

UK/EU Investment Management Update (May 2025)

May 7, 2025

In this Sidley Update we cover, on the UK side, the UK proposals for the future regulation of alternative investment fund managers (AIFMs), the Financial Conduct Authority (FCA) consultation on the definition of capital for investment firms, the FCA's new presence in the United States and Asia-Pacific, the publication of legislation to regulate UK crypto activity, and FCA speeches on its enforcement priorities and market abuse agenda.

On the EU side, we cover the European Supervisory Authorities (ESA) report on the functioning of the EU Securitisation Regulation, the European Commission (Commission) targeted consultation on the Integration of EU Capital Markets, and the European Securities and Market Authority (ESMA) consultation on the revised clearing threshold methodology under European Market Infrastructure Regulation (EMIR) 3.

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1. UK — AIFM Regulatory Framework

UK proposals for future regulation of alternative investment fund managers

On 7 April 2025, HM Treasury published a [consultation](#) on regulations for alternative investment fund managers (AIFMs). On the same day, the Financial Conduct Authority (FCA) published a [Call for Input](#) on the future regulation of AIFMs.

The proposals set out a new approach to the regulation of AIFMs in the UK.

Please see this *Law360* article authored by Leonard Ng, [How UK Proposals Would Simplify Fund Manager Regime](#), for a discussion of the key implications of these proposals for private fund managers.

2. UK — MiFID/MiFIR

FCA consults on the definition of capital for investment firms

On 24 April 2025, the FCA [published](#) Consultation Paper CP25/10 on the definition of capital for FCA-authorised investment firms.

In CP25/10, the FCA seeks feedback on proposals to simplify and consolidate the existing rules setting out what qualifies as regulatory capital, to help firms better understand and apply the requirements.

In particular, the FCA intends to remove all cross-references to the UK Capital Requirements Regulation (UK CRR) from the definition of regulatory capital (own funds) applicable to FCA investment firms under Chapter 3 of the Prudential sourcebook for MiFID Investment Firms (MIFIDPRU).

UK CRR sets out the capital framework for banks and was designed with banks in mind, making it complex and not fully aligned with the business models of investment firms. The proposals are intended to simplify rules, removing irrelevant provisions, and are estimated to reduce the volume of legal text by approximately 70%.

Comments are requested by 12 June 2025, following which the FCA aims to publish its final rules in a Policy Statement in H2 2025, with the new framework expected to come into force on 1 January 2026.

FCA publishes policy statement on the derivatives trading obligation and post-trade risk reduction services

On 3 April 2025, the FCA [published](#) Policy Statement PS25/2 on the derivatives trading obligation (DTO) and post-trade risk reduction (PTRR) services under the UK implementation of MiFID.

PS25/2 follows the FCA's July 2024 [Consultation Paper CP24/14](#), which included proposals to include specified classes of secured overnight financing rate overnight index swaps in scope of the DTO and exempt certain PTRR services from the DTO. For further details on CP24/14, please see our [August 2024 Update](#).

The FCA notes that respondents supported the proposals in CP24/14, which it will proceed to implement. The changes will take effect from 30 June 2025.

3. UK — FCA

FCA publishes Annual Work Programme for 2025-26

On 8 April 2025, the FCA [published](#) its Annual Work Programme for 2025-26 (the Programme).

The Programme sets out how the FCA intends to deliver its four strategic priorities in 2025/26, as set out in its five-year [Strategy](#) for 2025 to 2030 (the Strategy), namely becoming a smarter regulator, supporting growth, helping consumers navigate their financial lives, and fighting financial crime. For details on the Strategy, please see our [April 2025 Update](#).

The FCA intends to continue a number of ongoing initiatives, including engaging with industry to improve the transaction reporting regime, making the Senior Managers and Certification Regime more efficient and outcomes-focused, streamlining requirements on asset managers by simplifying the retail fund regime, and rightsizing the regime for wholesale business.

Among the new work areas, the FCA intends to focus on reducing the reporting burden on firms to ensure only necessary data is collected. This work includes the FCA's Consultation Paper CP25/8 on decommissioning certain regular returns, as discussed below.

