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YOUR COMPLIANCE SURVIVAL GUIDE | THE OCTOBER 2026 REVIEW



AM I AT RISK?

HIGH:
Significant impact - Immediate action required.

AMLA private-sector standards set the implementation baseline

WHY IT MATTERS?
AMLA has finalised three draft RTS covering CDD, business relationships and linked transactions, and group-wide AML/CFT arrangements. Commission adoption is still pending, but the drafts provide a concrete readiness benchmark for ManCos, AIFMs and delegates.

KEY ACTION
Start a documented gap assessment across policies, data, onboarding evidence, transaction-linking controls and group governance. Revalidate the adopted text before making binding policy changes.

CSSF makes white-label governance an evidence test

WHY IT MATTERS?
A Luxembourg IFM undertaking white-label business for the first time must provide the CSSF with detailed information and evidence before starting the activity. The focus is whether the IFM can demonstrate independent judgement, effective oversight and conflicts management in third-party-initiated arrangements.

KEY ACTION
Confirm scope before onboarding and prepare the CSSF submission with evidence of decision rights, delegate oversight, escalation and conflicts governance.

MEDIUM:
Moderate impact - May require adjustments.

FCA fund reporting changes require implementation

WHY IT MATTERS?
FCA Instrument 2026/68 introduces staged changes to specified asset-management reporting and notification arrangements. Annex B entered into force on 2 November 2026, with the remaining provisions commencing on 1 February 2027.

KEY ACTION
Map each affected return or notification to its commencement date, submission channel, accountable owner and approval evidence.

CBI broadens third-party risk beyond outsourcing

WHY IT MATTERS?
CP173 proposes outcomes-based third-party risk guidance and would replace the Central Bank of Ireland's 2021 outsourcing guidance once finalised. It extends the assessment beyond contracts labelled as outsourcing to wider operational and governance dependencies.

KEY ACTION
Compare the current third-party inventory, criticality assessment, concentration analysis and board reporting with CP173, and decide whether to respond by 3 December 2026.

LOW:
Minimal operational impact - Monitor.

ESMA sharpens evidence expectations for sustainability claims

WHY IT MATTERS?
ESMA's thematic notes do not create new rules, but they provide a practical benchmark for impact and transition claims that should explain intended outcomes, implementation, measurement, assumptions and limitations.

KEY ACTION
Review relevant fund and marketing communications where impact or transition language is used, and retain the evidence supporting the claim. Firms without such claims should monitor rather than launch a broad remediation exercise.

FCA AI examples provide a governance benchmark

WHY IT MATTERS?
The FCA's good- and poor-practice examples apply existing requirements to AI use across consumer outcomes, accountability, human oversight, resilience and third-party relationships. They are most relevant where a firm already uses material AI tools.

KEY ACTION
Maintain an inventory of material AI use cases and record the purpose, accountable owner, testing, human escalation, monitoring and fallback arrangements for each one.

For more information, click to email us:

MY SURVIVAL TOOLS

The practical shortlist for the month. Focus first on immediate implementation dates, then on evidence, ownership and readiness for changes still moving through consultation or adoption.

TOPIC	ACTION REQUIRED	DEADLINE/URGENCY
AMLA private-sector RTS	Start a documented gap assessment across CDD, linked transactions and group controls.	Start now
CSSF white-label business	Confirm scope and prepare the evidence-led submission before first activity.	Before first activity
FCA Instrument 2026/68	Map affected reporting and notifications to staged commencement dates.	2 November 2026 / 1 February 2027
CBI CP173	Assess the wider third-party perimeter and consultation response.	3 December 2026
ESMA sustainability claims	Review impact and transition claims where used.	Targeted review
FCA AI good practice	Benchmark material AI use cases against existing expectations.	Monitor / assess

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EXPERT INSIGHTS

AMLA finalises three core private-sector AML/CFT standards

WHAT'S CHANGING:
AMLA has finalised three draft regulatory technical standards under the new EU AML framework. The first addresses how obliged entities distinguish business relationships from occasional transactions and identify linked transactions so that CDD thresholds are applied consistently.

The second sets out information and verification expectations for customers, persons acting on their behalf and beneficial owners, including proportionate measures for lower-risk cases, non-face-to-face verification, electronic identification and screening of PEPs, family members and close associates.

The third establishes minimum group-wide arrangements covering governance, risk management, internal controls and secure information sharing. The drafts have been submitted to the European Commission and are proposed to apply six months after entry into force once adopted and published in the Official Journal; they are not yet binding law.

