadline for in-scope RFSPs.
19 March 2027	Deadline for the transposition of the majority of Omnibus Directive (EU) 2026/470 narrowing the scope of corporate sustainability reporting and due diligence obligations.
16 April 2027	Application of new and enhanced regulatory reporting requirements for FMCs under Directive EU 2024/927 ("AIFMD II").
16 April 2027	Transitional period ends for the compliance of open-ended AIFs and UCITS, constituted before 16 April 2026, with the AIFMD II Level 2 requirements and Level 3 guidance on liquidity management tools.
7 June 2027	End of the Financial Conduct Authority's ("FCA's") optional transitional period for ensuring compliance with the UK disclosure regime in respect of consumer composite investments ("CCIs"). The CCI disclosure framework replaces the UK's UCITS and PRIIPs disclosure requirements from 6 April 2026 and applies to firms that manufacture or distribute CCIs (including OFR-registered UCITS) for or to UK retail investors.
10 July 2027	Application of the new anti-money laundering ("AML") / combatting the funding of terrorism ("CFT") legislative framework under the EU Single AML Rulebook.
11 October 2027	The EU, UK and Switzerland will transition to a T+1 settlement cycle for certain listed transferable securities.

This is a condensed version of our Asset Management and Investment Funds Legal and Regulatory Report setting out key developments during the quarter.

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QUARTERLY HIGHLIGHTS

In this quarterly edition of the Walkers legal and regulatory report, we identify a number of key highlights as follows:

On 30 September 2026, the consultation period closed for the **Central Bank's CP170**, which sought views on its approach to **regulatory impact assessments ("RIA")** and stakeholder consultation (**section 2.20**).

- **CP170 does not introduce new rules; it sets out a draft Statement of Approach to RIA, which would apply where the Central Bank exercises meaningful domestic discretion to introduce or materially change regulatory requirements.**
- **The initiative supports the Central Bank's commitment to a more effective, clear and transparent regulatory framework and the delivery of its safeguarding outcomes.**

On 25 September 2026, the **Central Bank** published CP172 on proposed changes to the **Industry Funding Levy** methodology for certain industry categories including fund service providers (**section 2.8**).

- **Under the Central Bank's proposals, Irish-authorised FMCs, depositaries and administrators would be subject to a metric-based methodology for calculating the annual industry levy, ensuring a more proportionate and transparent basis for firms' contributions.**

During September 2026, the **Central Bank** confirmed it will resume the domestic collection of **outsourcing registers** in February 2027 (**section 2.4**).

- **In-scope RFSPs (those which submitted outsourcing registers in the 2024 cycle) must submit updated registers by 28 February 2027, with a data reference date of 31 December 2026, using the same template as previous collections.**
- **RFSPs also in scope of the DORA register of information may either retain or remove data already submitted under DORA. The Central Bank will contact in-scope RFSPs in Q4 2026 with further details.**

On 31 August 2026, the **DOF** published its roadmap for the taxation of retail investment (**section 3.5(b)**).

- **The roadmap, published by Tánaiste Simon Harris, sets out a pathway to simplify Ireland's tax framework for retail investment, including reform of the taxation regime and parameters around the introduction of the government's proposed new Investment Account.**

On 25 August 2026, the **Department of Finance** (the "**DOF**") published its **Ireland for Finance Strategy Vision 2030 – Renewed and Refocussed for a Digital Age ("Strategy")**, the successor to the Ireland for Finance strategy that has guided Ireland's international financial services policy (**section 3.5(a)** Error! Reference source not found.).

- **The Strategy delivers concrete commitments across several areas of long-standing industry advocacy including a legislative pathway for the tokenisation of investment funds, modernisation of the Limited Partnerships Act 1907 and a suite of measures designed to enhance Ireland's private markets offering. The Strategy also signals a more structured and accountable governance architecture as well as for the first time funds-specific metrics designed to track progress and monitor the success of the Strategy.**

• Walkers Asset Management and Investment Funds group have taken a closer look at what the Strategy could mean for the sector in our latest briefing Ireland for Finance Vision 2030 - Key implications for funds and asset management.
On 24 August 2026, the European Commission (the "Commission") requested technical advice from ESMA on certain Level 2 delegated acts implementing the amendments to MiFID II, the UCITS Directive (2009/65/EC) (the "UCITS Directive"), and AIFMD, in the context of the Commission's Retail Investment Strategy ("RIS") proposals (section 3.1(b)).
• While the Level 1 RIS texts are close to adoption, additional key details that will determine how the RIS will operate in practice — particularly for asset managers — will be shaped by the Level 2 technical standards.
On 13 August 2026, the DOF launched its first National Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing Strategy ("AML Strategy") (section 3.5(c)).
• The anti-money laundering ("AML") Strategy, the associated implementation plan and recent National Risk Assessment are all designed to support Ireland's preparations for its next Financial Action Task Force Mutual Evaluation. The AML Strategy sets out a plan to deliver Ireland's implementation of the EU's new AML legislative package, introduce new disclosure requirements for limited partnerships and strengthen overall supervision of financial institutions.
During August, the Central Bank announced that it will launch two ESMA-led supervisory reviews focused on closet indexing and value for money (section 2.14).
• The reviews will evaluate FMCs' governance frameworks, policies and procedures using ESMA-developed methodologies. • The Central Bank has indicated that a number of firms may be contacted during August and September as part of these supervisory exercises, which are expected to become recurring annual reviews.
On 30 July 2026, the Central Bank published its feedback report on the common supervisory action ("CSA") on compliance and internal audit functions in the investment funds sector (section 2.2).
• The review found that while many FMCs have established mature compliance and internal audit functions, a number of common areas require review and consideration, including relating to independence, resourcing, planning, monitoring, testing, issue tracking and board reporting.
On 23 July 2026, the Central Bank published a feedback report following its review of delegation practices in the Irish funds sector (section 2.1).
• The review examined governance, oversight arrangements and control frameworks in managing delegated activities at Irish FMCs. • All FMCs are expected to review the findings and where gaps are identified, to establish a time-bound plan by the end of 2026 outlining the actions which they will take to align with relevant supervisory expectations. Walkers Asset Management and Investment Funds group have produced an advisory with a detailed examination of the key findings of the report, the aspects of delegation frameworks identified for enhancement and a number of practical steps for FMCs to consider.

On 10 July 2026, the revised Central Bank UCITS Regulations and the performance fee guidance for UCITS and certain types of Retail Investor AIFs were published and came into effect (section 1.1).
• The Central Bank has introduced a number of changes to the domestic UCITS rules and performance fee guidance following the CP161 consultation process. These reforms should further strengthen Ireland's position as a leading domicile for retail investor products. • Walkers Asset Management and Investment Funds group's recent advisory "Key updates to Ireland's UCITS regulatory framework" outlines the key Central Bank UCITS reforms and practical considerations.
On 7 July 2026, the Department of Enterprise, Tourism and Employment ("DETE") published a public consultation on a number of targeted amendments to the Limited Partnerships Act 1907 designed to modernise and improve the competitiveness of the limited partnership framework in Ireland (section 3.4).
• The consultation is seeking stakeholder views on three specific policy proposals which are considered out of step with modern business practices and international standards. • The proposed reforms would constitute the most significant update to Ireland's limited partnership regime in almost 120 years. Our funds and finance groups have produced an advisory detailing these proposed reforms entitled "<i>Irish limited partnerships - proposed reforms take shape</i>".
During July 2026, the Central Bank confirmed that an open-ended loan-originating QIAIF managed by an authorised EU AIFM may be authorised by way of the Central Bank's 24-hour authorisation process and without a separate pre-submission (section 1.2).
• This is a practical development for the Irish funds market and provides helpful certainty for managers considering open-ended loan-originating structures, notwithstanding the delayed EU adoption timeline for ESMA's draft rules.

1. AIFMD AND UCITS DEVELOPMENTS

1.1 Publication of Central Bank UCITS Regulations and performance fee guidance. *(This is a further update to section 1.1 of the quarterly report covering the third quarter of 2025)*

On 10 July 2026, following the conclusion of the CP161 process, the Central Bank of Ireland (the "**Central Bank**") [published](#) a significant overhaul of Ireland's UCITS rulebook:

- [CP161 Feedback Statement](#);
- [S.I. 316 of 2026](#) Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2026 (the "**2026 CBI UCITS Regulations**"); and
- Central Bank [Guidance](#) on performance fees of UCITS and certain types of Retail Investor AIFs ("**RIAIFs**") (updated).

The 2026 CBI UCITS Regulations repeal and replace the Central Bank UCITS Regulations 2019, aligning the framework with UCITS VI / AIFMD II and streamlining domestic requirements.

The Central Bank has also revised the UCITS and RIAIF performance fee guidance to align fully with the European Securities and Markets Authority ("**ESMA**") [Guidelines](#). Both the guidance and the 2026 CBI UCITS Regulations came into effect without a transitional period.

During July 2026, the Central Bank updated its UCITS [application forms](#) and RIAIF prospectus [application form](#). The updated versions of these application forms should be used going forward.

Walkers Asset Management and Investment Funds group's recent advisory '[Key updates to Ireland's UCITS regulatory framework](#)' outlines the key changes including updates to performance fee rules, liquidity management tools, redemption gates, net asset value ("**NAV**")-based fee disclosures, Exchange Traded Fund ("**ETF**") dealing provisions and connected party transaction requirements as well as a number of practical steps.

1.2 AIF Rulebook (updated) *(This is a further update to section 1.2 of the quarterly report covering the second quarter of 2026)*

On 29 July 2026, the Central Bank published its latest [markets update](#) (15/2026) containing a revised edition of the [AIF Rulebook](#). The latest AIF Rulebook shows amendments relating to compliance with the AIFM Regulation Loan Origination provisions in Chapter 2, Part III (*Provisions applying to QIAIFs which have a Registered AIFM*) and Part IV (*Provisions applying to QIAIFs which have a non-EU AIFM*).

A small number of housekeeping edits and corrections are also included in the revised edition.

The Central Bank has also provided welcome clarification on the authorisation process for open-ended loan-originating QIAIFs managed by authorised EU AIFMs (whether Irish or non-Irish) as open-ended loan-originating AIFs ("**OELOAIFs**"), without a separate pre-submission process. The requirements of the draft [ESMA Regulatory Technical Standards \("RTS"\)](#) on OELOAIFs are expected to be adhered to in relation to the management of such OELOAIFs.