FCA establishes presence in the United States and Asia-Pacific

On 15 April 2025, the FCA [announced](#) that it is establishing a presence in the United States and Asia-Pacific (APAC) for the first time.

In the U.S., Tash Miah started at the British Embassy in Washington, D.C., in April and will work with the Department for Business and Trade to advance UK-U.S. financial services policy and regulatory cooperation and support firms in the U.S. to navigate UK regulation.

In APAC, Camille Blackburn will establish a regional office in Australia from July 2025 as the FCA's director — Asia-Pacific, focussing on supporting firms to navigate regulation to enter the UK market or raise capital and providing UK firms with support expanding into the APAC region.

The appointments are intended to help deliver on the FCA's commitment — set out in its [letter to the Prime Minister](#) — to support growth by improving exports of UK financial services and attracting more inward investment.

FCA consults on removing reporting and notification requirements

On 16 April 2025, the FCA [published](#) Consultation Paper CP25/8, proposing the decommissioning of certain regular returns and the removal of related reporting requirements from the FCA Handbook.

CP25/8 forms part of the FCA's broader strategy to limit data collection to what is necessary for effective supervision, to achieve a balance between regulatory oversight and data efficiency.

To date, the FCA has identified three specific returns as viable for decommissioning: FSA039: *Client Money and Client Assets*, Form G: *The Retail Investment Adviser Complaints Notifications Form*, and Section F of the *Retail Mediation Activities Return*. These returns have been deemed to no longer serve a critical supervisory function.

The consultation closes on 14 May 2025. The FCA notes that firms will continue to see the above three returns scheduled on RegData during the consultation period but that it “*will not be chasing firms that fail to submit the relevant returns and firms may choose not to submit them*” and that it “*will also auto-waive the associated late return administrative fee.*”

FCA publishes webpage for international wholesale firms looking to undertake business in the UK

On 23 April 2025, the FCA [published](#) a new webpage providing guidance for international firms looking to undertake wholesale business in the UK.

The webpage signposts firms to existing guidance on the FCA's threshold conditions for authorisation and perimeter guidance relevant to wholesale regulated activities.

The webpage also includes questions and answers on areas to consider, including presence requirements. Regarding presence, the guidance notes that day-to-day business decisions and the central administrative and compliance and anti-money-laundering (AML) functions of the firm must be performed (or overseen on a day-to-day basis) in the UK.

Financial Services Regulatory Initiatives Forum publishes Regulatory Initiatives Grid setting out plans for the next 24 months

On 14 April 2025, the Financial Services Regulatory Initiatives Forum (the Forum) [published](#) its Regulatory Initiatives Grid (the Grid), setting out planned regulatory initiatives among Forum members for the next 24 months.

The Forum comprises representatives from various UK regulatory authorities, including the Bank of England, the FCA, and the Prudential Regulation Authority (PRA).

Initiatives of particular interest to investment managers include the following:

- **Repeal and replacement of the EU Alternative Investment Fund Managers Directive (AIFMD).** For further information on this, please see *UK proposals for future regulation of alternative investment fund managers* above.
- **Repeal and replacement of the UCITS Directive.** Detailed firm-facing rules on Undertakings for Collective Investment in Transferable Securities (UCITS) funds are to be transferred to the FCA

Handbook as part of the repeal and replacement of the UCITS Directive. Substantive policy changes are not currently envisaged, but this is subject to further review by government and regulators. Key milestones are to be determined in due course.

- **Review of the UK funds regime.** A review of the UK funds regime, covering direct and indirect tax, as well as relevant areas of regulation. Asset management has been identified as a specific sector as part of the government's new financial services strategy as part of the UK's wider industrial strategy. The government's current request for input will determine priorities in this area.
- **Liquidity risk management in funds.** The FCA will consult on refined proposals, taking into account International Organisation of Securities Commissions and Financial Stability Board recommendations on liquidity within open-ended funds.
- **Fund tokenisation.** The FCA will consult on guidance to support the blueprint tokenisation model. The consultation will propose rule changes to streamline the dealing process and reduce the regulatory requirements while facilitating the move to fund tokenisation.
- **Research payment optionality for pooled funds.** The FCA plans to provide a new option for pooled funds to pay for investment research out of scheme property subject to meeting a set of guardrails. The FCA will explore opportunities to streamline the existing requirements. Policy Statement and rules are expected to be published in due course.