ACTIONS REQUIRED:
• Map existing onboarding, CDD, PEP-screening and transaction-linking controls against the three final drafts.
• Identify data fields, documentary evidence and system changes needed to apply a consistent approach across entities, delegates and service providers.
• Review group-wide governance, information-sharing and third-country arrangements, recording owners, dependencies and unresolved interpretation points.
• Keep implementation planning separate from the legal-status check and revalidate the adopted text and application timetable before making binding policy changes.

EBA clarifies DORA treatment of malicious unauthorised access

WHAT'S CHANGING:
EBA Q&A 2026_7779 gives a final answer on Article 6(c) of Commission Delegated Regulation (EU) 2024/1772. A successful, malicious and unauthorised access to a financial entity's network and information systems must be assessed independently when determining the criticality of affected services, regardless of whether the compromised systems support critical or important functions.

The answer also covers access gained through an ICT third-party service provider. Major-incident classification still depends on the combination of affected critical services and the applicable materiality thresholds under the RTS; the Q&A does not state that every unauthorised access is automatically a reportable major incident.

ACTIONS REQUIRED:
• Update incident-classification procedures so that successful malicious unauthorised access is assessed expressly and is not screened out solely because the compromised system is not mapped to a critical or important function.
• Check that incidents originating through ICT third parties enter the same assessment and escalation process.
• Align security, operational-resilience, legal and regulatory-reporting teams on the evidence required to apply the Article 8 and Article 9 thresholds.
• Retain the incident facts, classification rationale, threshold assessment and notification decision.

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The main readiness risk is not the absence of policy language, but inconsistency between that language and actual case handling. Boards and senior management should ask whether the same customer profile, linked-transaction pattern or PEP relationship would produce the same decision across entities and delegates. A useful readiness exercise is to trace a small number of files from data capture through risk classification, approval, monitoring and group escalation, retaining evidence of where judgement or local practice differs.

The control failure to avoid is a triage process that asks only whether a critical function was immediately disrupted. The Q&A requires the access criterion to be considered independently, while preserving the wider threshold test for major incidents. Senior management should therefore see both the technical incident assessment and the documented regulatory classification, including why an incident was or was not notified.

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EXPERT INSIGHTS

CSDR messaging requirements move T+1 preparations into implementation

WHAT'S CHANGING:
ESMA's final report revises the CSDR Guidelines on allocations and confirmations between investment firms and professional clients, aligning them with settlement-discipline requirements applying from 7 December 2026.

The revised framework requires electronic, standardised and machine-readable communications, using international standards for messaging and reference data; non-electronic methods should be reserved for temporary technical unavailability or service disruption. Email and graphical interfaces remain permitted where their content is machine-readable, and arrangements between firms and clients must be legally binding. The CSSF subsequently confirmed that the EU will move to T+1 settlement on 11 October 2027 and called on market participants to finalise preparations and begin testing throughout the trading and settlement chain.

ACTIONS REQUIRED:
• Map allocation and confirmation workflows, including client, broker, custodian and other provider hand-offs.
• Confirm that communication methods are electronic, standardised and machine-readable and that documented arrangements reflect the revised requirements.
• Define exception handling for temporary outages and retain evidence of why a non-electronic route was used.
• Complete the impact assessment and implementation plan before the 7 December 2026 application date, and incorporate testing and the 11 October 2027 T+1 transition into the wider readiness plan.

EU standardises formats for beneficial-ownership submissions

WHAT'S CHANGING:
Commission Implementing Regulation (EU) 2026/2354 establishes common formats for submitting beneficial-ownership information to Member States' central registers, including minimum requirements for acceptance and structured information on complex ownership and control arrangements.

The Regulation also covers information relevant to collective investment undertakings, including unit holdings and other forms of ownership or control. It applies from 10 July 2027.

ACTIONS REQUIRED:
• Assess whether beneficial-ownership records contain the information required by the new standardised formats.
• Review how ownership and control structures are documented, particularly for complex or multi-entity structures.
• For relevant collective investment undertakings, consider whether information on unit holdings, influence over investment policy and other forms of control can be captured consistently.
• Plan for the 10 July 2027 application date and monitor how the relevant national registers implement the new formats

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ONE PERSPECTIVE

The principal risk sits at operational hand-offs rather than in the wording of a single agreement. A compliant protocol can still fail if reference data, timings or exception ownership are inconsistent across parties. Governance testing should therefore follow real transactions through normal and disrupted scenarios and verify that allocation, confirmation and correction messages remain timely and traceable.

Standardised formats will make the quality and consistency of beneficial-ownership data more visible across registers. The practical challenge is therefore not simply completing a different form, but ensuring that internal corporate, KYC and ownership records support the information ultimately submitted. Firms should use the implementation period to identify inconsistencies between source records and establish clear ownership for maintaining that data.