2. CENTRAL BANK UPDATES

2.1 Feedback report review of delegation in the Irish funds sector

On 23 July 2026, the Central Bank published a [feedback report](#) following its review of delegation practices in the Irish funds sector (for this section, the "**Report**"). The review examined governance, oversight arrangements and control frameworks in managing delegated activities at Irish FMCs.

While the Central Bank concluded that FMCs generally operate effective delegation frameworks, it identified a number of areas where enhancements may be required, including board independence, oversight structures, resourcing, contingency planning and data accessibility.

A number of individual FMCs in scope of the review have already received their findings and corresponding supervisory actions. The Central Bank expects all FMCs to review the Report's findings, conduct a gap analysis and where gaps are identified, establish a time-bound plan by the end of 2026 outlining the actions which will be taken to align with relevant supervisory expectations.

Walkers Asset Management and Investment Funds group have produced an [advisory](#) with a detailed examination of the key findings of the Report, including the aspects of delegation frameworks identified for enhancement and practical steps for FMCs to consider.

2.2 Feedback report on the common supervisory action ("CSA") on compliance and internal audit ("IA") functions in the funds sector *(This is a further update to section 3.3(a) of the quarterly report covering the second quarter of 2026)*

On 30 July 2026, the Central Bank published its [feedback report](#) on the CSA on compliance and IA functions in the investment funds sector (for this section, the "Report").

The Report follows ESMA's [final CSA report](#) in May 2026, which identified governance weaknesses and examples of good and poor practice across both functions. The Central Bank outlines in the Report its own findings and expectations from the CSA which aimed to assess, foster and enforce the adherence of supervised entities to the key provisions in the AIFMD and UCITS Directive with relevance to the compliance and IA functions.

Overall, the findings from the CSA confirmed to the Central Bank that compliance and IA governance structures and operations are broadly in line with regulatory expectations. While many FMCs have established mature compliance and IA functions, a number of common areas were identified that require review and consideration by FMCs, including:

- A consistent application of documented compliance policy/procedures
- Strengthening approach to compliance resourcing and training.
- Compliance monitoring and testing practices.
- Enhancing board engagement and reporting.
- Strengthening oversight of delegated and group-level compliance and IA arrangements.

The Report includes expectations for Irish FMCs on the independence, resourcing, planning, monitoring, testing, issue tracking and board reporting of the compliance and IA functions.

FMCs are now expected to review the observations and expectations set out in the report, to identify areas requiring enhancement and develop time-bound remediation plans to address any deficiencies identified. Furthermore, the expectations and observations contained in both reports (Central Bank and ESMA) should be discussed thoroughly with the FMC board and all relevant personnel to facilitate informed decision-making.

2.3 Consultation Paper 166 - Prohibition notices under the fitness and probity ("F&P") regime *(This is a further update to section 2.5 of the quarterly report covering the first quarter of 2026)*

On 30 July 2026, the Central Bank published its [Supplemental Guidance on Prohibition Notices under the F&P regime](#), [Feedback Statement on Consultation Paper 166](#) and an [industry letter](#) on the Prohibition Guidance from the Director of Enforcement.

The Central Bank has made targeted amendments to the draft Supplemental Guidance consulted on, including the circumstances relevant to prohibition and the publication of Prohibition Notices aligning with the existing Guidance on Fitness and Probity Investigations, Suspensions and Prohibitions.

The feedback statement confirms that there is a public interest in effective cooperation within the regulated financial services sector and firms should reasonably assist individuals (including former

employees) with access to information and firms have a role to play in the timely resolution of regulatory investigations.

The Supplemental Guidance is effective from 30 July 2026 and will be subsumed into the Central Bank's existing F&P guidance in due course.

2.4 Outsourcing registers 2027 submission

During September 2026, the Central Bank updated its website on [Outsourcing Registers](#), to confirm it will resume the domestic collection of outsourcing registers in February 2027.

The Central Bank paused its domestic collection of these Outsourcing Registers for the past two years while financial entities were preparing for the first collection and submission of registers of information ("**ROI**") under Digital Operational Resilience Act ("**DORA**") (note domestic collection refers to the Central Bank's direct collection, excluding European Central Bank ("**ECB**") collections from Significant Institutions). Given the two year pause and evolving third-party risks, the Central Bank intends to refresh the data it has on the use of outsourcing arrangements (that are not covered in the DORA register). The Central Bank provides the following provisions to minimise burden for regulated financial service providers ("**RFSPs**") in this collection:

- Early notice of the deadline of 28 February 2027, with a data reference date of 31 December 2026.
- Limiting the scope of RFSPs required to submit their updated outsourcing register in this collection to those financial service providers which submitted outsourcing registers to the Central Bank in the previous 2024 cycle and use of the same template format as previous collections.
- RFSPs which are also in scope of the DORA ROI collection may either leave in or remove data which has already been submitted as part of the DORA ROI submission. RFSPs should choose whichever approach minimises their effort. The Central Bank is not seeking to collect DORA ROI information twice.

The Central Bank will contact RFSPs within scope of this data collection exercise in Q4 2026 with further details.

2.5 Financial crime bulletin

During July, the Central Bank published its [Financial Crime Bulletin - July 2026](#) with an update on key regulatory developments in the areas of anti-money laundering ("**AML**"), combatting the financing of terrorism ("**CFT**"), financial sanctions, fraud and market abuse.

The bulletin notes that financial crime continues to require attention in the funds sector given it is an area of exploitation for money laundering and terrorist financing. The funds sector in Ireland is subject to international scrutiny from an AML/CFT perspective given its size and reach. Accordingly, it is a key area of focus for the Central Bank, which is currently undertaking a thematic review of suspicious transaction reporting ("**STR**") in the sector.

The bulletin outlines a summary of the Central Bank's supervisory expectations and AMLA developments. Furthermore, the Central Bank has recently engaged with fund managers collecting enhanced data to publish on its register of Regulated Financial Service Providers. These efforts include adding verified contact details to the ICAV register to help consumers verify that communications are from legitimate providers by comparing the contact details in suspicious communications against the details on the Central Bank's registers and by communicating with the financial service providers using the information on the registers, as required.

Data collection will be continued on a phased basis, and fund managers should anticipate further communication in 2027 to collect similar data for other legal structures.

2.6 Industry funding levy

During the period, the following statutory instruments were signed to prescribe new industry funding levies for different categories of regulated entity:

[S.I. No. 348/2026 - Central Bank Act 1942 \(Section 32D\) Regulations 2026](#)

S.I. No. 348/2026 removes the cap on the maximum number of sub-funds in the calculation of the industry funding levy meaning firms with a large number of sub-funds may see an increase in their contributions.

[S.I. No. 321/2026 - Central Bank Act 1942 \(Section 32D\) \(Certain Financial Vehicles Dedicated Levy\) \(Amendment\) Regulations 2026](#)

On 20 July 2026, the Central Bank published [Certain Financial Vehicles Dedicated Levy Notification 2025](#) noting that levy invoices for the amount of €905 will be issued by email/post.

2.7 Guide to Industry Funding Regulations 2026

On 24 August 2026, following the recent [S.I. No. 348/2026 - Central Bank Act 1942 \(Section 32D\) Regulations 2026](#), the Central Bank published its [Funding Strategy and Guide to the 2026 Industry Funding Regulations](#). The Central Bank will shortly begin invoicing firms for the annual industry levy. It emphasises the importance of maintaining accurate billing contact information to ensure invoices are delivered to the appropriate person or department responsible for payment within each organisation.

The quantum of the Central Bank's investment fund levies has increased whereby all investment funds authorised by the Central Bank will be liable to pay a minimum levy of €8,952 (annual increase of €218) in the case of single strategy and umbrella funds with one sub-fund. Umbrella funds will also pay a contribution per sub-fund of €593 (annual increase of €14). Notably, the previous maximum contribution for umbrella funds, based on a limit of fifty sub-funds, has now been removed, meaning firms with a large number of sub-funds may see an increase in their contributions.

All investment fund service providers ("FSP"), which have been authorised by the Central Bank are liable to pay the levy contribution corresponding to their respective impact categorisation (high, medium high, medium low and low). Levies for FSPs falling within sub-categories E2a, E2b, E2c and E2d are outlined in the guide and are consistent with previous years.

2.8 Consultation Paper 172 Industry Funding Levy proposals

On 25 September 2026, the Central Bank published a [consultation paper](#) on proposed changes to the Industry Funding Levy methodology for certain categories of firms including FSPs.

The Central Bank proposes moving away from Probability Risk and Impact System ("PRISM") Impact-based levy scales towards ad valorem (metric-based) methodologies across several industry categories, including Category E2 (Investment Fund Service Providers). No changes are proposed to Category E1 (Investment Funds). The levy for investment funds would continue to be based on the number of authorised funds in an umbrella.

New Sub-Category Structure

Irish-authorised Category E2 firms would be allocated to one of three sub-categories: (1) Fund Managers, (2) Depositories, or (3) Fund Administrators. UCITS managers and AIFMs authorised in another European Economic Area ("EEA") State with an Irish branch would remain in the existing E2d category for the time being.

New Charging Basis

For each of the three Irish-authorised E2 sub-categories, the levy would comprise a **minimum amount** plus a **variable amount** calculated on an ad valorem basis. The variable amount would be determined using two metrics:

- **Total Assets** — weighted at **70%** of the amount to be raised from the relevant sub-category.

- **Number of Funds** — weighted at **30%** of the amount to be raised.

Total assets and number of funds data would be drawn from Central Bank online regulatory returns for the relevant year ending 31 December. Rates and bands would be reset annually by reference to the amount to be raised and the aggregate metrics reported by firms.

To smooth the impact, the Central Bank proposes a four-year transition period whereby PRISM Impact categorisation would continue to be used for levy purposes on the following basis:

Levy Year	New Basis	Previous Basis
2026 (payable summer 2027)	25%	75%
2027 (payable summer 2028)	50%	50%
2028 (payable summer 2029)	75%	25%
2029 (payable summer 2030)	100%	0%

The rationale for the proposed changes includes:

- improved consistency in how the levy is determined across industry categories;
- addressing the “cliff edges” that currently arise with PRISM Impact-based scales, which can result in a substantial increase or decrease in the levy a firm pays from one year to the next should their Impact category change;
- more proportionate contributions, more transparency for firms; and
- alignment with the evolution of the Central Bank’s approach to regulation and supervision.