FCA to stop issuing portfolio letters

On 24 April 2025, the FCA [announced](#) that it intends to stop issuing portfolio letters. Instead, the FCA intends to publish a small number of market reports relevant to different types of firms and communicating insights from its supervisory work.

"Dear CEO" letters will continue to be used to address senior management about significant issues requiring action.

This forms part of the FCA's Consumer Duty requirements review, pursuant to which it is streamlining how it sets its supervisory priorities to support its commitment to smarter, more effective regulation following the introduction of its outcomes-focussed Consumer Duty.

Until market reports are published later this year, firms are to continue referring to relevant portfolio letters and "Dear CEO" letters for guidance.

4. UK — Enforcement

FCA charges individual with carrying on an unauthorised business and misleading investors

On 15 April 2025, the FCA [announced](#) that it had charged John Burford, the sole director of Financial Trading Strategies Limited (FTS), for operating an unauthorised business and dishonestly misleading investors.

Burford is alleged to have accepted money from over 100 investors and advised and managed investments on their behalf without appropriate FCA authorisation.

Through the FTS website, Burford is alleged to have promoted paid subscription services involving the provision of daily trade alerts that gave advice on trading opportunities as well as investments in three 'Tramline' funds.

Specifically, the FCA is prosecuting Burford for breaches of

- Sections 19 and 23(1) of the Financial Services and Markets Act 2000 (FSMA), namely by accepting deposits and advising on and managing investments while not being authorised; and
- Section 993(1) of the Companies Act 2006, namely by carrying on the business of FTS for a fraudulent purpose and misleading investors as to the manner in which their money would be used.

The above offences are punishable by fine and imprisonment.

Burford is due to appear before Westminster Magistrates' Court on 23 May 2025.

FCA outlines enforcement priorities for next five years

On 16 April 2025, the FCA [published](#) a speech by Therese Chambers, joint executive director of enforcement and market oversight, outlining FCA enforcement priorities for the next five years.

The FCA notes that it intends to focus on four key areas in its enforcement activities:

- **AML.** The FCA is prioritising keeping 'dirty money' out of the financial system and notes the critical role firms have to play through their AML systems and controls.
- **Fraud prevention.** The FCA notes the importance of firms' having robust antifraud controls in place.
- **Market integrity.** The FCA notes that it will closely monitor the effectiveness of firms' systems and controls for the detection and prevention of market abuse.
- **Cryptoassets.** The FCA intends to develop a safe, competitive, and sustainable crypto sector in the UK and is engaging with various partners on the future framework. The FCA notes that crypto regulation in the UK is currently limited but that it has used its existing powers to encourage the industry to develop strong standards (noting that as of February 2025, only 50 of the 351 firms met the standard to be registered for AML supervision).

The FCA also notes its increased pace of investigations — five recent investigations having achieved an outcome in 16 months or less, compared with a prior average of 42 months.

5. UK — Market Abuse

FCA speech on agenda to combat market abuse

On 29 April 2025, the FCA [published](#) a speech by Therese Chambers delivered at the Market Abuse and Market Manipulation Summit.

In the speech, Chambers outlines four key messages:

- the "three Ps" approach — the FCA intends to be predictable, proportionate, and purposeful in its

strategy to combat market abuse;

- the FCA intends to streamline transaction reporting requirements to reduce burdens on firms;
- organised crime groups are viewed as representing the most serious threat to our markets, and the FCA is prioritising efforts to disrupt their operations; and
- the FCA views collaboration as crucial and needs firms' partnership to achieve market integrity.

