YOUR COMPLIANCE SURVIVAL GUIDE

ONE COMPASS™
March 2026

AM I AT RISK?

Insufficient delegation and third-party oversight
Supervisors expect IFMs to demonstrate effective, ongoing oversight of delegated activities and third-party service providers.
- Weak oversight may lead to supervisory findings, remediation measures or restrictions on delegation arrangements.

Operational incidents and third-party outages not properly governed
Operational disruptions, are treated as risks to market integrity and investor protection.
- Inadequate incident classification or reporting may result in regulatory scrutiny and findings on operational resilience.

Incomplete IFM shareholding documentation
CSSF requires a complete set of documents to assess IFM shareholding structures for authorisation and subsequent changes.
- Failure to submit the full documentation set will prevent the CSSF from starting its assessment and delay authorisation.

AML/CFT frameworks not demonstrably effective
Supervisory focus has shifted from formal AML/CFT compliance to whether controls actually detect, escalate and mitigate risk in practice.
- Inability to evidence AML/CFT effectiveness increases supervisory intensity.

Inconsistent cross-border regulatory processes
EU-level convergence and passporting frameworks expose firms to comparative supervision across jurisdictions.
- Misaligned cross-border notifications and processes can lead to supervisory challenges, delays and reputational risk.

Inadequate liquidity stress preparedness
Regulators assume that liquidity stress can materialise rapidly and expect firms to show practical readiness, including calibrated tools and decision-making processes.
- Failure to evidence this may trigger supervisory intervention.

LOW
Minimal operational impact.
Monitor for awareness.

MEDIUM
Moderate impact.
May require process or compliance adjustments.

HIGH
Significant impact.
Immediate attention and action required.

MY SURVIVAL TOOLS

CSSF Guidance on IFM Shareholding Documentation	Defines the minimum documentation and information required for the CSSF to assess IFM shareholding structures at authorisation and upon subsequent changes.
CSSF 2026 Supervisory Priorities for the Investment Fund Sector	Sets the CSSF's areas of supervisory focus for 2026, guiding off-site reviews, on-site inspections and thematic work for IFMs and funds.
Luxembourg Law of 3 March 2026 (AIFMD II / UCITS VI Transposition)	Introduces binding national requirements strengthening governance, delegation oversight and liquidity management for UCITS and AIFMs.
CSSF Communication on Liquidity Management Tools (LMTs)	Clarifies how UCITS and AIFMs must select, document, disclose and notify liquidity management tools under the new legal framework.
FCA Policy Statement PS26/2 – Operational Incident & Third-Party Reporting	Establishes a standardised framework for reporting operational incidents and material third-party arrangements to support operational resilience supervision.
ESMA Guidelines on Liquidity Management Tools	Provides harmonised EU-level expectations on the selection, calibration and use of LMTs to manage liquidity risk and first-mover advantage.
ESMA Guidelines on Stress Test Scenarios under the MMF Regulation	Updates common reference parameters for MMF stress testing to ensure consistent assessment of liquidity, credit and redemption shocks.
EU Green Bond Standard – ESMA Supervision of External Reviewers	Introduces mandatory ESMA registration and supervision of external reviewers providing independent assessments of EU Green Bonds.

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EXPERT INSIGHTS

CSSF Guidance on Shareholding Structure Documentation for Authorised IFMs

WHAT'S CHANGING:

- CSSF issued a mandatory minimum list of documents for assessing IFM shareholding structures.
- Applies to initial authorisation and any change in shareholding (qualified and non-qualified).
- Incomplete submissions will not be processed; assessment only starts once the file is complete.

ACTIONS REQUIRED:

- Review current IFM authorisation and shareholding-change checklists against CSSF minimum list.
- Update internal governance, legal and compliance procedures for shareholder changes.
- Ensure ownership documentation is complete upfront before CSSF submission to avoid delays.

CSSF Supervisory Priorities in the Area of Sustainable Finance (March 2026)

WHAT'S CHANGING:

- The CSSF clarifies its supervisory focus on sustainable finance for 2026.
- Increased scrutiny of SFDR disclosures and integration of sustainability risks into governance and risk management.
- Sustainability is expected to be embedded beyond formal disclosures, with supervisory follow-up.