The closing date for the consultation is **8 January 2027**.

2.9 Independent review of Central Bank enforcement activities *(This is a further update to section 2.8(d) of the quarterly report covering the first quarter of 2026)*

On 22 July 2026, the Central Bank [announced](#) an independent review of its enforcement activities, aimed at assessing the effectiveness and efficiency of enforcement within its broader regulatory and supervisory framework.

The review will be led by Josephine Feehily, former Chair of the Revenue Commissioners and first Chair of the Policing Authority. The review will examine areas including enforcement structures and processes, decision-making, case selection, timeliness, transparency, and alignment with international best practice. The review will involve engagement with both Central Bank staff and external stakeholders, with a final report and recommendations to be published in due course.

2.10 Application of Standards for Business Regulations and Consumer Protection Regulations

On 14 July 2026, the Central Bank responded to Irish Funds’ submission concerning the application of the Standards for Business Regulations and Consumer Protection Regulations to funds and FMCs. The response confirmed that the funds sector has not been explicitly excluded from the scope of the Standards for Business Regulations, and that it is for regulated entities within scope to assess how the requirements apply to their business, taking account of their existing practices and standards.

The Central Bank also confirmed that from Q4 2026 it will commence a broader programme of engagement with industry on the regulatory framework for funds and FMCs, including interaction with the Central Bank’s FMC Guidance and Cross-Industry Guidance on Outsourcing.

2.11 Directorate Appointments

On 7 July 2026, the Central Bank [announced](#) the appointment of Gavin Curran as new Director of Capital Markets and Funds. Mr Curran joined the Central Bank in September 2022 and has been the Head of Funds Supervision Division since January 2025. He has over 20 years' experience in capital markets and funds, having held senior roles in both industry and regulatory environments.

On 15 September 2026, the Central Bank [announced](#) the appointment of a new Director of Strategy and Governance, as part of its ongoing leadership renewal programme.

2.12 Strategy 2028 – 2032

On 3 September 2026, the Central Bank launched a [public engagement process](#) to inform its next five-year strategy, citing significant changes in the financial landscape including new technology, climate risks and evolving banking practices. The new strategy will build on progress made on consumer protection, digital payments, climate risk, enhancements of regulatory and supervisory frameworks, deepened engagement with stakeholders and efficiency and innovative transformations.

The survey covers areas such as financial stability, consumer protection, innovation and the evolving financial services landscape, seeking views from various stakeholders on the opportunities, challenges and priorities that should shape its future direction. The survey is open until 16 October 2026 with the new strategy expected to be approved by the Central Bank's Commission in May 2027 and presented to the Minister for Finance in September 2027.

2.13 Speeches during the period

(a) Governor remarks on the Irish EU Council Presidency

During September 2026, Governor Gabriel Makhlouf delivered a number of speeches in the context of Ireland's Presidency of the EU Council:

- [remarks](#) at the Eurofi Financial Forum Gala Dinner entitled "Finance for Europe's Future – Getting the Foundations Right" (17 September 2026);
- [remarks](#) at the informal Economic and Financial Affairs Council ("ECOFIN") dinner entitled "L'Europe, C'est Nous" (18 September 2026); and
- [opening remarks](#) at the Central Bank's "Trust and Innovation" conference (18 September 2026).

At the Eurofi Gala Dinner, Governor Makhlouf addressed the foundations needed for the EU's financial services architecture, including the Savings and Investments Union ("SIU"), the competitiveness agenda and the role of capital markets in financing the EU's strategic priorities — all of which will shape the regulatory environment for Irish-domiciled funds. At the informal ECOFIN, the Governor's remarks emphasised the collective European responsibility for financial stability and the importance of shared regulatory standards, signalling the Central Bank's positioning on issues such as cross-border fund distribution, supervisory convergence and the level playing field for asset managers operating across the EU. At the Trust and Innovation conference, the Governor underscored the need for innovation to be grounded in public trust, with implications for firms deploying AI, tokenisation and digital distribution channels.

(b) Openness through resilience in the face of change

On 23 July 2026, Deputy Governor McMunn delivered [remarks](#) to the European Anti-Financial Crime Summit entitled "*Reinforcing the foundations - openness through resilience in the face of change*". Her speech discussed key structural changes in the external environment underway, and how they are reshaping the financial system and in particular the funds sector.

Referencing the feedback report on delegation (as outlined at section 2.1 of this report), Ms McMunn noted that FMCs needed to ensure that fund governance is substantive, not performative, with real, and not nominal oversight. She prefaced the discussion of the Central Bank's delegation findings with a clear statement of support for the delegation model as a structural feature of the European funds framework, enabling FMCs to access specialist expertise wherever that expertise resides.

Her speech also announced forthcoming policy reviews of the Central Bank's governance arrangements for FMCs – to ensure governance and responsibility requirements are fit for this changing landscape - driven by the combined effect of sector growth, changing risk landscape, and technological transformation. Areas in scope of the review include:

- simplifying and making clearer the Central Bank's FMC Guidance;
- simplifying and reinforcing the Pre-Approval Controlled Function ("**PCF**") framework for FMCs in line with a focus on simplifying the PCF framework more broadly; and
- enhancing governance requirements, including considering how to proportionately apply the Senior Executive Accountability Regime (SEAR) framework to the funds sector.

On Artificial Intelligence ("**AI**") and technology governance, Ms McMunn flagged that the shift towards technology-enabled delivery of financial services does not alter the accountability framework that applies to regulated firms. Against the backdrop of increasing adoption of advanced AI in financial services, firms must be able to explain how the models work, who is accountable for their outputs, and how they are governed.

2.14 Supervisory reviews on closet indexing and value for money

During the period, the Central Bank announced that it will launch two ESMA-led supervisory reviews focused on closet indexing and value for money. These initiatives are intended to support the Central Bank's 2026 [Regulatory & Supervisory Outlook](#) priority of enhancing oversight of product costs and investor disclosures. The reviews will evaluate firms' governance frameworks, policies and procedures using ESMA-developed methodologies designed to promote supervisory consistency across EU Member States.

The Central Bank noted that ESMA has provided analytical tools and data to support the identification of firms for review, using established methodologies, including ESMA's work on [costs and performance of retail investment products](#) and [closet indexing indicators](#). The Central Bank previously published the findings of its [themed review](#) into potential closet indexing of 2,550 Irish authorised UCITS, and subsequent [enforcement action](#) against a UCITS management company.

The Central Bank has indicated that a number of firms may be contacted during August and September as part of these supervisory exercises, which are expected to become recurring annual reviews.

2.15 Year-end filing arrangements

During the period the Central Bank communicated to industry the 2026 year-end filing arrangements for fund and **FSP** submissions, including key deadlines and processing arrangements over the Christmas and New Year period, covering the following submission categories:

- QIAIF, professional and qualifying ELTIF filings;
- UCITS, RIAIF, and retail ELTIF authorisations/approvals/notings*;
- ICAV registration/conversion/migration applications;
- FSP acquiring transaction notifications; and
- Fund revocation applications.

The notice highlights that **24, 29-31 December 2026 and 4-8 January 2027 will not be counted towards the timeframes for issuing comments in relation to UCITS, RIAIF and Retail ELTIF applications.*

2.16 Thematic assessment on the F&P Regime in the MiFID investment firm sector

On 1 September 2026, the Central Bank published a [thematic assessment](#) on the implementation of key aspects of the fitness and probity regime in the MiFID Investment Firm Sector.

The assessment findings include a focus on steps taken by investment firms to embed the Individual Accountability Framework ("IAF") into their governance framework and a sample review of due diligence practices.

Policies

Many of the firms had policies and procedures in place that were sufficiently detailed and for a number of firms it was clear these were implemented in practice, ensuring that Controlled Function ("CF") and PCF role holders remain suitable for their PCF/CF role. A small number of firms had not adequately reflected the IAF in their policies and procedures, with documents lacking specific detail on how the firm tailored its approach to the IAF or what actions it had taken to embed the framework.

Due Diligence and Annual Certification

- **Due diligence deficiencies:** A cohort of firms did not effectively apply the requirements in practice, including not providing sufficient evidence of due diligence completed at the time of on-boarding a PCF role holder and/or for the annual certification process to ensure the ongoing fitness and probity of individuals appointed to CF or PCF roles.
- **Common gaps** included:
 - Failure to obtain a signed copy of the PCF role holder's agreement to comply with the F&P Standards.
 - Lack of evidence of self-certification of potential conflicts of interest.
 - Failure to provide documents evidencing the firm's assessment of individuals' competence and capability (e.g. interview notes).

Good practices identified included firms demonstrating that they had considered the outputs of the annual certification process and issuing PCF role holders with a certificate indicating that the firm is satisfied the individual complies with the F&P Standards; as well as firms undertaking a review of their continuous professional development records on an annual basis.

While the Central Bank's expectations following the assessment are addressed only to MiFID investment firms, the findings on F&P from the review are relevant to other regulated firms and also demonstrate the Central Bank's continuing areas of focus.

2.17 Feedback report on customer complaints

On 29 July 2026, the Central Bank published a feedback [report](#) on the cross-sectoral thematic review it had undertaken examining customer experience through the lens of customer complaints.

The scope of this review included the examination of complaint handling and management information across a sample of firms across domestic life and non-life insurance, retail intermediary and payment institution/e-money sectors.

The four headline findings in the report are that firms:

- are not proactively identifying complaints on a consistent basis and firms are not always resolving the core issue(s) of the complaint/dissatisfaction for the customer;
- engagement with customers can lack a customer-centric approach;
- are not always effectively conducting root cause analyses; and
- demonstrated varying levels of effectiveness in their quality assurance approaches to complaints handling.

The report expects that all firms, in all sectors, review and consider the findings of this review and examine their complaints handling processes and how they engage with customers to effectively resolve complaints. Where gaps or weaknesses are identified, firms should develop and implement actions to mitigate any risk and to improve the customer experience, and escalate within the firm, depending on the significance of gaps or weaknesses identified.

2.18 Thematic review of liquidity risk assessment in the MiFID investment firm sector

On 21 September 2026, the Central Bank published a [Thematic Review - Liquidity Risk Management in the MiFID Investment Firm Sector](#). The assessment was conducted in accordance with Article 43 of the Investment Firm Regulation (IFR), complemented by the Joint EBA and ESMA Guidelines for

supervisory review and evaluation process under the IFD (the Joint Guidelines) and the Central Bank's own expectations.