6. UK — Private Stock Market

FCA publishes update on PISCES

On 10 April 2025, the FCA [published](#) an update following the closure of its consultation on the regulatory framework for the Private Intermittent Securities and Capital Exchange System (PISCES). For a discussion of PISCES, please see our [January 2025 Update](#).

The FCA notes in its update that most respondents supported the “private plus” approach through which the FCA proposed to enable a variety of PISCES models to be tested with the intention to support growth, innovation, and competition. Accordingly, the FCA does not plan to make material changes to its proposals.

The FCA does intend to propose various technical changes to more fully align PISCES with private market practice, following feedback.

These proposals include changes in relation to core disclosure requirements, legitimate omissions, presentation of disclosures, post-trade event disclosures, operator oversight, and the application of rules on measures to prevent disorderly trading.

The FCA notes that the positions outlined in its statement are subject to further development and may be adjusted.

Final rules for PISCES are expected to be set out in a Policy Statement to be published in June 2025.

7. UK — Cryptoassets

Legislation to regulate UK crypto activity published

On 30 April 2025, HM Treasury [published](#) a draft statutory instrument, the Financial Services and Markets Act 2000 (Regulated Activities and Miscellaneous Provisions) (Cryptoassets) Order 2025 (the Draft SI) and accompanying [Policy Note](#), setting out proposed legislation to establish a new regulatory regime for cryptoassets.

The Draft SI sets out regulatory definitions of cryptoassets and stablecoins, classifies these as “specified investments” for the purposes of the UK regulatory perimeter under the Financial Services and Markets Act 2000 and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001, and brings certain activities in relation to such cryptoassets and stablecoins into the regulatory perimeter.

The activities proposed to be brought into the regulatory perimeter include stablecoin issuance, safeguarding (i.e., custody) of cryptoassets, dealing in cryptoassets as principal or agent, arranging deals in cryptoassets, and cryptoasset staking.

Consistent with the proposals during consultation, the Draft SI does not propose to bring discretionary management or investment advice in respect of cryptoassets into the regulatory perimeter.

Technical comments on the Draft SI are to be provided by 23 May 2025, following which HM Treasury plans to publish final legislation at the earliest opportunity.

FCA publishes discussion paper on regulating cryptoasset activities

On 2 May 2025, the FCA [published](#) Discussion Paper DP25/1 on regulating cryptoasset activities. This is the latest publication in the FCA's [Crypto Roadmap](#), which sets out its planned policy publications for the coming year.

In DP25/1, the FCA seeks input on how the unique aspects of cryptoassets should be considered under the future regulatory regimes and seeks views on how the FCA should regulate cryptoasset trading platforms, intermediaries, staking, lending and borrowing, and decentralised finance as well as restricting the use of credit to purchase cryptoassets.

This follows the publication by HM Treasury of draft legislation to extend the UK regulatory perimeter to certain cryptoasset activities, as discussed under *Legislation to regulate UK crypto activity* published above.

Feedback to DP25/1 is requested by 13 June 2025, following which the FCA will decide on any next steps.

8. UK — Consumer Composite Investments

FCA consults on further proposals for Consumer Composite Investments (CCIs)

On 16 April 2025, the FCA [published](#) a consultation (CP25/9) on further proposals for CCIs.

This follows the FCA's initial consultation on the CCI framework (CP24/30) launched in December 2024. Please see our [January 2025 Update](#) for detail on CP24/30.

In CP25/9, the FCA is consulting on the remaining issues. This includes proposals for a revised approach to calculating transaction costs, revisions to the current cost disclosure requirements, and transitional provisions to allow firms flexibility to move to the new regime once ready.

Responses are due by 28 May 2025.

9. UK — ESG

FCA pauses plans to extend Sustainability Disclosure Requirements (SDR) regime to portfolio managers

On 29 April 2025, the FCA [published](#) an update on the extension of the SDR and investment labels regime to portfolio managers (i.e., MiFID investment managers rather than AIFMs or UCITS management companies).

The FCA consulted on extending the SDR regime to UK portfolio managers in its Consultation Paper, [CP24/8](#), which it published in April 2024.