ACTIONS REQUIRED:

- Validate SFDR and sustainability disclosures for accuracy and consistency.
- Confirm sustainability risks are integrated into governance and risk frameworks.

ESMA Final Report on Draft RTS on Margin Transparency Requirements

WHAT'S CHANGING:

- ESMA finalises draft RTS under EMIR 3 specifying margin transparency requirements.
- Clarifies information to be provided by CCPs and clearing service providers (CSPs) on margin models and margin simulation tools.
- Objective is to increase transparency and predictability.

ACTIONS REQUIRED:

- Assess readiness to provide enhanced margin model information in line with RTS requirements.
- Monitor adoption and application timeline of the RTS.

FCA Regulatory Priorities Report 2026 – Consumer Investments

WHAT'S CHANGING:

- The FCA sets out 2026 supervisory priorities for the consumer investments sector, replacing former portfolio ("Dear CEO") letters.
- Focus areas include building a stronger investment culture, strengthening trust, securing good consumer outcomes, and strengthening financial crime controls.
- Emphasis on Consumer Duty implementation, governance, product design, disclosures and firm financial resilience.

ACTIONS REQUIRED:

- Review Consumer Duty implementation, including product governance, disclosures and distribution arrangements.
- Ensure governance, financial resilience and financial crime controls align with FCA expectations.

ESMA Market Report – Costs and Performance of EU Retail Investment Products)

WHAT'S CHANGING:

- The report covers trends across products (e.g. UCITS, AIFs, structured products) and highlights cost levels, performance outcomes and market inefficiencies.
- Does not introduce new regulatory requirements.

ACTIONS REQUIRED:

- Use the report as a benchmarking and risk awareness tool for costs and performance discussions.
- Monitor for future supervisory or policy initiatives

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CP25/25 – Application of the FCA Handbook to Regulated Cryptoasset Activities

WHAT'S CHANGING:

- The FCA consults on how existing FCA Handbook rules will apply to firms carrying out newly regulated cryptoasset activities under the forthcoming UK cryptoasset regime.
- Proposal to extend core cross-cutting requirements (e.g. governance, systems and controls, SM&CR, operational resilience, financial crime controls) to cryptoasset firms, following the principle of "same risk, same regulatory outcome."

ACTIONS REQUIRED:

- Identify whether the firm intends to carry out regulated cryptoasset activities under the UK regime. Perform a high-level gap analysis against relevant FCA Handbook requirements
- Monitor final rules and further FCA consultations.

FATF – Assessment Ratings under the Mutual Evaluation Framework

WHAT'S CHANGING:

- FATF updated its consolidated table of assessment ratings, providing a global overview of jurisdictions' performance under the FATF mutual evaluation framework.
- The table aggregates: Effectiveness ratings across the 11 Immediate Outcomes and Technical compliance ratings against the 40 FATF Recommendations.
- The update reflects new Mutual Evaluation Reports (MERs) and Follow-Up Reports (FURs), including re-ratings of previously assessed jurisdictions.

ACTIONS REQUIRED:

- Ensure governance and oversight evidence is current,anticipating supervisory alignment with FATF findings.
- Re-validate targeted financial sanctions controls operated by delegates, with focus on and escalation mechanisms.
- Monitor national follow-up processes and re-ratings relevant to client jurisdictions.

CSSF – Communication to the Investment Fund Industry

WHAT'S CHANGING:

- Luxembourg adopted the Law of 3 March 2026 transposing AIFMD II and UCITS VI, strengthening requirements on governance, delegation oversight, liquidity management and supervisory reporting.
- Additional requirements apply to liquidity management tools (LMTs) for open-ended UCITS and AIFs, including mandatory selection, documented policies, prospectus disclosure and notification to the CSSF, with application from 16 April 2026.

ACTIONS REQUIRED:

- Review and update delegation oversight frameworks, ensuring effective monitoring, escalation and documentation consistent with enhanced supervisory expectations. Implement and document LMT selections, prospectus disclosures and mandatory notifications to the CSSF.