The assessment focused on how the firms evaluated their exposures to liquidity risk, and the adequacy of their liquidity risk management frameworks.

The review identified a number of good practices and areas for improvement. The report emphasises the responsibilities of the board and senior management when considering liquidity risk as part of an investment firm's overall risk management framework, in order to ensure the financial resilience of the firm. Boards and senior management should ensure that risk management frameworks are well designed, are operating effectively, and are sufficiently robust.

All MiFID firms are expected to assess their compliance with relevant rules and expectations and, where gaps or weaknesses have been identified, firms should develop and implement actions to address these in a timely and proactive manner. The review findings must be discussed at the next board meeting and the discussion recorded in the minutes.

2.19 Investment funds statistics Q2 2026

On 28 August 2026, the Central Bank published its [investment fund statistics](#) for Q2 2026, which show the net asset value ("**NAV**") of Irish resident investment funds increased by €600bn in Q2 2026 to reach €5,325 billion. This increase was largely driven by revaluation gains in equity funds. Total assets under management ("**AUM**") in Irish resident investment funds reached a record high €6.1 trillion, reflecting strong performance across all asset classes.

During September 2026, the European Fund and Asset Management Association ("**EFAMA**") published its European Quarterly Statistical [Release](#) for Q2 2026 showing net assets of UCITS and AIFs increased by 8.4% in the quarter, reaching €27.5 trillion. Strong net inflows into European funds in Q3 2025 were driven by sales of bond funds and ETFs, with UCITS ETFs attracting a record €117 billion of net new money during the quarter.

2.20 Consultation Paper 170 Update – Regulatory impact assessments *(This is a further update to section 2.5 of the quarterly report covering the second quarter of 2026)*

As outlined in our previous legal and regulatory report covering the period 1 April 2026 to 30 June 2026, the Central Bank published Consultation Paper 170 ("**CP170**") setting out its proposed framework for conducting regulatory impact assessments ("**RIAs**") when developing new regulations, rules and guidance.

The proposed RIA framework is intended to ensure that the expected costs, benefits and impacts of proposed regulatory measures on regulated firms, investors and the wider financial system are assessed in a structured, proportionate and transparent manner before new requirements are introduced. The deadline for submissions closed on 30 September 2026 and the Central Bank will publish all responses to CP170 on its website.

The Central Bank's Regulatory Impact Assessment Framework is also referenced in the DOF's Ireland for Finance Strategy Vision 2030 as one of the measures supporting the Strategy (see section 3.5(a) of this report).

3. OTHER LEGAL AND REGULATORY DEVELOPMENTS

3.1 European Commission (the "Commission")

- (a) *Commission delegated regulation setting out RTS on investment firms' order execution policies under MiFID II Directive published in the official journal of the EU ("**OJ**") (This is a further update to section 3.1(a) of the quarterly report covering the second quarter of 2026)*

On 23 July 2026, [Commission Delegated Regulation \(EU\) 2026/825](#) with regard to RTS specifying the criteria to be taken into account by investment firms when establishing and assessing the effectiveness of their order execution policies was published in the OJ.

The Delegated Regulation sets out rules on the contents of an order execution policy, selecting execution venues for the order execution policy, monitoring the order execution policy and periodically assessing its effectiveness for delivering the best possible results when executing client orders.

The Delegated Regulation enters into force on 12 August 2026 and will apply 18 months after entry into force from 12 February 2028. The delayed application date gives investment firms time to adjust their order execution policies and related procedures and infrastructure. When the Delegated Regulation enters into force it will repeal Delegated Regulations (EU) 2017/575 and (EU) 2017/576.

(b) *Retail Investment Strategy ("RIS") call for advice (This is a further update to section 3.1(b) of the quarterly report covering the fourth quarter of 2025)*

On 24 August 2026, ESMA published a [request for technical advice](#) ("CfA") from the Commission's Directorate-General for Financial Stability, Financial Services and Capital Markets Union on certain Level 2 delegated acts implementing the amendments to the MiFID II Directive (2014/65/EU) ("MiFID II"), the UCITS Directive, and AIFMD, in the context of the Commission's RIS proposals.

The CfA covers several RIS provisions, including on value for money assessments, inducements and suitability and appropriateness assessments, simple advice and marketing communications.

On the value for money assessment, ESMA is asked to develop criteria for selecting eligible financial instruments for peer groups, specifying how costs, charges and performance should be compared against the peer group, and determining what constitutes a "significant distance" from the peer group average to the detriment of investors.

On the undue costs framework, ESMA is invited to propose criteria specifying which costs may be charged to UCITS, AIFs and their unitholders, by reference to a list of eligible costs, including the conditions under which national competent authorities ("NCAs") may authorise costs not on the list on a case-by-case basis.

ESMA is invited to consult widely with stakeholders and to group its advice into one delegated regulation and one delegated directive for each of the sectoral legislative frameworks providing legal drafting. ESMA is asked to identify concrete measures to reduce unnecessary complexity, administrative burdens and avoidable frictions.

The Parliamentary schedule lists the RIS Omnibus file as "close to adoption" with the Commission not expecting any substantive changes and the plenary first-reading vote of the RIS package is indicatively scheduled for 11 November 2026.

The CfA outlines an estimated date of January 2027 for the publication of the Level 1 RIS Omnibus text in the OJ and that a 30-month implementation period applies, meaning (while member states will have 24 months from the entry into force to transpose the Omnibus Directive) application of its provisions is expected from July 2029. To align with this mid-2029 timeline, ESMA will be required to submit its advice to the Commission by 1 October 2027.

(c) *Commission speeches*

During September 2026, the Commission delivered a number of significant speeches:

On 17 September 2026, Commissioner Albuquerque delivered a [speech](#) at Eurofi's Financial Forum 2026 in Dublin discussing the recent Commission communication on the Competitiveness of the Banking Sector and the Single Market in Banking as well as touching on the ongoing debate on the Market Integration and Supervision Package.

On 16 September 2026, the Commission published its second annual [State of the Union progress report](#), highlighting competitiveness, investment mobilisation and market integration as key priorities for the remainder of the mandate. The report identifies the SIU as a central initiative to deepen financial market integration, improve access to savings and investment products, support supplementary pensions and promote more coherent supervision.

On 25 September 2026, Commissioner Albuquerque [addressed](#) the Interparliamentary Conference on Stability, Economic Coordination and Governance in the EU in Dublin, highlighting the SIU as key in strengthening Europe's financial resilience and competitiveness. The Commissioner also stressed the need to reduce strategic dependencies in digital infrastructure and payments through greater investment in European capabilities, and called for continued cooperation between public authorities, market participants and national parliaments to advance the SIU and strengthen the Economic and Monetary Union.

3.2 EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism ("AMLA")

(a) *Final report on implementing technical standards ("ITS") on direct supervision framework under AMLA Regulation*

On 21 July 2026, AMLA published its [final report](#) on draft ITS on co-operation in the EU AML and CFT supervisory system for the purposes of direct supervision under Article 15(3) of the AMLA Regulation ((EU) 2024/1620).

From 2028, AMLA will directly supervise financial institutions that operate in at least six member states and have a high money laundering and terrorist financing risk profile. The draft ITS set out how AMLA and national supervisors will co-operate to ensure continuity and consistency in AML and CFT supervision of significant cross-border financial institutions.

During the period, AMLA also published its [final report](#) and draft RTS on determining pecuniary sanctions, administrative measures and periodic penalty payments under the Sixth Money Laundering Directive ((EU) 2024/1640) (MLD6). AMLA has submitted the draft RTS to the Commission for adoption.

(b) *Consultation on draft ITS on formats for reporting suspicions*

On 2 July 2026, AMLA published a [consultation paper](#) on draft ITS and [Annexes](#) specifying the format and data points to be used for reporting suspicions of money laundering and terrorist financing to the relevant financial intelligence unit (FIU) and for providing transaction records under Article 69(3) of Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AML Regulation). An [interpretative note](#) and a [factsheet](#) have also been published.

AMLA will prepare a final draft of the ITS for submitting to the Commission by 30 November 2026.

3.3 ESMA & the European Supervisory Authorities ("ESAs")

(a) *ESMA CSA on risk management function*

On 3 July 2026, ESMA [launched](#) a CSA in conjunction with NCAs on the risk management function of FMCs. The exercise will run throughout 2026 and 2027, and ESMA will publish a final report in 2028.

The objective of the CSA is to assess how FMCs comply with key risk-related provisions under the UCITS and AIFMD frameworks. The focus will be on the effectiveness, independence and expertise of the risk management function, ensuring that material risks, such as market, credit, liquidity, counterparty, and operational risks, are properly identified, measured, monitored, and managed.

As part of this exercise, NCAs will focus on three key areas:

- governance and organisation of the risk management function;
- identification, measurement and monitoring of risks; and
- reporting to senior management and governing bodies.

The CSA will be conducted using a common assessment framework developed by ESMA setting out the scope, methodology, supervisory expectations and timeline for the exercise, ensuring a

comprehensive and convergent approach across the EU. Throughout the exercise, NCAs will share knowledge and supervisory experiences through ESMA, supporting supervisory convergence in the oversight of risk management function.

(b) *ESMA 2027 Annual Work Programme*

On 28 September 2026, ESMA published its [2027 Annual Work Programme](#). ESMA highlights that the work programme for 2027 marks an important milestone for the SIU as several of its strategic initiatives move from analysis and preparation to implementation and delivery.

In the work programme, ESMA provides an overview of its planned initiatives for 2027 to support stronger, simpler and more integrated EU capital markets. For each initiative, ESMA sets out its objectives, intended results and main outputs, including details of the specific outputs envisaged and their likely timings.