In this update, the FCA summarises the feedback received on CP24/8 and notes that it has decided not to finalise rules on extending the SDR to portfolio managers at this time. The FCA intends to prioritise its forthcoming multi-firm review into model portfolio services, which will focus on how firms are applying the Consumer Duty in the provision of such services.

FCA publishes feedback received on DP23/1: Finance for positive sustainable change

On 2 April 2025, the FCA [published](#) an update reflecting the feedback it had received in response to its Discussion Paper DP23/1: *Finance for positive sustainable change* and its proposed next steps.

In DP23/1, the FCA had sought industry views on how firms can support “*positive sustainable change*” through internal organisational frameworks, including business strategy, board and senior management oversight, incentive and remuneration structures and training and competence. For further information on DP23/1, please see our [March 2023 Update](#).

In this update, the FCA notes that the responses it received about the importance of sustainability matters and the role of the themes outlined in DP23/1 were generally positive.

The FCA notes that since publishing DP23/1, certain rules have been introduced relating to some of the themes, including the Consumer Duty, the SDR and labelling rules, and the anti-greenwashing rule.

The FCA notes that it is not currently considering introducing new rules on the themes discussed in DP23/1, although the themes remain important to firms’ success in embedding sustainability, delivering value to consumers, and supporting market integrity.

10. UK — EMIR

FCA and PRA propose updates to margin requirements for non-centrally cleared derivatives

On 27 March 2025, the FCA and the PRA (the Regulators) [published](#) joint Consultation Paper CP5/25 on margin requirements for non-centrally cleared derivatives under UK EMIR.

CP25/5 sets out proposals to introduce:

- an indefinite exemption for single stock equity options and index options from the UK EMIR bilateral margining requirements (extending the current temporary exemption, which expires on 4 January 2026);
- amendments for legacy contracts for counterparties that fall under the Average Aggregate Notional Amount (AANA) threshold (removing the need to exchange initial margin on outstanding legacy contracts once a counterparty falls below the AANA threshold); and
- amendments to allow firms to align dates related to the AANA calculation with other jurisdictions.

The central proposal regarding the exemption for single stock equity options and index options aims to further align UK EMIR with the U.S., European Economic Area, Switzerland, and other jurisdictions, reducing cross-border operational friction.

Responses are due by 27 June 2025. A policy statement is planned for H2 2025.

11. EU — Securitisation

ESAs publish report on the functioning of the EU Securitisation Regulation

On 31 March 2025, the Joint Committee of European Supervisory Authorities (ESAs) published their [Report](#) on the functioning of the EU Securitisation Regulation (SECR).

The Report covers a breadth of topics, ranging from jurisdictional scope, due diligence, and risk retention to disclosure requirements. The ESAs are mandated under the SECR to produce a report once every three years. In this instance, the Report coincides with a busy period of proposed reforms to the SECR. It follows the Commission consultation on the functioning of the SECR (discussed in our [November 2024 Update](#)) and the ESMA targeted [consultation](#) on the disclosure framework for private securitisations, published in February 2025.

In the Report, the ESAs make various recommendations with the aim of improving the clarity and proportionality of the SECR. We summarise the key aspects of the Report below:

- **Jurisdictional scope.** The ESAs have proposed amendments to the SECR to clarify that its scope extends to transactions where one or more of the sell-side or buy-side parties are located in the EU. Notwithstanding any such clarification, non-EU transaction parties may agree to satisfy certain requirements of the SECR on a contractual basis (e.g., risk retention and disclosure requirements), even though they are not directly in scope of the SECR.
- **Definition of “public” securitisation.** Under the current legislation, a securitisation transaction is “public” if an approved prospectus has been prepared in accordance with the EU Prospectus Regulation — this captures a relatively narrow subset of the market. The ESAs have recommended expanding the criteria to the definition of public securitisations so that, in addition to securitisations where a prospectus is required to drawn up (e.g., those where the relevant securities are admitted to trading on EU-regulated markets), the definition will include transactions where (i) the relevant securities are admitted to trading on EU multilateral trading facilities, organised trading facilities, or any other EU trading venues, and/or (ii) the securities are marketed to a broad range of investors with non-negotiable terms. The categorisation of a deal as “public” or “private” has implications for the disclosure requirements prescribed by Article 7 of the SECR. For example, public deals are currently required to report to securitisation repositories, whilst private deals are not; and public deals are currently required to make significant information and inside information notifications using prescribed templates, whilst private deals are not. However, further reforms are expected to the SECR’s reporting framework (as discussed below), making it difficult to predict the future impact of additional deals becoming “public.”
- **Due diligence requirements.** The ESAs have proposed revisions to the due diligence obligations under Article 5 of the SECR with a view to improving their proportionality. Their most significant recommendation is that EU investors should no longer be required to obtain information in the form of the disclosure templates prescribed under Article 7 of the SECR. In their view, instead of prescribing the form of information obtained by EU investors, the SECR should focus on the “substance” of the information. If implemented, this approach may resemble the due diligence requirements under the equivalent UK legislation, which prescribes a minimum standard of information that UK investors must obtain but does not mandate the format. The Report does not elaborate on the level of detail that should be obtained to satisfy this

requirement, and the ESAs indicate that further regulatory technical standards (RTS) or guidelines would be required to support a more principles-based approach to due diligence.

- **Sole purpose test.** The sole purpose test is established in Article 6(1) of the SECR and provides that risk retainers must not have been established for the “*sole purpose of securitising exposures*.” RTS elaborate on the criteria for satisfying the sole purpose test (the Risk Retention RTS). The Report contains comments on one of the criteria in the Risk Retention RTS — that the relevant entity must not rely on the exposures to be securitised, any retained interests, or any corresponding income from such exposures and retained interests as its *sole or predominant source of revenue*. The ESAs have stated that they take the meaning of “predominant” to be “more than 50%.”

Whilst these comments appear to be targeted at third-party origination risk retention structures (which are sometimes used in the collateralized loan obligation market), they are potentially of much broader application. There is a commonly held view in the market that the criteria in the Risk Retention RTS provides a “safe harbour”, but that satisfaction of every criterion is not a necessity for satisfying the sole purpose test where other factors are present to support that the risk retainer has not been established for the sole purpose of securitising exposures. It is not clear from the Report whether the ESAs expect the 50% test to be met on *all* securitisation transactions. Their focus on this specific component calls to question the intended application of the Risk Retention RTS and may indicate that certain criteria should be treated as determinative of an entity’s substance.

In the weeks following its publication, this aspect of the Report has caused considerable legal uncertainty in the securitisation markets. Trade associations have been engaging with the ESAs to request clarification on the interpretation of the sole purpose test presented in the Report. In the meantime, it should be noted that the Report is not official binding guidance, nor does it contain draft legislation. Nevertheless, it is important to have regard to the ESAs’ comments when assessing the economic substance of a proposed risk retainer.

- **Reporting framework.** The Report contains recommendations on simplifying the disclosure requirements under Article 7 of the SECR. In particular, the ESAs have proposed streamlining reporting templates to reduce duplicative data fields by removing the requirement to provide loan-level data for certain granular asset classes (e.g., credit card receivables). The ESAs also propose that private securitisations should be required to file Article 7 reports with securitisation repositories in addition to public securitisations. If implemented, this would potentially narrow the gap between the reporting burden for public and private deals.

As noted above, ESMA consulted on and produced a simplified reporting template for private securitisations earlier in 2025. It is unclear how the ESAs’ proposals in the Report will interplay with any draft reporting templates published by ESMA in response to feedback to their consultation.

Other topics covered in the report include targeted proposals to amend the definition of ‘sponsor’, refinements to the simple, transparent, and standardised framework and enhancements to the consistency of the European supervisory framework.

The Commission is expected to publish proposed legislation to amend the SECR in June 2025. The purpose of the Commission's proposed legislation is to address feedback following its 2024 consultation on reforms to the SECR. It is unclear to what extent the legislative proposal will address the issues raised in the Report or implement the ESAs' recommendations.