ESMA Guidelines on Liquidity Management Tools (LMTs) for UCITS and Open-Ended AIFs

WHAT'S CHANGING:

The Guidelines clarify supervisory expectations on:

- selection of appropriate LMTs based on fund structure, liquidity profile, redemption policy and investor base;
- calibration and activation of LMTs, including governance, escalation and documentation;
- fair treatment of investors and mitigation of first-mover advantage, under both normal and stressed market conditions.

They apply from 16 April 2026 for new funds, with a transition period until 16 April 2027 for existing funds.

ACTIONS REQUIRED:

- Review and document the selection and suitability of LMTs for UCITS and open-ended AIFs.
- Update policies and procedures governing the calibration, activation and deactivation of LMTs, including escalation and decision-making governance.
- Ensure alignment with ESMA Guidelines and national transposition measures.

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CSSF Circular Letter – AML/CFT Standardised Data Collection Exercise

WHAT'S CHANGING:

- The CSSF launches a standardised AML/CFT data collection exercise for 2026, replacing the traditional annual CSSF Financial Crime Questionnaire for most supervised entities.
- Data will be collected via eDesk, and responsibility remains with the RC/RR, even where completion is delegated.

ACTIONS REQUIRED:

- Prepare for AMLA-aligned data collection.
- Ensure RC/RR oversight and validation of submissions

Central Bank of Ireland – Guidance Notes on Statistical Reporting for Special Purpose Vehicles (SPVs)

WHAT'S CHANGING:

- SPVs are required to register with the Central Bank and submit quarterly statistical returns.
- The guidance clarifies scope, registration timelines, reporting formats, compilation rules and submission deadlines, supporting consistent data collection for national and EU statistics.

ACTIONS REQUIRED:

- Ensure timely registration with the Central Bank following commencement of financial activity and ongoing maintenance of registration details.

FCA Policy Statement PS26/2 on operational incident and third-party reporting

WHAT'S CHANGING:

- FCA finalises a new standardised regime for reporting operational incidents and material third-party arrangements.
- Introduces common definitions, thresholds and a single reporting portal, aligned with the PRA and Bank of England.
- New requirements apply from 18 March 2027, following a 12-month preparation period.

ACTIONS REQUIRED:

- Review incident classification and escalation frameworks against FCA thresholds.
- Establish and maintain a register of material third-party arrangements and notification processes.
- Prepare governance and systems during the implementation window ahead of 2027.

UK Supervision – Wholesale Markets

WHAT'S CHANGING:

- FCA sets 2026 supervisory priorities for wholesale markets, replacing portfolio letters.
- Focus on operational and market resilience, trading controls, third-party risk, market integrity and responsible use of new technology.

ACTIONS REQUIRED:

- Review operational resilience and third-party oversight frameworks.
- Assess trading controls, liquidity and market abuse surveillance arrangements.
- Ensure governance and controls for new technologies are robust.

CSSF – Management Notifications and De-notifications via European Passport (IFMs)

WHAT'S CHANGING:

- CSSF standardises management notification and de-notification procedures for Luxembourg-domiciled IFMs operating cross-border under a European passport.
- Notifications under Articles 114–115 of the 2010 Law and Article 32 of the 2013 Law must be submitted via eDesk.
- New electronic procedures apply from 22 April 2026, with an API submission option also introduced.

ACTIONS REQUIRED:

- Identify in-scope cross-border management notifications and de-notifications.
- Prepare to use eDesk (or API) for submissions from 22 April 2026.
- Review internal processes to ensure timely and accurate passport notifications.

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EU Green Bond Standard – Key Updates (March 2026)

WHAT'S CHANGING:

- The European Green Bond (EuGB) framework moves to full EU-level supervision of external reviewers.
- From 21 June 2026, firms providing independent external reviews of EU Green Bonds must be registered with ESMA.
- EuGB use remains voluntary, but requires EU Taxonomy-aligned use of proceeds and enhanced disclosure.

ACTIONS REQUIRED:

- Prepare for ESMA registration requirements ahead of June 2026.
- Review EuGB disclosure and governance processes where relevant.