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EXPERT INSIGHTS

AMLA finalises home-host supervisory cooperation standards

WHAT'S CHANGING:
AMLA has published final draft RTS on cooperation between home and host supervisors of cross-border groups in the financial and non-financial sectors.

The standards establish a common framework for information exchange, cross-border inquiries and coordinated supervisory approaches, and specify the respective roles of home and host authorities. They also provide for onward sharing of information among EU supervisors without prior consent, require supervisors to check available information before making requests and encourage proactive sharing of relevant information on a risk-based basis. The standards will become directly applicable and legally binding only after adoption by the European Commission.

ACTIONS REQUIRED:
• Confirm that group regulatory inventories identify the relevant home and host authorities, supervised entities and cross-border dependencies.
• Test whether group risk assessments, governance records, incidents and remediation information can be produced consistently across entities and jurisdictions.
• Define internal ownership for coordinating multi-authority requests and reconciling differences before information is submitted.
• Monitor Commission adoption and do not describe the draft RTS as binding until the legal process is complete.

ESMA sets expectations for impact and transition claims

WHAT'S CHANGING:
ESMA published two thematic notes on sustainability-related claims in non-regulatory communications.

For impact claims made through funds and bonds, ESMA encourages market participants to explain the intended difference, the mechanism for generating positive impact and how results will be measured. For climate-transition claims across funds, bonds and benchmarks, the note emphasises the intended ambition, implementation approach, progress assessment, assumptions, data limitations and external dependencies. The notes include practical do's and don'ts based on observed good and poor market practice and are intended to support communications that are clear, fair and not misleading. They do not create new regulatory requirements or prescribe a particular level of ambition under SFDR.

ACTIONS REQUIRED:
• Identify marketing, websites, presentations and voluntary communications using impact or transition language.
• Check that each claim explains the intended outcome, implementation route, measurement approach, assumptions, limitations and dependencies in a balanced way.
• Link claims to approved evidence and define owners for periodic review where plans, data or progress change.
• Treat the notes as a benchmark for existing communications standards, not as new SFDR rules.

ONE PERSPECTIVE

Closer supervisory coordination reduces the room for entity-by-entity narratives that do not reconcile. Boards should ask whether risk classifications, control descriptions and remediation status would remain consistent if exchanged between authorities. The practical control is a governed source of group information with accountable owners, version control and a process for resolving discrepancies.

Claims governance should connect what is said externally with product design, investment process and the evidence available at the time of communication. Boards should challenge whether a reader could distinguish intention from achieved outcome and whether limitations are given comparable prominence. Where a claim depends on future issuer behaviour or external policy, that dependency should be visible rather than buried in technical material.

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EXPERT INSIGHTS



AMLA gathers sector experience on simplified customer due diligence

WHAT'S CHANGING:
AMLA invited obliged entities, trade associations and representative bodies from financial and non-financial sectors to participate in sectoral roundtables on simplified customer due diligence.

The meetings are intended to gather practical experience on applying reduced measures in situations presenting a lower degree of ML/TF risk and will inform AMLA's own-initiative Guidelines. The roundtables were scheduled to take place in Frankfurt between 9 November and 2 December 2026, following an expression-of-interest deadline of 18 October 2026. AMLA expressly states that these meetings are not a public consultation; a formal consultation on draft Guidelines will follow later.

ACTIONS REQUIRED:
• Monitor the publication of draft Guidelines and the later formal consultation rather than treating the roundtables as a rule change.
• Review whether simplified CDD decisions are supported by a documented lower-risk assessment and whether reduced measures remain proportionate to the customer, product, delivery channel and geography.
• Retain evidence showing which measures were reduced, why the residual information remains sufficient and what events would trigger normal or enhanced CDD.
• Avoid redesigning procedures around stakeholder views until AMLA publishes its own draft text.

ONE PERSPECTIVE

Simplified CDD is an evidence question as much as a procedural one. The likely supervisory focus is whether a firm can explain why the situation is lower risk, not merely whether its procedure permits a shorter document list. Boards should challenge whether reduced measures are linked to defined risk factors, monitored over time and reversed when trigger events arise.

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EXPERT INSIGHTS

GREY | Strategic & market context:
Informational developments, including strategic initiatives and market infrastructure changes, with no direct compliance action identified at this stage.

AMLA consults on an EU-wide supervisory AML/CFT database

WHAT'S CHANGING:
AMLA opened a public-hearing consultation on draft RTS under Article 11(6) of Regulation (EU) 2024/1620.