Key areas of focus for the asset management and funds sector include:

- **Integrated funds reporting:** Two of ESMA's most significant simplification flagship projects — integrated transaction reporting under MiFIR/EMIR/SFTR and harmonised integrated funds reporting under AIFMD/UCITS — will move into active implementation in 2027. ESMA will develop draft RTS and ITS for a harmonised, single reporting framework and commence development of a dedicated IT project for funds reporting, with the aim of establishing "report-once" frameworks. For further detail please refer to section 3.3(g) of this report.
- **RIS:** Subject to the finalisation of the legal texts, ESMA will begin delivering key outputs under the RIS, including technical advice on value for money assessments and on the requirements to prevent undue costs from being charged to UCITS, AIFs and their investors, as well as a review of RTS to streamline the PRIIPs KID.
- **ESG rating providers:** 2027 will mark ESMA's first year of supervision of ESG rating providers, during which ESMA will assess business models and potential risks to investors and market integrity as part of its risk-based supervisory approach.
- **T+1 settlement:** ESMA will remain centrally involved in coordinating the preparedness and readiness of the EU financial sector for the T+1 settlement transition on 11 October 2027.
- **Sustainable finance:** ESMA will review the Guidelines on funds' names using ESG- or sustainability-related terms in light of the outcome of the SFDR 2.0 negotiations and will guide market participants through the transition to the simplified sustainable finance rulebook, including revised SFDR and Omnibus changes to Corporate Sustainability Reporting Directive 2022/2464) as amended ("**CSRD**")/European Sustainability Reporting Standards ("**ESRS**") /EU Taxonomy.
- **Market Integration and Supervision Package ("**MISP**"):** ESMA stands ready to contribute technical advice to the package and to prepare for new mandates if MISP is finalised during 2027.

On 23 September 2026, ESMA announced it would set a [new Union Strategic Supervisory Priority \(USSP\) on digital innovation from 2027](#), initially focusing on the use of AI and tokenisation by supervised entities.

The new priority will run alongside the USSP on cyber and operational resilience, which has been in place since 2025. Going forward, ESMA will continue its efforts and coordination to address the challenges ahead, including those emerging from advanced models such as frontier AI. ESMA is also concluding the USSP on ESG disclosures, following its launch in 2023.

ESMA also published a [report](#) and [factsheet](#) highlighting its contribution to the objective of [simplification and burden reduction](#) ("**SBR**"), through four flagship initiatives:

- Transaction reporting: Report once, use many times.
- Integrated funds reporting: One reporting template for fund managers.
- Investor journey: Making investing simpler for retail investors.
- Risk-based supervision: Smarter supervision, lower burden.

(c) *ESMA report on the simplification of transaction reporting (This is a further update to section 3.3(b) of the quarterly report covering the second quarter of 2026)*

On 2 July 2026, ESMA published its [final report](#) on the simplification of transaction reporting under MiFIR, EMIR, the SFTR and sectoral regulation, alongside a [transaction reporting](#) factsheet and a [cost-benefit analysis](#) including a study involving market participants.

The analysis indicates that the proposed “report once” scenario could deliver:

- annual net savings of €250 million to €1.0 billion,
- a reduction in recurring costs of around 22%–24%, and
- 10-year discounted cumulative net benefits of €1.2 billion to €4.9 billion.

ESMA recommends a staged approach, involving:

1. Longer-term structural reform. ESMA recommends developing a single integrated transaction reporting framework across MiFIR, EMIR and SFTR, based on a “report once” principle. This involves targeted amendments to EU legislation to rationalise reporting channels across the regimes and remove duplicative reporting obligations.

2. Short- and medium-term independent intermediate measures. These measures (summarised in tables 3 to 11 of the final report) aim to provide early relief and include expanding delegated reporting for transactions under EMIR and SFTR.

ESMA will now engage with the EU institutions on the proposed recommendations. If the level 1 targeted legislative changes to MiFIR, EMIR and SFTR provisions are in place by mid-2028, ESMA expects the new integrated reporting model to be in force by H2 2031, allowing for a 12–18 month implementation period for firms. The timeline for implementing the proposed short- and medium-term measures will differ depending on their legal nature.

(d) *Statement on preparing for transition to T+1 under Central Securities Depositories Regulation*

On 20 July 2026, ESMA published a [statement](#) setting out key deadlines and action points for firms preparing for the EU’s transition to a T+1 settlement cycle. The change is scheduled for 11 October 2027, with ESMA flagging 2026 as a critical year for preparation and the first regulatory deadline falling on 7 December 2026.

ESMA and the NCAs are in the last stages of reviewing the level 3 guidelines on allocations and confirmations. ESMA considers that the guidelines and the recommendations will give firms a clear basis for finalising their implementation of electronic, standardised and timely allocation and confirmation processes.

Firms are urged to check whether their entire trading and settlement chains are prepared (that is, they should check the position of all relevant parties, including clients, brokers, custodians, central counterparties, trading venues and outsourced service providers). They should start testing as soon as possible, to identify defects early and reduce the risk of disruption on 11 October 2027.

ESMA warns that a failure to meet T+1 settlement deadlines could reduce the willingness of counterparties to trade due to late settlement risk and associated settlement discipline measures.

On 3 July 2026, ESMA Chair, Verena Ross delivered a [keynote speech](#) at the EU T+1 Industry Committee Event. The Industry Committee’s latest readiness survey found 83% of firms actively engaged on T+1.

On 6 July 2026, the Commission adopted the [amended RTS](#) on settlement discipline with publication in the OJ expected as early as October 2026, with the RTS expected to apply from 7 December 2026.

(e) *ESMA’s Trends, Risks and Vulnerabilities Report (2/2026)*

On 10 September 2026, ESMA published its [report](#) on trends, risks and vulnerabilities in EU securities markets, which sets out the main risks and vulnerabilities in EU financial markets. ESMA highlights that while markets have remained resilient, stretched technology valuations and heightened geopolitical tensions are testing this resilience.

The report also provides in-depth analysis on selected topics, including on UCITS market fragmentation and highlights proposed measures under the MISP proposal aimed at eliminating such fragmentation. It finds cross-border marketing of UCITS in the EU is limited, with more than 30% of cross-border UCITS (~4,000) only available for sale in a maximum of two countries. Where cross-border UCITS are available for sale in 10 or more different EU countries, the majority are ultimately owned by non-EU parent companies.

Asset management

Fund flows and performance remained positive despite the volatile market environment. While interest rate and credit risks are emerging as growing concerns, the available risk indicators remain broadly stable at this time. Valuation risk continues to be an issue across most fund categories.

Sustainable finance

Global climate policy tensions and energy security concerns continued to weigh on Environmental Social and Governance ("ESG") sentiment. Net flows in EU ESG funds remained under pressure in the first half of 2026. Nevertheless, ESG funds saw mixed developments overall, with renewable energy and transition-focused funds attracting inflows.

Financial innovation/tokenisation

Tokenisation of equities remains at an early stage predominantly developed through 'wrapped' structures (whereby tokens represent a claim on, or economic exposure to, underlying shares held by a trusted party, while legal ownership remains off-chain) offered by specialised platforms, while native issuance (where issuers tokenize their own shares directly on DLT) remains rare. However, adoption momentum is increasing. Investment in AI continues to expand, reflected in the growing number of AI-focused funds, particularly those targeting AI infrastructure. Meanwhile, quantum computing has attracted significant investor interest, with both global and EU startup funding reaching record levels in 2025.

(f) ESA autumn update on risks and vulnerabilities in the EU financial system

On 23 September 2026, the ESAs' Joint Committee published its [Autumn 2026 update](#) on risks and vulnerabilities in the EU financial system.

The update focuses on external dependencies, emerging technologies and private credit as key vulnerabilities for the EU financial system. The ESAs warn that the sector's reliance on non-EU providers and infrastructures could amplify the impact of geopolitical shocks and operational disruptions. Dependence on ICT service providers outside the EEA remains a particular concern, alongside growing cyber risks linked to increasingly capable AI models.

The findings also highlight vulnerabilities related to private credit. Although the sector remains relatively small in the EU, its rapid growth, limited transparency and increasing links with the wider financial system could create risks during periods of stress. Despite these challenges, the EU financial system has remained resilient. Investment funds, insurers and banks continue to show strong fundamentals, although geopolitical tensions, cyber threats, natural catastrophes and technological developments continue to shape the outlook.

The ESAs call on supervisors and market participants to strengthen their preparedness and continue closely monitoring risks stemming from external dependencies, private credit and emerging technologies.

(g) Benchmarks Regulation ((EU) 2016/1011) as amended ("Amended BMR**") updates (This is a further update to section 3.3(h) of the quarterly report covering the second quarter of 2026)**

On 23 September 2026, ESMA released an updated [public statement](#) on the transitional provisions that apply under Amended BMR, detailing the following:

- *List of pending applications for recognition or endorsement by ESMA made by third-country administrators (Article 51(5) of Amended BMR)*
- *ESMA register changes under the BMR review (Article 51(4c) of Amended BMR)*

Under revised Article 51(5) of the Amended BMR, where ESMA has received an application for recognition or endorsement from a third-country administrator by 31 December 2025 concerning a benchmark within the revised scope of the Amended BMR, benchmarks provided by that administrator can continue to be used in the EU unless the application is refused by ESMA.

On 3 July 2026 and subsequently on 30 September 2026, ESMA published public statements [here](#) and [here](#) on significant benchmarks notified by STOXX Ltd and by FTSE International Limited as having reached the threshold of EUR 50 billion under Article 24(2) of the Amended BMR. ESMA will update the register to include the different relevant characteristics of these benchmarks as significant pursuant to Article 24(2) of the Amended BMR.

(h) *ESAs statement on supervisory approach to ICT risks from frontier AI models*

On 31 July 2026, the ESAs published a [statement](#) calling for a cross-sectoral, risk-based and consistent supervisory approach to mitigate the ICT risks stemming from frontier AI models (i.e. the most advanced AI models available or under development) in the EU financial sector.

The statement underlines that financial entities should have robust governance and risk management frameworks in place to support the effective management and mitigation of cyber risks associated with frontier AI models. It also calls on competent authorities to ensure that firms' management bodies are fully committed to mitigate frontier AI model-driven cyber risks. Firms should have established clear governance and accountability frameworks, prepared timely response plans and dedicated sufficient internal investments to strengthening cyber resilience.

Firms should improve their operational resilience testing, disaster recovery and data backup processes and adapt their risk management frameworks, testing methodologies and governance structures to address AI-assisted threats and potential multi-system failures. The annex to the statement provides examples of risk mitigation strategies relating to each of these issues.

The ESAs will work with competent authorities to maintain a proportionate, risk-based and forward-looking approach regarding emerging risks from advanced AI models.

The statement follows on from the Commission's [communication](#) on cybersecurity and AI and a [warning](#) from the European Systemic Risk Board (ESRB) on systemic cyber risks from frontier AI models, both of which were published on 7 July 2026.