ESMA Guidelines on stress test scenarios under the MMF Regulation

WHAT'S CHANGING:

- ESMA updates the Guidelines on stress test scenarios for Money Market Funds (MMFs) under Article 28 of the MMF Regulation.
- The Guidelines set common reference parameters for liquidity, credit, interest rate and redemption stress scenarios.
- Updated parts apply two months after publication of official translations (from 26 May 2026); other parts already apply under the MMF Regulation.

ACTIONS REQUIRED:

- Review MMF stress-testing frameworks against updated ESMA parameters.
- Prepare to apply revised scenarios and calibrations from May 2026.
- Ensure quarterly reporting reflects updated stress-test results where applicable.

AMLA Successfully Concludes First Public Hearing

WHAT'S CHANGING:

AMLA held its first public hearing on two draft RTS underpinning the EU AML Single Rulebook.

The draft RTS cover:
- criteria for identifying business relationships, occasional and linked transactions, and
- customer due diligence (CDD) requirements under the AML Regulation (AMLR).

Input from the hearing will inform finalisation of the RTS; public consultations remain open until 8 May 2026.

ACTIONS REQUIRED:

- Monitor final RTS for changes affecting CDD triggers and transaction classification.
- Assess potential impact on AML policies, procedures and transaction monitoring logic.
- Consider submitting consultation feedback where operational impacts are identified.

FCA Handbook Notice 139 (March 2026)

WHAT'S CHANGING:

FCA publishes Handbook Notice 139, consolidating multiple Handbook amendments approved in February and March 2026.

Changes cover, among others:
- redress reforms
- operational incident and third-party reporting
- PERG updates (MiFID organisational regulation)
- prospectus, reporting and fees amendment
- collective investment scheme concentration limits.

Amendments have staggered effective dates between March 2026 and March 2027.

ACTIONS REQUIRED:

- Identify Handbook instruments relevant to the firm's permissions and activities.
- Track applicability dates for impacted sourcebooks.
- Update internal policies and compliance mapping where affected.

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CSSF's 2026 priorities for supervising the investment fund sector

WHAT'S CHANGING:

- CSSF sets out its 2026 supervisory priorities for investment funds and IFMs, based on its annual risk assessment and a risk-based supervisory approach.
- Key focus areas include governance and internal controls, risk management, delegation and third-party risk, and continued surveillance of geopolitical and market risks.
- CSSF will carry out targeted off-site and on-site work, including follow-ups to ESMA Common Supervisory Actions (CSAs) and a new CSA on risk management in H2 2026.

ACTIONS REQUIRED:

- Review governance, internal control and risk management frameworks against CSSF expectations.
- Assess delegation and third-party risk oversight, including alignment with CSSF Circular 18/698 and ESMA principles.
- Prepare for potential thematic reviews and on-site inspections in 2026.

Regulatory Priorities: Wholesale Markets

WHAT'S CHANGING:

- The FCA sets out its 2026 supervisory priorities for wholesale market firms, replacing portfolio letters with a single annual report.
- Key areas of focus include operational and market resilience, third-party and technology risk, trading controls, liquidity and financial resilience, market integrity, and the responsible adoption of new technologies.
- The FCA signals a more outcomes-focused and risk-based supervisory approach, with increased scrutiny where weaknesses are identified.

ACTIONS REQUIRED:

- Assess operational resilience, trading controls and liquidity frameworks against FCA expectations.
- Review third-party and technology risk oversight, including incident management and escalation.

Regulatory Priorities: Wholesale Buy Side

WHAT'S CHANGING:

- The FCA publishes its first Regulatory Priorities report for the wholesale buy-side, setting expectations for asset managers and fund service providers in 2026.
- Supervisory focus includes governance and delivery of good outcomes, private market standards (valuation and conflicts of interest), operational resilience, market integrity, and innovation and digitalisation, including tokenisation.
- The report reflects the FCA's shift to proportionate, outcomes-focused supervision, with stronger action where harm or weaknesses are identified.

ACTIONS REQUIRED:

- Review governance, conflicts of interest and valuation frameworks, particularly for private market activities.
- Assess operational resilience and risk management arrangements under stressed conditions.

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