The proposed central database would provide a single entry point for standardised supervisory reporting and a repository of information at entity and system level, available to supervisory authorities on a confidential, need-to-know basis. AMLA states that the database is intended to support more targeted, risk-based and effective supervision while making reporting more predictable and limiting costs where possible. The rules place no direct obligations on private companies, although obliged entities and other stakeholders may contribute practical experience. The hearing is scheduled for 3 November 2026, with the consultation deadline at 16:00 CET that day.

ACTIONS REQUIRED:
• Monitor the outcome and final RTS, recognising that the immediate reporting duties are directed at supervisors.
• Assess whether data supplied to supervisors is consistent across returns, risk assessments, group information and remediation records.
• Identify ownership and quality controls for information that may become more comparable across authorities.
• If contributing to the hearing, ensure comments are approved and submitted within the stated 3 November timetable.

ESMA specifies conditions for post-trade risk-reduction services

WHAT'S CHANGING:
ESMA's final report sets out draft RTS for providers and users of post-trade risk-reduction services where resulting OTC derivative transactions may qualify for the EMIR 3 clearing-obligation exemption.

The draft covers the elements and requirements of PTRR services, information supplied to participants, conduct of exercises, provider controls, record keeping and monitoring of the exemption. ESMA's objective is to facilitate genuine risk-reduction exercises while preventing the exemption from being used to avoid the clearing obligation. The draft RTS have been submitted to the European Commission for endorsement and are not yet binding.

ACTIONS REQUIRED:
• No immediate action is required for firms outside the PTRR perimeter.
• Providers and users should assess the draft conditions against service design, participant information, controls, exercise records and exemption monitoring.
• Review contracts and governance so the purpose and outcome of each exercise can be evidenced and distinguished from activity intended to avoid clearing.
• Monitor Commission endorsement and the final application requirements before changing binding procedures.

ONE PERSPECTIVE

The longer-term effect for obliged entities may be greater comparability of supervisory information across the EU. Inconsistencies that previously remained within separate authority channels may become more visible. Boards should therefore focus on lineage, ownership and reconciliation of regulatory data rather than launching a database-specific project for a system administered by supervisors.

The value of the exemption depends on a defensible evidence trail. Boards should challenge whether the firm can demonstrate that an exercise reduced portfolio risk, met the technical conditions and was subject to effective controls. Provider due diligence should cover not only service capability but also the records needed by users to support their own regulatory position.

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EUROPEAN UNION / GLOBAL

ESMA seeks evidence on tokenised collateral at CCPs

WHAT'S CHANGING:
ESMA launched a call for evidence on whether tokenised collateral could be used safely and effectively by EU CCPs.

The review covers different tokenisation models and considers how they may affect the transfer, protection and use of collateral, including legal certainty, segregation, settlement finality and access to liquidity following a clearing-member default.

Responses are due by 15 January 2027, after which ESMA will consider whether regulatory or supervisory-convergence action is needed.

ACTIONS REQUIRED:
- No immediate action is required for firms outside the clearing, collateral-management or relevant post-trade infrastructure perimeter.
- Directly involved firms should assess how tokenisation affects the legal, custody, segregation, liquidity, settlement-finality and operational arrangements for collateral.
- Consider whether to submit practical evidence to ESMA by 15 January 2027 and monitor any subsequent regulatory or supervisory action.

ONE PERSPECTIVE

Tokenisation may improve collateral mobilisation, but it should not weaken the safeguards that make collateral usable during stress or default. Firms involved in these arrangements should focus on whether collateral remains legally enforceable, protected and operationally available across both DLT and traditional infrastructure. For the wider fund sector, this remains a development to monitor rather than an immediate compliance project.

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EXPERT INSIGHTS

Central Bank of Ireland consults on broader third-party risk guidance

WHAT'S CHANGING:
CP173 seeks views on proposed outcomes-based Guidance for the sound management of third-party risks. Once finalised, it will replace the Central Bank of Ireland's December 2021 Cross-Industry Guidance on Outsourcing.

The proposal responds to third-party relationships that extend beyond traditional outsourcing, changes in the risk environment and new international and European frameworks. It reframes technical guidance into outcomes and associated good practices, while leaving firms responsible for choosing proportionate ways to control or mitigate their risks. The consultation forms part of the Central Bank's simplification agenda and closes on 3 December 2026.

ACTIONS REQUIRED:
• Compare the current outsourcing inventory with the wider population of material third-party dependencies, including arrangements not classified as outsourcing.
• Assess governance, risk assessment, criticality, concentration, contracting, monitoring, business continuity, exit and board reporting against the proposed outcomes.
• Identify where DORA or sector-specific requirements already address the same dependency and avoid parallel registers that cannot be reconciled.
• Decide whether to respond to CP173 and submit any approved comments by 3 December 2026.