12. EU — AIFMD2

ESMA publishes draft RTS and final guidelines on liquidity management tools for funds

On 15 April 2025, ESMA published [draft RTS](#) and a [final report](#) on guidelines on liquidity management tools (LMTs) for open-ended AIFs and UCITS.

ESMA was mandated under Alternative Investment Fund Managers Directive (AIFMD) 2 and the revised UCITS Directive to develop draft RTS and guidelines on the use of LMTs by EU AIFMs and UCITS management companies managing open-ended AIFs and UCITS. For further discussion of AIFMD2, please see our Update [EU AIFMD2 - Implications of the Final Text](#).

The draft RTS and guidelines are intended to provide clarity on the functioning of LMTs, such as side pockets, with a view to ensuring a harmonised approach to the use of LMTs across Europe.

The draft RTS have been submitted to the Commission for adoption, following which the Commission will decide on whether to adopt the draft RTS.

The guidelines will start applying on the date of entry into force of the RTS. Funds existing before the RTS enter into force will have 12 months to comply with the guidelines.

13. EU — Savings and Investments Union

Commission consults on obstacles to capital markets integration across the EU

On 15 April 2025, the Commission [published](#) a Targeted Consultation on the Integration of EU Capital Markets.

The aim of the consultation is to gather feedback on obstacles to financial market integration across the EU, as part of the Savings and Investments Union (SIU) strategy.

The SIU strategy aims to boost the EU economy by improving the way the EU financial system mobilises savings towards productive investments, offering more and better financial opportunities for both citizens and businesses. For further details on the SIU, please see our [April 2025 Update](#).

The consultation seeks feedback on a range of issues across seven areas: simplification and burden reduction, trading, post-trading, horizontal barriers to trading and post-trading infrastructures, asset management and funds, supervision, and horizontal questions on the supervisory framework.

The section dedicated to asset management and funds raises questions on obstacles experienced by EU fund and asset managers to accessing the single market, barriers to cross-border management of funds, the effectiveness of the authorisation and passporting regimes for fund managers, and ways to simplify current requirements.

Other questions of particular relevance to asset managers include:

- whether the AIFMD threshold for sub-threshold AIFMs should be updated;
- whether greater proportionality should be applied to smaller AIFMs; and
- whether there are any barriers that could be addressed by turning certain directives — including the AIFMD, the MiFID, and the UCITS Directive — into regulations. Regulations apply directly under the law of EU member states rather than requiring implementation under the local member state law and hence are viewed as supporting greater harmonisation of rules across member states.

The consultation closes on 10 June 2025.

14. EU — MiFID/MiFIR

ESMA publishes technical advice on MiFID research payment amendments

On 8 April 2025, ESMA [published](#) its final report on technical advice to the Commission on amendments to the MiFID delegated directive relating to payment for research and execution services. This sets out detailed requirements in relation to the new joint payment option for research introduced under the EU Listing Act.

This Final Report follows ESMA's consultation paper of October 2024 (the Research Consultation). For discussion of the Research Consultation, please see our [November 2024 Update](#).

The final proposed amendments maintain broadly the same approach as set out in the Research Consultation, with certain changes made to reflect stakeholder feedback. Notably, ESMA has deleted an initial reference to firms carrying out “a comparison with potential alternative research providers” in their assessment of the quality of the research provided.

ESMA provides clarifications in preparation for the start of the Consolidated Tape for bonds

On 2 April 2025, ESMA published an [update](#) to aid market participants' preparation of market participants in advance of the start of the activities of the consolidated tape provider (CTP) for bonds.

This follows the publication on 16 December 2024 of draft RTS related to the CTP for bonds (the Draft RTS), including requirements relating to data contributors' connection and contribution to the CTP.

ESMA does not expect the Commission to make substantial changes to the Draft RTS and therefore urges market participants to use the Draft RTS to proceed with preparations for the start of CTP activities.