(i) *ESMA consults on disclosure requirements under the Prospectus Regulation*

On 9 September 2026, ESMA published a [consultation paper](#) on an update to the Guidelines on disclosure requirements under the Prospectus Regulation, to reflect changes introduced by the Listing Act. The measures aim to promote supervisory convergence and contribute to ESMA's [SBR](#) efforts.

The package includes:

- [a Consultation Paper on the update of the Guidelines on disclosure requirements](#);
- [updated Q&As](#);
- [a Final Report on Guidelines for supplements that introduce new securities to a base prospectus](#); and
- [a Final Report on regulatory technical standards \(RTS\) on key financial information to be included in prospectus summaries](#).

The consultation closes on 9 November 2026.

(j) *Commission call for advice from ESAs on private credit activities of banks and NBFIs*

On 24 September 2026, the ESAs published a [letter](#) and [call for technical advice](#) from the Commission requesting a targeted assessment of private credit activities and exposures of EU banks and non-bank financial institutions ("NBFIs"), including investment funds.

The request seeks advice to:

- identify common definitions of private credit activities;
- map lending and investment exposures of EU banks and NBFIs to private credit within the EU and in third countries;
- identify data gaps in existing reporting frameworks on private credit activities;
- assess the level of retail investor participation in private credit activities; and
- map the interconnection between banks and NBFIs through private credit activities (i.e. lending and investment exposures).

The Commission has asked for the advice within six months (i.e. by March 2027). The work is being conducted because of the rapid growth of private credit and concern about supervisors having limited information to assess the risks and the exposures of banks and NBFIs to private credit activities. The request specifically refers to high rates of redemption requests in private credit funds, which could indicate issues with the credit quality of private credit activities.

(k) *EBA final report and guidelines on management of third-party risk related to non-ICT services*

On 18 September 2026, the EBA published its [final report](#) on draft Guidelines on the sound management of third-party risk regarding non-information and communication technology (ICT) services. Upon application, the Guidelines will replace the EBA's 2019 Guidelines on outsourcing arrangements.

The Guidelines establish a comprehensive framework for the governance, risk assessment and oversight of third-party service providers (TPSPs) supplying non-ICT services, with a particular focus on services supporting 'critical or important functions' (as defined in DORA). The Guidelines cover the full lifecycle of third-party arrangements, including risk assessment, due diligence, contracting, subcontracting, monitoring, documentation and exit strategies. They also ensure consistency with the DORA register by allowing firms to store consistent information for both ICT and non-ICT services, including the possibility of using one single register.

The guidelines will be translated into the official EU languages and published on the EBA website. The deadline for competent authorities to report whether they comply with the guidelines has not yet been finalised in the text, nor has the application date. A two-year transitional period will apply from the date of application.

(l) *ESMA statement on binary option measures*

On 3 July 2026, ESMA published a [public statement](#) reminding firms of their obligation to assess whether newly offered products fall within the scope of existing product intervention measures on binary options.

The statement responds to the growing popularity of prediction markets - or event contracts - and increasing retail participation globally. Event contracts are products whose financial outcome is binary (a fixed payout or no payout at all) and depends on a yes-or-no answer to a question about a future event.

ESMA also reminds firms that the provision of investment services and activities concerning financial instruments in the EU requires an authorisation in accordance with MiFID II, which would include the distribution of such event contracts even only to non-retail clients.

(m) *ESMA confirms launch date for weekly commodity derivatives reporting under MiFID II (This is a further update to section 3.4(s) of the quarterly report covering the first quarter of 2026)*

On 14 August 2026, ESMA published a [press release](#) announcing that the new weekly commodity derivatives position reporting framework will go live on 3 September 2026 (following an earlier postponement).

From that date, market participants must submit weekly position reports for commodity derivatives in compliance with the new reporting instructions under Article 58 of MiFID II (as amended by Directive (EU) 2024/790 (MiFID III)). The updated technical documentation ([reporting instructions](#) and [XML schema](#)) is now available to support implementation ahead of the new reporting arrangements (applying to market operators and investment firms operating a trading venue that trades commodity derivatives or derivatives on emission allowances and that plan to implement systems for position data reporting to fulfil the MiFID II obligations).

(n) *ECB blog on the AI boom*

On 17 August 2026, the ECB published its latest blog entitled "[The AI boom: rational enthusiasm or the next dot-com bubble?](#)"

The ECB blog examines the consequences of a sharp correction for the Euro area and concludes that a correction of current high stock market valuations is likely.

On 31 August 2026, the Financial Stability Board ("FSB") Chair's [letter to G20 Finance Ministers and Central Bank Governors](#) noted the most immediate concern is the potential impact of frontier AI on cyber risk, in addition to an increase in the use of leverage in equity markets. The FSB Chair underlines the importance of resilience and the need for authorities to take appropriate steps to support safe and responsible frontier AI model release and deployment on a global basis.

(o) *SMSG own initiative report on the future of supervision for EU financial markets*

On 3 August 2026, ESMA's Securities and Markets Stakeholder Group ("SMSG") published an [own initiative report](#) on the future of EU financial markets supervision in the context of the ongoing Level 1 discussions on the Commission's proposed Market Integration and Supervision Package ("MISP"). The report supports the objective of strengthening EU-level supervision and recognises the case for expanding ESMA's direct supervisory and supervisory convergence powers to address market fragmentation, cross-border activity and regulatory arbitrage. However, it stresses that any reforms should be proportionate, evidence-based and accompanied by a clear allocation of responsibilities between ESMA and NCAs to avoid duplication and inefficiencies.

On 27 August 2026, the Commission President delivered a [speech](#) outlining that an agreement on MISP needs to be reached before the end of the year, ideally with all 27 member states, but that if unanimity is not possible the Commission is prepared to push through reform (using the enhanced co-operation mechanism) with those member states who are ready to proceed.

Trilogue negotiations on the MISP proposal are continuing, with the European Parliament's Economic and Monetary Affairs Committee ("ECON") vote currently scheduled for 1 December 2026.

3.4 Department of Enterprise, Tourism and Employment ("DETE")

(a) *Consultation on reform of the limited partnership framework*

On 7 July 2026, DETE published a [public consultation on reform of limited partnership framework](#).

The consultation proposes a number of targeted amendments to the Limited Partnerships Act 1907 (the "**1907 Act**") to modernise the framework, improve competitiveness and achieve the following objectives:

- facilitate investment and ease of doing business;
- enhance legal certainty for users of limited partnerships; and
- ensure appropriate levels of transparency and regulatory oversight.

The consultation is seeking stakeholder views on three specific policy proposals under consideration for inclusion in the Registration of Limited Partnerships and Business Names Bill 2024, namely:

- increasing the cap on the maximum number of partners: Increasing the statutory maximum number of partners from 20 to 149. The current limit is lower than in comparable jurisdictions, where no such restriction typically applies.
- introducing a "whitelist" of activities for limited partners: Introduction of a whitelist of permitted activities limited partners may undertake without being deemed to participate in the "management of the partnership", risking the loss of their limited liability status. Comparable jurisdictions (for example, UK, Luxembourg, Delaware) provide statutory whitelists of permitted activities.
- permitting the withdrawal or adjustment of limited partners' capital contributions during the life of the partnership without the loss of limited liability.

The proposed reforms and other changes sought by industry would make the 1907 LP a more attractive and workable vehicle for promoters.

The consultation is open to submissions until 14 August 2026. Walkers Asset Management and Investment Funds and Finance and Capital Markets groups have produced an [advisory](#) detailing these proposed reforms entitled "Irish limited partnerships - proposed reforms take shape".

(b) Consultation on national enterprise policy

On 31 July 2026, DETE launched a [public consultation](#) on the preparation of Enterprise 2035, a new national enterprise policy that will set out the government's long-term ambition for enterprise growth and job creation in Ireland over the next decade, including how Ireland can strengthen innovation and the commercialisation of new technologies across enterprise. The closing date for submissions was 18 September 2026.

3.5 Department of Finance

(a) Ireland for Finance Strategy Vision 2030

On 25 August 2026, the Department of Finance ("DOF") published its Ireland for [Finance Strategy Vision 2030](#) – Renewed and Refocussed for a Digital Age (for the purpose of this section, the "Strategy"), setting out renewed ambitions for Ireland's international financial services ("IFS") sector. For funds and asset management, the principal commitments concern fund tokenisation, private assets (including the modernisation of the 1907 Act), regulatory reform and strengthened governance. A notable feature of the Strategy is its introduction of 36 key performance indicators ("KPIs"), including funds-specific measures.

Tokenisation

The development of fund tokenisation is designated a "High Priority" action area. The Government is "examining the ICAV Act and companies' legislation with a view to the modernisation of the legislation, where needed" and states that "Ireland will take decisive action to support the growth of digital assets including legislative change, supported and informed by industry expertise." A Digital Assets Industry Group will serve as the principal mechanism for industry engagement on tokenisation policy.

Private Assets

The Strategy confirms the Government's commitment to expanding Ireland's private-assets offering, supported by legislative and regulatory changes, modernisation of the 1907 Act and greater coordination of pension and institutional investors. It links private-assets growth with capital availability for businesses, SMEs, infrastructure, scale-ups, housing, renewable energy and indigenous enterprise. It identifies European Long-Term Investment Funds ("ELTIFs") as vehicles for sustainable finance promotion.

Modernisation of the 1907 Act is designated a “High Priority” action, intended to support private-assets growth, particularly venture-capital investment. The Funds and Asset Management Steering Group will keep the reforms under review, maintaining industry engagement during implementation.

KPIs and metrics

Priority KPIs include increasing IFS employment to 70,000, achieving material growth in regulated fund AUM and financial-services exports, upskilling the workforce and delivering legislation promptly. Funds-specific metrics cover UCITS, exchange-traded fund and alternative investment fund assets; the numbers of ELTIFs and Investment Limited Partnerships domiciled in Ireland; direct employment and taxes paid.

Governance and oversight

A Cabinet Sub-Group will provide senior ministerial oversight for financial services policy. A Joint Committee will oversee implementation of the Strategy, monitoring KPIs, emerging trends and policy proposals, supported by the industry’s Funds and Asset Management Steering Group. A Policy Delivery Forum, annual State of the Sector report and rolling multi-annual legislative plan will support industry engagement, accountability and visibility over the legislative pipeline.