Ireland publishes General Scheme for further AML/CFT amendments

WHAT'S CHANGING:
Ireland published the General Scheme of the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Bill on 7 October 2026.

Its main purpose is to transpose certain aspects of the EU's sixth AML package, with most of the package expected to be transposed by statutory instrument. The Scheme also proposes amendments to the money-laundering offence to facilitate Ireland opting into Directive (EU) 2018/1673 on combating money laundering by criminal law. The Government page notes that the eventual Bill is also intended to include provisions concerning Central Bank of Ireland powers over entities it supervises for AML purposes, although those provisions are not included in the published General Scheme. The Scheme is therefore a proposal, not enacted law.

ACTIONS REQUIRED:
• Track the Bill, related statutory instruments and any later provisions concerning Central Bank powers.
• Maintain an impact log that distinguishes the published General Scheme, future Bill text, enacted provisions and commencement dates.
• Identify affected policies, offences, governance or reporting processes only when the relevant text is available.
• Avoid presenting proposed changes as current obligations or setting implementation dates that have not been enacted.

For more information, click to email us:

ONE PERSPECTIVE

The important shift is from labelling a contract to understanding the dependency it creates. Simply renaming an outsourcing register will not capture services, data, technology or concentration risks that sit outside the old perimeter. Boards should ask which third parties could disrupt an important service, how aggregated exposure is measured and whether tested exit options are credible.

The immediate compliance task is controlled change monitoring rather than implementation. Boards should receive a clear record of what is proposed, what remains absent from the published Scheme and which items could affect the regulated entity. This prevents project teams from acting on headlines while missing changes introduced later through the Bill or statutory instruments.

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EXPERT INSIGHTS

Irish RBO filing page restates beneficial-owner data requirements

WHAT'S CHANGING:
The Irish RBO guidance is standing operational guidance rather than a new October rule.

It confirms that filings must be made online by a registered user and lists the information required for each beneficial owner, including name, date of birth, PPSN, nationality, residence, residential address, nature and extent of ownership or control, and entry or cessation dates. It also requires entity and presenter details and explains the senior-managing-official route where no natural person can be identified after all possible means have been exhausted and there are no grounds for suspicion. Changes to the entity's internal beneficial-ownership register must be notified to the RBO within 14 days.

ACTIONS REQUIRED:
• Confirm that internal beneficial-ownership records contain the data needed for an online filing and that names align with the records used for PPSN validation.
• Reconcile the internal register, corporate records and RBO entry whenever ownership, control, address or status changes.
• Assign responsibility for the 14-day update requirement and retain evidence of the filing, acceptance or rejection and any subsequent correction.
• Where a senior managing official is recorded, retain the steps taken to identify the beneficial owner and the basis for using that route.

Central Bank of Ireland posts updated RIAIF application materials

WHAT'S CHANGING:
The Central Bank of Ireland's live AIF forms page lists updated October 2026 materials for Retail Investor Alternative Investment Funds.

These include Section 1 of the RIAIF application form and Section 2 covering the RIAIF prospectus. The page also explains that, where an application is submitted through ORION, questions already answered in ORION may be left blank or marked not applicable in the related form. Other constitutional and agreement templates on the page carry different version dates, so the relevant document set is not uniformly dated October 2026.

ACTIONS REQUIRED:
• Use the current Section 1 and Section 2 materials for RIAIF applications and record the downloaded version date in the filing checklist.
• Reconcile answers entered in ORION with the supporting forms and documents, clearly marking questions already answered through the portal.
• Check the date of every applicable appendix and agreement template rather than assuming the whole pack was updated together.
• Revalidate the live forms page immediately before filing.

ONE PERSPECTIVE

For fund and management structures, the operational risk is fragmentation across administrators, company secretarial records, KYC files and the statutory register. A filing can be technically complete while the underlying ownership analysis is stale or inconsistent. Governance should therefore focus on the trigger from a change in ownership or control through to documented analysis, internal-register amendment and RBO submission.

This is a document-control issue with direct implications for application quality. The risk is not only using an old form, but producing inconsistent answers across ORION, the prospectus and supporting agreements. A controlled application pack should identify the source and version of each document and include a final cross-document consistency review.

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EXPERT INSIGHTS

CSSF introduces a dedicated white-label business submission

WHAT'S CHANGING:
Following Luxembourg's transposition of Directive (EU) 2024/927, the CSSF set out the information requirement for a Luxembourg IFM that manages or intends to manage a fund at the initiative of a third party.

The scope includes a fund using the name of a third-party initiator and cases where the IFM appoints the initiator as a delegate. Under Article 13(2a) of the 2013 Law and/or Article 111(2) of the 2010 Law, the IFM must submit detailed explanations and evidence of compliance, taking account of conflicts of interest. The CSSF has published a dedicated form for an IFM undertaking white-label activity for the first time and may request additional information after the initial submission.