ESMA also notes that it intends to have selected an applicant for the bonds CTP by early July 2025, following which ESMA recommends that data contributors engage with the selected CTP, including in relation to connectivity, licensing, and other practical and technical arrangements.

15. EU — EMIR

ESMA consults on revised clearing thresholds methodology

On 8 April 2025, ESMA [published](#) a Consultation Paper on the revised clearing thresholds under EMIR 3.

This Consultation Paper is part of ESMA's mandate to develop RTS on clearing thresholds and includes:

- proposals for a revised set of clearing thresholds;
- considerations for hedging exemptions for non-financial counterparties (NFCs); and
- a trigger mechanism for reviewing the clearing thresholds.

The revised clearing threshold methodology under EMIR 3 will focus on activity in uncleared OTC derivatives, with a view to ensuring a proportionate clearing obligation regime focussed on entities with significant over-the-counter (OTC) derivatives activity and large uncleared positions.

In particular, financial counterparties will be required to calculate both their uncleared positions and their aggregated cleared and uncleared OTC positions against the clearing thresholds, whereas NFCs will count only uncleared positions.

The consultation closes on 16 June 2025. ESMA plans to publish a final report and submit the draft RTS to the Commission by the end of 2025.

16. EU — ESG

EU adopts “Stop-the-Clock” Directive and begins ESRS simplification process

On 14 April 2025, the EU adopted the [“Stop-the-Clock” Directive](#) to postpone reporting and due diligence obligations for certain companies under the Corporate Sustainability Reporting Directive, the Taxonomy Regulation, and the Corporate Sustainability Due Diligence Directive.

For further details, see our Update, [EU Omnibus Package: EU Adopts “Stop-the-Clock” Directive and Begins ESRS Simplification Process](#).

17. EU — Cryptoassets

ESMA publishes guidelines on market abuse under the Markets in Crypto-Assets Regulation (MiCA)

On 29 April 2025, ESMA [published](#) its final report on guidelines on supervisory practices to prevent and detect market abuse under MiCA.

The guidelines, intended for EU regulators, set out general principles for effective supervision and practices for detecting and prevent market abuse in cryptoassets. The guidelines draw on ESMA's experience under the EU Market Abuse Regulation, with regard to the unique features of crypto trading (e.g., its cross-border nature and the role of social media).

The guidelines will start applying three months after their translation into all EU languages and publication on ESMA's website. Within two months of such publication, EU member state regulators must notify ESMA as to whether they intend to comply with the guidelines.

ESMA publishes updated Q&As addressing the application of MiCA to sub-threshold AIFMs and copy-trading in cryptoassets

On 10 January 2025, ESMA published updated [Q&As](#) on MiCA. The Q&As include the following.

- **Provision of cryptoasset services by sub-threshold EU AIFMs**

Article 60(5) MiCA allows EU-authorized AIFMs to provide cryptoasset services equivalent to portfolio management and non-core services for which it is authorized on the basis of a notification to its regulator (rather than a full application for authorization under MiCA).

ESMA has stated that registered (or “sub-threshold”) EU AIFMs are not eligible to provide cryptoasset services on the basis of the notification contemplated under Article 60(5) MiCA. This implies that a sub-threshold EU AIFM would need to seek authorization under MiCA to provide cryptoasset services.

- **Application of MiCA to copy-trading services**

In response to whether “copy trading” or “auto trading services” related to cryptoassets fall within the scope of portfolio management or other cryptoasset services, ESMA refers to existing guidance on this topic in the context of MiFID (notably Question 9 of [MiFID Questions and Answers: Investor Protection & Intermediaries](#) and sub-sections 2.1 and 2.2 of ESMA’s [Supervisory Briefing on supervisory expectations in relation to firms offering copy trading services](#)). ESMA notes that such guidance applies *mutatis mutandis* to the question of whether such services fall in scope of MiCA.

The existing MiFID guidance sets out different examples of copy trading models and the considerations relevant to the analysis as to whether such activities fall in scope of MiFID. Firms would therefore need to conduct a similar analysis in respect of any copy trading in cryptoassets.

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