Other relevant measures

Further measures include the Investment Account framework, the Central Bank’s simplification roadmap, its Regulatory Impact Assessment Framework and a review of the Pre-Approval Controlled Function regime. The Strategy supports consistent EU transposition and “minimal gold-plating”, together with work on SFDR 2.0, retail investment, financial literacy, skills, artificial intelligence (“AI”) and fintech.

The Strategy sets a clear and ambitious direction for the next phase of Ireland’s IFS development. Walkers Asset Management and Investment Funds group have taken a closer look at what the strategy could mean for the sector in our latest briefing entitled ["Ireland for Finance Vision 2030 - Key implications for funds and asset management"](#).

- (b) *Roadmap for the taxation of retail investment (This is a further update to section 2.7(a) of the quarterly report covering the first quarter of 2026)*

On 31 August 2026, the DOF published its [roadmap](#) for the taxation of retail investment (the “**Roadmap**”) setting out a pathway to simplify, adapt and reform Ireland’s tax framework for retail investment. The Roadmap sets out the key parameters of the Government’s new Investment Account, intended to provide a simpler and more accessible option for individuals choosing to invest.

The Investment Account is intended to help broaden participation in capital markets while giving individuals greater choice in how they manage their savings and investments. In line with Commission [recommendations](#), eligible investments will include listed shares, listed bonds, financial instruments traded on a regulated market, and a range of investment funds suitable for retail investors, including ETFs. Highly complex products like derivatives and crypto assets will be excluded. Notably, the existing investment tax regime, including the deemed disposal rule, will not apply to investments held within the Investment Account.

Eligible providers are proposed to include MiFID-authorised service providers, regulated fund managers and insurers or firms regulated under the Insurance Distribution Regulations, including eligible EEA-authorised providers. Providers of Investment Accounts will manage the obligations regarding tax calculation, reporting, administration and payment to the Revenue Commissioners (“**Revenue**”) on behalf of account holders, as well as monitoring contribution limits. The Government will provide the legislative framework for the Investment Account in the Finance (No. 2) Bill 2026, with accounts expected to become available in 2027.

The Roadmap also separately sets out the next phase of work on the wider taxation of retail investment. Building on Budget 2026 changes, the Roadmap identifies three key areas for consideration in reforming the existing taxation regime from Budget 2028 and beyond:

- reducing the rate of Investment Undertaking Tax (IUT);
- reviewing the deemed disposal rule; and
- introducing administrative simplifications.

These options will be subject to further analysis, including consideration of their Exchequer impact and the need to retain appropriate anti-avoidance protections.

(c) *First national AML Strategy*

On 13 August 2026, the DOF [launched](#) its first National Anti-Money Laundering, Countering the Financing of Terrorism and Countering Proliferation Financing Strategy (the "**AML Strategy**").

As outlined in the [press release](#), the AML Strategy includes a series of reforms covering:

- Ireland's implementation of the European Union's new AML legislative package, with work on the necessary transposing legislation proceeding across departments.
- Strengthening supervision of financial institutions (with the Central Bank to provide periodic, structured feedback to each sector and firms on ML/TF and financial sanctions evasion risks and associated AML/CFT obligations).
- Legislation to provide for new mandatory disclosure requirements of the ultimate beneficial owners and controllers of all limited partnerships.
- Legislation to enable Revenue to publish a list of special purpose entities availing of the Section 110 regime of the Taxes Consolidated Act, 1997, as well as a requirement to implement a legal entity identifier for entities availing of the Section 110 designation.

The publication of the AML Strategy follows the Priority Action Implementation Plan and updated [National Risk Assessment](#) Ireland 2026, both [published](#) in July 2026, ahead of Ireland's 2028 Financial Action Task Force (FATF) Mutual Evaluation. Designated persons for the purposes of the Criminal Justice Act 2010 are required to take account of relevant national risk assessments when conducting their business risk assessments.

(d) *CRD VI Transposing Regulations*

On 10 July 2026, the Minister for Finance signed into Irish law the [European Union \(Capital Requirements\) \(Amendment\) Regulations 2026 \(S.I. No. 326/2026\)](#) (the "**Regulations**") transposing the sixth Capital Requirements Directive (EU) 2024/1619 ("**CRD VI**").

The S.I. is intended to be a faithful transposition of CRD VI with no gold-plating of CRD VI requirements. Article 21c and revised Title VI introduce a harmonised regulatory regime for third country (i.e. non-EU) entities carrying out 'core banking activities' in an EU member state through a licensed branch establishment. Accordingly, the transposition of all aspects of the Third Country Branch ("**TCBs**") regime under CRD VI, including Article 21c and the exemptions & grandfathering provisions therein, closely follow the text of CRD VI.

Chapter 1C will apply from 11 January 2027, save for Regulations 9X and 9Y (relating to reporting of regulatory and financial information by TCBs), which are now in force along with all other provisions of the Regulations.

3.6 EMIR developments

- (a) *Commission Delegated Regulation amending RTS on clearing thresholds under the EMIR Regulation ((EU) 648/2012) ("**EMIR**"). (This is a further update to section 3.2(a) of the quarterly report covering the first quarter of 2026)*

On 14 July 2026, the Commission adopted a [Delegated Regulation](#) amending Delegated Regulation (EU) No 149/2013 as regards the clearing thresholds and the mechanisms triggering their review under EMIR.

While retaining the five clearing threshold categories, the Delegated Regulation modifies the EMIR Delegated Regulation (EU) by:

- Amending Article 11 to set the clearing threshold values applicable to aggregate positions for financial counterparties.
- Inserting Article 11a to set the clearing threshold values applicable to uncleared positions.
- Inserting Article 11b to devise the mechanisms triggering a review of the values of the clearing thresholds.

The Delegated Regulation will enter into force on the twentieth day following its publication in the OJ.

(b) *ESMA interim report on the Regulation ((EU) 2024/2987) ("EMIR 3") active account requirement ("AAR")*

On 6 July 2026, ESMA published its preliminary findings in an [interim report](#) on the AAR and the first [annual report](#) of the Joint Monitoring Mechanism (JMM).

The interim report covers AAR implementation during 2025 and early 2026. As of February 2026, around 500 entities had notified ESMA and their NCAs that they are subject to the AAR. Notifying entities represent a high percentage of EU entities' activity in the relevant over-the-counter ("OTC") interest rate derivatives and short-term interest rate markets.

In terms of the impact of the AAR, EMIR data suggests that there has been an increase in clearing activity by some notifying entities at EU central counterparties ("CCPs") since December 2024. The increase was more pronounced among smaller entities, with some entities fully relocating their positions to the EU. The preliminary findings indicate a moderate but still limited uptake of EU clearing. ESMA expects to submit the final AAR effectiveness assessment in 2027.

(c) *ESMA consults on draft RTS and ITS on EMIR 3 reporting framework for third country clearing activity*

On 18 August 2026, ESMA published a [consultation paper](#) under Article 7d of EMIR, as amended by EMIR 3, with draft RTS and ITS specifying the content and format of an annual reporting by clearing members and clients (41 in total) on their activity at recognised third country central counterparties ("TC-CCPs"). The aim of this reporting is to provide supervisory authorities with a structured and consistent overview of the scale, characteristics and risk profile of EU firms' exposures to TC-CCPs, which contributes to the broader monitoring framework under EMIR 3.

ESMA addresses the following issues in the consultation paper:

- **Scope.** The reporting requirement applies to both clearing members and clients, but not to indirect clients. The scope of instruments captured extends widely to derivative contracts, but also securities, securities financing transactions ("SFTs") and non-financial instruments.
- **Gap analysis.** ESMA identifies information that is already available through existing reporting frameworks and where more granularity will be required.
- **Content and format of reporting.** The proposed approach in the RTS prioritises the reuse, alignment and aggregation of existing data and limits new reporting requirements to what is necessary under EMIR. The ITS introduce a harmonised reporting format.

The consultation closes to comments on 12 October 2026. ESMA expects to publish a final report in Q4 2026.

(d) *ESAs final report on amending RTS on initial margin requirements under EMIR*

On 3 August 2026, the ESAs published a [joint final report](#) on proposed draft RTS amending Commission Delegated Regulation (EU) 2016/2251 with regard to simplifying initial margin requirements applicable to contracts of counterparties that fall below EMIR's €8 billion threshold for exchanging initial margin other than single stock and equity index options. The changes are intended to facilitate the phase-out of initial margin requirements for these counterparties. They also support greater consistency with the treatment applied in other jurisdictions. The amendments respond to requests from market participants and support the ESAs' broader objectives of simplification and burden reduction.

In the current framework, counterparties that are below the threshold are exempt from exchanging initial margin for new uncleared OTC derivative contracts but continue to exchange initial margin for existing contracts. With the proposed amendments, counterparties would no longer be required to exchange initial margin for either new or existing contracts if they are below the threshold.

The final report has been submitted to the Commission together with the draft RTS for endorsement.

(e) *EBA consults on reporting framework of International Swaps and Derivatives Association ("ISDA") standard initial margin model ("IMM")*

On 5 August 2026, the EBA published a [consultation paper](#) on a new reporting framework to support the validation and ongoing monitoring of IMMs, based on the standard IMM developed by ISDA.

The EBA has also published draft templates in [Annex I](#) and instructions on the information to report in [Annex II](#). Reporting entities are asked to report the information on a recurring basis.

The EBA will develop a technical package to support reporting the information, which is expected to become part of reporting framework release version 4.4, phase 2, in March 2027.

(f) *Tier 1 third country CCP recognition*

On 1 July 2026, ESMA [announced](#) the recognition of The Clearing Corporation of India Limited (CCIL) as a Tier 1 third-country CCP under EMIR effective from 30 June 2026. The recognition allows CCIL to provide clearing services to EU clearing members and trading venues, including banks, investment firms, and other counterparties.

(g) *Commission Delegated Regulation on European Banking Authority ("EBA") fees for validation of pro forma models under EMIR 3 published in OJ*

On 17 August 2026, [Commission Delegated Regulation \(EU\) 2026/1000](#) supplementing EMIR by specifying the method for the determination of fees charged by the EBA for the validation of the pro forma models used by certain counterparties to calculate the amount of collateral to be exchanged in relation to their portfolios of non-centrally cleared OTC derivatives, was published in the OJ. The Delegated Regulation entered into force on 6 September 2026.