ACTIONS REQUIRED:
• Determine whether each proposed arrangement falls within the statutory concept of a fund managed at a third party's initiative, including branding and delegation features.
• Complete the CSSF form before first undertaking the activity and assemble the evidence supporting the business model, governance, decision rights, oversight and conflicts analysis.
• Align commercial onboarding gates with Compliance and governing-body approval so that a launch cannot proceed before the regulatory submission is complete.
• Maintain the evidence after submission because the CSSF may request additional information.

CSSF warns of critical PHP vulnerabilities and reporting implications

WHAT'S CHANGING:
The CSSF warned of two critical PHP runtime vulnerabilities, CVE-2026-109618 and CVE-2026-109619, both capable of unauthenticated remote code execution.

At publication, the affected versions had not been confirmed, so the CSSF instructed financial entities to treat all PHP-powered services as potentially exposed. It directed supervised entities to CIRCL report TR-102 and strongly recommended appropriate action. The CSSF also stated that unauthenticated remote code execution constitutes unauthorised malicious access and reminded entities that it must be notified as a major ICT-related incident under Circular CSSF 25/893 for DORA entities or Circular CSSF 24/847, depending on the entity type.

ACTIONS REQUIRED:
• Inventory PHP-powered services, including internally managed and outsourced components, and treat them as potentially exposed until affected versions are confirmed.
• Apply the CIRCL recommendations, document detection, containment, remediation and verification, and follow updated technical advisories.
• Assess any successful malicious access promptly under the applicable DORA or CSSF incident framework and involve security, operational resilience, Compliance and legal owners.
• Retain the asset inventory, technical findings, incident-classification rationale and notification decision.

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ONE PERSPECTIVE

The form turns white-label governance into an evidence test. A contractual allocation of responsibilities will not by itself demonstrate that the IFM exercises independent judgement, oversees delegates and manages conflicts in practice. Boards should challenge who can say no to the initiator, how escalation works when commercial interests diverge and what records show effective substance.

The essential evidence chain runs from asset identification to detection, remediation, classification and notification. A patch record alone will not show whether exposure existed or whether malicious access occurred. Senior management should receive an integrated view that links technical facts with the applicable regulatory-reporting decision.

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EXPERT INSIGHTS

Luxembourg publishes its 2026 terrorist-financing national risk assessment

WHAT'S CHANGING:
Luxembourg's 2026 National Risk Assessment of Terrorist Financing covers the 2021-2024 observation period and assesses threats, sector vulnerabilities, mitigating factors and residual risk.

It considers CSSF-, CAA- and AED-supervised sectors, legal persons and arrangements, non-profit organisations and cross-sector vulnerabilities including cash, crypto-assets, crowdfunding and underground banking. The report also addresses emerging risks and strategic priorities and contains a dedicated assessment of the investment sector. Its purpose is to inform national and sector-level understanding of terrorist-financing exposure; it does not replace an obliged entity's own risk assessment.

ACTIONS REQUIRED:
- Identify the sections relevant to the firm's entities, products, investors, investments, distribution channels and geographic exposure.
- Compare the national and sector findings with business-wide, client and product TF risk assessments and document whether ratings, scenarios or mitigating controls need to change.
- Update training, monitoring and board reporting where the report identifies a relevant vulnerability or emerging risk.
- Retain the mapping and rationale where no change is made, rather than recording only that the report was reviewed.

Luxembourg CRF updates the goAML indicator handbook

WHAT'S CHANGING:
The Luxembourg Financial Intelligence Unit published Handbook Indicators version 1.2, a 41-page English-language PDF, with the webpage last modified on 16 October 2026.

The handbook provides the current indicator framework used in connection with goAML reporting. The CRF has confirmed that version 1.2 adds eight new indicators across various categories, with the updated handbook providing the applicable detail.

ACTIONS REQUIRED:
- Obtain and review version 1.2 against the version currently embedded in internal escalation and filing guidance.
- Record the indicators that require changes to procedures, training, case templates or quality-assurance checks.
- Ensure staff understand that indicators support identification and reporting but do not replace case-specific analysis and narrative.
- Retain evidence of review, approval, communication and implementation, and confirm the version used for future filings.

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A national risk assessment is useful only if it changes or confirms firm-level reasoning. Boards should be able to see which findings were relevant, how they affected inherent risk and whether the current controls remain proportionate. The most defensible outcome may be no rating change, but that conclusion still needs a traceable comparison with the firm's actual exposure.

A refreshed indicator list can improve consistency, but a mechanical tick-box approach can weaken the quality of a report. Governance should test whether staff can connect the observed facts, indicator and suspicion rationale in a clear narrative. The version-control record is also important because reviewers should be able to identify which handbook informed a decision at the time.

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EXPERT INSIGHTS

FCA makes the Fund Reporting for Asset Management Entities Instrument 2026

WHAT'S CHANGING:
FCA Instrument 2026/68 amends the Supervision manual, COLL and FUND. Annex B entered into force on 2 November 2026 and the remainder on 1 February 2027.

The instrument introduces or updates online submission requirements and forms for UK AIFM notifications, including new funds or compartments under management, certain material changes, changes affecting small AIFM status and specified SEF/RVECA matters. It also provides a fallback where FCA online systems are unavailable for 24 hours or more. Because the instrument contains staged amendments across several sourcebooks and firm types, applicability must be assessed at entity and notification level.

ACTIONS REQUIRED:
- Obtain an entity-specific legal and regulatory analysis of Annexes A, B and C and identify every affected return, notification and form.
- Map each requirement to the relevant commencement date, online system, accountable owner and evidence of submission.
- Update procedures for new-fund, compartment, material-change and status notifications where applicable, including the 24-hour system-failure fallback.
- Reconcile the instrument with the separate Connect migration timetable so that teams do not confuse different forms, dates or submission routes.

FCA begins phased migration of fund submissions to Connect

WHAT'S CHANGING:
The FCA is moving fund authorisation applications and notifications from email to online submission through Connect over a two-year period.

From 2 November 2026, the first phase covers specified forms for new ICVCs, authorised unit trusts and authorised contractual schemes, amendments and wind-ups, certain UCITS changes and final notifications. Firms must complete the existing forms and submit them with supporting documents through Connect; after that date the FCA will not accept the listed applications through another route. Scheme-document filings are planned to move during December 2026, while selected AIFMD applications and notifications are expected to transition in early 2027. The FCA does not expect significant changes to the content requirements at this stage.

ACTIONS REQUIRED:
- Confirm that first-phase applications and notifications are now being submitted through Connect, while forms outside the first phase continue through the existing route.
- Ensure employees and third-party advisers who submit on the firm's behalf have the correct Connect registration and delegated access.
- Update procedures, checklists and evidence-retention steps to cover portal submission, supporting-document naming, acknowledgements and rejected or incomplete submissions.
- Use the FCA user guides for the operating steps and establish a contingency process for submissions close to a deadline.

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ONE PERSPECTIVE

This is a data-lineage and submission-control implementation, not merely a form update. Boards should ask whether the firm has a complete inventory of affected obligations and whether interpretation, data preparation, approval and online filing are connected. The staged commencement creates a particular risk of applying the correct form through the wrong route or on the wrong date.

This is primarily a submission-control change, but it can still cause a regulatory failure if access, delegation or ownership is left until a live filing. The board-level question is whether the firm can demonstrate end-to-end accountability from form preparation to accepted submission. A short dry run using the relevant users and delegated permissions is more useful than relying on a generic statement that Connect access exists.

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EXPERT INSIGHTS

FCA proposes fairer redemption terms for NURS holding illiquid assets

WHAT'S CHANGING:
CP26/35 proposes minimum redemption terms for NURS with at least 50% of scheme property invested in inherently illiquid assets, so that redemption arrangements better reflect the time required to sell underlying assets.

The FCA describes a minimum 90-day notice period and indicates that dealing may be no more frequent than monthly for the relevant funds. The proposals also affect the wider limited-redemption framework and are relevant to AFMs, investors, depositaries, distributors, advisers, SIPP operators and providers of unit-linked products referencing the funds. Existing funds would have two years to comply and would need to give investors at least one year's notice. The consultation closes on 11 December 2026 and the FCA expects to publish final rules in the first half of 2027.

ACTIONS REQUIRED:
• Identify NURS that meet or may approach the 50% inherently-illiquid-assets threshold and document the basis of the assessment.
• Model the proposed notice and dealing arrangements against portfolio liquidity, cash management, valuation, suspension and redemption processes.
• Assess prospectus, product-governance, target-market, platform, distribution and investor-communication impacts, including wrappers and unit-linked products.
• Decide whether to respond to CP26/35 and obtain the required product, legal, depositary and governance approvals before 11 December 2026.

FCA consults on broad Financial Crime Guide updates

WHAT'S CHANGING:
CP26/38 proposes updates to the FCA's Financial Crime Guide covering fraud, cryptoassets, financial and trade sanctions, proliferation financing, data security, financial-crime systems and controls, and money laundering and terrorist financing.