3.7 UK Developments

(a) *Reform of the UK regulatory framework for AIFMs*

On 14 July 2026, the UK Financial Conduct Authority ("**FCA**") published Consultation Paper CP26/28, "[The UK AIFM Regime](#)" setting out proposals for a new UK regulatory framework for AIFMs. The UK's HM Treasury published a parallel consultation on a [draft Statutory Instrument](#), the Alternative Investment Fund Managers Regulations 2026, together with a [policy note](#).

The reforms are framed as a simplification exercise, and among other changes propose:

- a new three-tier size classification based on NAV for AIFMs, the current small registered AIFM, small authorised AIFM and full scope AIFM regime will be abolished;
- a new Alternative Investment Funds sourcebook;

- depositary and delegation reforms; and
- reforms to the valuation requirements and methods used to calculate leverage for AIFs.

The draft Regulations would remove the AIFM registration regime and also amend the definition of an AIF including that the investment policy of an AIF and clarification that the raising capital criterion should not just apply to funds actively raising capital in the present moment.

The national private placement regime (NPPR) would be maintained but there would be a simplified process for the FCA to suspend and revoke permission to market and regulatory reporting requirements.

The FCA has also published a [consultation paper](#) (CP26/26) on a proposed new regulatory reporting framework for fund data, called Fund Reporting for Asset Management Entities (FRAME).

Most of the discussion chapters close to comments on 18 September 2026. The FCA intends to publish a policy statement in 2027 and to implement its new rules in 2028. The draft Regulations are open to feedback until 14 October 2026.

4. SUSTAINABLE FINANCE DEVELOPMENTS

4.1 ESMA statement on continuing use of ESG ratings

On 1 July 2026, ESMA published a [public statement](#) on the third-party publication or distribution of ESG ratings of existing, but still unauthorised, ESG rating providers during the transitional period of the ESG Ratings Regulation ((EU) 2024/3005) ("**Ratings Regulation**") from 2 July 2026 to 2 November 2026.

In order to provide the market with clarity, the statement confirms that third party financial undertakings — including fund managers — may continue to publish or distribute ESG ratings produced by existing but not-yet-authorised ESG rating providers from 2 July 2026 until ESMA has adopted a decision to grant or refuse the application. ESMA will publish and update at regular intervals a list of entities that have notified it of their intention to continue operating in the EU after that date.

ESG rating providers (other than small ESG rating providers) wishing to continue operating in the EU must notify ESMA by 2 August 2026 of their intention to apply for authorisation or recognition and submit their application for authorisation or recognition by 2 November 2026 at the latest. From 2 November 2026, it will no longer be permissible for a fund manager (or any third party) to publish or distribute ESG ratings from a provider that has not submitted an application for authorisation/recognition or a notification for registration under the small provider regime, or that is not listed in ESMA's public register of authorised providers.

From 2 November 2026, third parties should consult this register to determine the identities of the ESG rating providers from which it will be possible to continue to publish or distribute ESG ratings.

Walkers Asset Management and Investment Funds group's recent [advisory](#) outlines key practical considerations for EU FMCs interacting with the Ratings Regulation.

4.2 Delegated regulations on RTS under Ratings Regulation (*This is a further update to section 4(d) of the quarterly report covering the fourth quarter of 2025*)

On 28 July 2026, the following Commission Delegated Regulations containing RTS were published in the OJ:

- [Commission Delegated Regulation \(EU\) 2026/871](#) specifying the elements of ESG rating products to be disclosed to the public and to users of ESG ratings, rated items and issuers of rated items.

The Delegated Regulation establishes minimum requirements regarding the information that ESG rating providers must disclose in relation to each product. It requires each ESG rating provider to make available on its website (for each ESG rating product) comprehensive elements concerning the

methodologies, models and key rating assumptions that support its ESG rating activities. This is intended to ensure transparency, enable due diligence and facilitate cross-comparison with other ESG rating products. The annex to the Delegated Regulation sets out the order in which the information must be presented.

- [Commission Delegated Regulation \(EU\) 2026/872](#), specifying the measures and safeguards to be implemented by ESG rating providers to separate their ESG rating activities from other activities under the Ratings Regulation.

The Delegated Regulation sets out measures designed to avoid conflicts of interest that could arise where a rating provider's employees, that are directly involved in assessing rated items, are also involved in other activities.

Both Delegated Regulations enter into force on 17 August 2026 but apply from 2 July 2026, to align with the ESG Ratings Regulation application date.

On 1 July 2026, [S.I. No. 317/2026 - European Union \(Transparency and Integrity of Environmental, Social and Governance \(ESG\) Rating Activities\) Regulations 2026](#), was signed, designating the Central Bank as the competent authority for the purposes of the Ratings Regulation.

4.3 Ratings Regulation Q&As

On 10 July 2026, ESMA published a number of new Q&As under the Ratings Regulation.

- [ESMA QA 2891](#) on the access of an ESG rating provider to datasets of an issuer or rated item for factual error review.
- [ESMA QA 2890](#) on scope of two working day notification period for the fact-checking review.
- [ESMA QA 2889](#) on the type of consulting activities that are relevant for the purposes of the separation of business set out in Article 16(1)(a).

4.4 Simplified and voluntary sustainability reporting standards published in the OJ

On 21 September 2026, and following Commission adoption in July, the following delegated acts were published in the OJ:

- Commission [Delegated Regulation \(EU\) 2026/1563](#) (the "**Simplified ESRS Regulation**"), revising and simplifying the existing European Sustainability Reporting Standards (**ESRS**) for entities in scope of CSRD;
- [Commission Delegated Regulation \(EU\) 2026/1560](#) supplementing Directive 2013/34/EU by establishing sustainability reporting standards for voluntary use by undertakings protected by the value chain cap, (i.e. for companies that do not exceed 1,000 employees on average during the financial year, as part of the Omnibus I simplification package) ("**Voluntary Standards Regulation**").

The Simplified ESRS Regulation enters into force on 10 November 2026 and applies to financial years beginning on or after 1 January 2027. Among other matters the changes reduce the number of mandatory data points, prioritise quantitative over narrative disclosures and offer flexibility on the presentation of the information, further distinguish between mandatory and voluntary data points, clarify the application of the materiality principle and improve interoperability with global sustainability reporting standards. Entities already subject to CSRD reporting from the 2026 financial year may elect to apply the revised standards early once the regulation enters into force.

The Voluntary Standards Regulation facilitates standardised voluntary sustainability reporting for companies outside the scope of the CSRD and limits the information that in-scope entities can ask protected smaller companies in their value chain to provide. It will apply to CSRD in-scope entities that are undertaking value chain reporting for financial years beginning on or after 1 January 2027. For protected undertakings that wish to report on a voluntary basis, it will apply from the date of entry into force (24 September 2026). This is relevant for in scope entities conducting sustainability due diligence

on portfolio companies, as it defines the maximum scope of ESG data that may be requested from protected value chain participants.

On 23 July 2026, EFRAG published its [consultation](#) on the exposure draft of ESRS for certain non-EU undertakings (ESRS-40a ED), under Article 40a of the Accounting Directive (2013/34/EU) and has updated its guidance on the voluntary standard. The ESRS-40a will apply to a subsidiary undertaking or branch with significant activities in the EU whose ultimate parent undertaking is governed by a law of a third country. Subject to it meeting certain reporting thresholds set out in Article 40a of the Accounting Directive, it is required to publish an ESRS-40a sustainability report.

The consultation closes on 31 October 2026 and EFRAG aims to deliver its technical advice to the Commission in January 2027. The Commission will launch its own consultation before adopting it as a delegated act. The first sustainability reports prepared under the ESRS-40a are expected to cover financial year 2028, with publication in 2029.

4.5 EU Parliament agreement on SFDR 2.0 negotiations *(This is a further update to section 4.6 of the quarterly report covering the second quarter of 2026)*

On 10 September 2026, the European Parliament published a [press release](#) announcing that its ECON has adopted a draft report prepared by Rapporteur Gerben-Jan Gerbrandy setting out suggested amendments to the European Commission's proposed set of amendments to SFDR, the PRIIPs KID Regulation and repealing the SFDR Delegated Regulation ("**SFDR 2.0**") legislative proposal.

In the press release, ECON notes that the report is in favour of clearer, simpler sustainable finance disclosure rules that enable retail investors to trust sustainability claims. It highlights that the report calls for, among other things, targeted amendments to the products that fall in scope of the three proposed standard product categories (sustainable, transition and ESG basics) and to the disclosure requirements for those categories. Notably the Parliament's positions now align with the Council's positions in a number of important areas, including allowing AIFs marketed solely to professional investors to opt out of the SFDR framework.

Trilogue negotiations are expected to start in the coming weeks, and the Irish Presidency has signalled that a final agreement is achievable by the end of the year.

4.6 ESMA annual report on EU carbon markets

On 9 July 2026, ESMA published its [third annual market report](#) on EU carbon markets.

The report shows that financial intermediaries are central to the functioning of the EU carbon market. They provide liquidity, act as counterparties to non-financial firms, and help compliance entities access allowances and manage price risk.

EU carbon markets rose to €777 billion in 2025, supported by strong trading activity and higher prices, with investment firms and credit institutions accounting for the majority of trading volumes. In early 2026, prices fell 29% over three months and volatility reached a two-year high, reflecting different expectations over future EU Emissions Trading System rules, energy costs and broader market conditions.

ESMA finds that the market remains resilient, with no major concerns identified on transparency or market integrity.

4.7 ESMA consultation on simplifying Taxonomy disclosures

On 1 July 2026, ESMA launched a [consultation](#) on technical advice to the Commission on selected KPIs under the Taxonomy Disclosures Delegated Act focusing on simplification and reduction of reporting burdens for market participants. The [EBA consultation](#) and the [EIOPA consultation](#) are also available. ESMA's consultation closes on 12 August 2026, with a public hearing on 22 July and final technical advice due to the Commission by end of October 2026.

4.8 ESMA green finance dashboard Q2 2026

In September 2026, ESMA published its new [green finance dashboard](#) for Q2 2026.

Key findings show resilient ESG markets, though with mixed developments across segments, alongside growing ESG private fund assets and EU ESG bonds. The dashboard will be updated quarterly, providing a regular snapshot of developments across sustainable finance markets.

This report is for information purposes only, does not purport to represent legal advice and assumes a working knowledge of asset management and investment funds developments. Should you wish to discuss the implications of the matters outlined in this report on your business, please speak to your usual contact in Walkers (Ireland) LLP.