The FCA intends the Guide to keep pace with emerging risks, including AI, cryptoassets and evolving sanctions regimes. The consultation is relevant to all firms the FCA supervises for financial crime, including MLR firms and cryptoasset businesses. The Guide is guidance rather than a standalone rulebook, and the proposals are not yet final. Responses are due by 24 December 2026, after which the FCA intends to publish feedback and final text in a Policy Statement.

ACTIONS REQUIRED:
• Allocate the relevant chapters across MLRO, sanctions, fraud, cyber, data, technology and business-control owners.
• Benchmark current systems and controls against the proposals, recording the evidence relied upon and gaps requiring further assessment.
• Identify issues created by fragmented ownership, particularly where AI or third-party tools support screening, monitoring or investigation.
• Decide whether to respond and complete internal approval before 24 December 2026; do not implement proposal wording as though it were final.

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The proposal is not only a liquidity-management issue. It may change how the product is described, distributed and operationally supported, and whether the fund remains suitable for existing channels and investors. Boards should challenge the consistency between the portfolio's real disposal horizon, the proposed redemption promise and the operational ability of platforms and administrators to apply notice periods accurately.

The Guide's breadth makes coordination the main governance challenge. A control may be owned by one team but depend on data, technology and escalation designed elsewhere. Senior management should ask whether the same risk event can move coherently across fraud, sanctions, AML and cyber processes, and whether evidence from third-party tools remains available for challenge and regulatory review.

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EXPERT INSIGHTS

FCA sets out conflicts findings for private markets

WHAT'S CHANGING:
The FCA's multi-firm review examines how private-equity, private-credit and real-estate firms identify, manage, mitigate and disclose conflicts.

It found examples of strong governance and investor focus, but also material variation where frameworks had not kept pace with business growth and complexity. Recurring weaknesses included cross-fund transfers and continuation transactions, gifts and entertainment, and information barriers; the review also covers allocation, connected and multi-party transactions, investor alignment, MFNs, side letters and disclosures. Stronger firms maintained comprehensive inventories, involved control functions, used layered governance and defined escalation thresholds. The review does not create new rules but asks firms to assess their arrangements against existing FCA requirements and the findings.

ACTIONS REQUIRED:
- Refresh the conflicts inventory using actual business models, ownership structures, strategies and transaction types rather than generic categories.
- Review governance and independent challenge for cross-fund transfers, continuation vehicles, allocations, valuations and other transactions involving competing investor interests.
- Test information barriers, personal conflicts, gifts and entertainment, MFNs, side letters and disclosure controls, including evidence of monitoring and escalation.
- Record how material conflicts were identified, assessed and resolved fairly in investors' interests, with periodic second- and third-line assurance where proportionate.

FCA publishes AI good practice and areas for improvement

WHAT'S CHANGING:
The FCA published illustrative good and poor practice from industry engagement, supervisory work and AI Lab initiatives.

Existing FCA rules continue to apply to AI use, including requirements relevant to safety, robustness, fairness, transparency, accountability, Consumer Duty, operational resilience, outsourcing and third parties. The examples cover machine learning, generative AI and agentic AI and are organised around consumer outcomes, governance and accountability, and operational resilience. The FCA highlights defining the consumer need and target market, testing outcomes and bias, explaining AI's role and limits, maintaining auditable records, setting human-oversight arrangements and monitoring live outcomes. The examples are non-exhaustive, do not create new requirements and do not prescribe one governance model.

ACTIONS REQUIRED:
- Inventory AI use cases and identify their purpose, affected consumers or clients, accountable owner, data, model or provider, and material risks.
- Benchmark design, testing, bias and accuracy controls, explanations, human escalation, live monitoring and record keeping against the FCA examples.
- Review third-party AI arrangements, cyber and operational-resilience controls, including fallback where the tool is unavailable or should abstain.
- Retain evidence that the chosen controls are proportionate and work in practice, rather than relying only on policy assertions.

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A conflicts register is useful only if it captures live commercial decisions and their resolution. The FCA's findings show that disclosure or investor consent does not automatically demonstrate that competing interests were fairly balanced. Boards and conflicts committees should expect transaction-specific evidence, independent challenge and a clear record of why the outcome was considered fair.

An inventory is a starting point, not evidence of control. Boards should ask where AI is permitted to support, automate, abstain or escalate, and how the firm knows those boundaries operate as intended. The strongest governance links each use case to measurable outcomes, decision rights, monitoring thresholds and records that support challenge, complaints and incident investigation.

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GET IN TOUCH

Need help understanding how these regulatory changes could affect you? Our specialists can help you identify key considerations and prepare for the evolving requirements.



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YOUR COMPLIANCE SURVIVAL GUIDE

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