

MACFARLANES

Investment management update - July 2024

10 July 2024

Welcome to the latest edition of our investment management update.

This publication has been tailored to highlight topical news, cases and changes in the law impacting the investment management sector.

▼ UK

- On 27 June 2024, the FCA published its regulation round-up for June 2024 which includes (amongst others) items on the Consumer Duty and investment labels regime. The round-up reminds firms of the upcoming Consumer Duty milestones including the deadline for firms to produce their first annual board report and the application of the Consumer Duty to closed products and services.

[Regulation round-up June 2024](#)

- On 27 June 2024, the FCA published a new web page for firms with overseas appointed representatives (OARs) which sets out the challenges and expectations for principal firms with OARs. The web page was published in response to feedback received on the FCA's consultation on improving the appointed representatives regime (CP21/34).

[Overseas appointed representatives](#)

- On 20 June 2024, the FCA published a note on their online research experiment which investigated the effect of digital engagement practices (DEPs), including gamification, on consumer trading behaviour. The experiment tested the DEPs of flashing prices, push notifications, trader leader boards, points and prize draws, and found that the use of DEPs can lead to changes in trading frequency and investment risk, whilst providing no additional information to the consumer which could improve their trading.

[Research Note: Digital engagement practices: a trading apps experiment](#)

- On 12 June 2024, the Financial Ombudsman Service (FOS) published a press release announcing that the FOS will continue its proactive settlement scheme following a trial over the last couple of years. The proactive settlement scheme allows firms to offer to resolve complaints with customers before the FOS carries out a full investigation.

[Proactively settled complaints to continue](#)

▼ Europe ex UK

- On 28 June 2024, the Joint Committee of the European Supervisory Authorities (the EBA, EIOPA and ESMA) published an updated version of its Q&As relating to the Regulation on key information document

(KID) requirements for packaged retail and insurance-based investment products (PRIIPs) ((EU) 1286/2014) and related delegated acts.

[JC_2023_22_-_Consolidated_JC_PRIIPs_Q_As](#)

- On 25 June 2024, three Commission Delegated Regulations on the classification of ICT-related incidents, contractual arrangements policy and risk management tools, supplementing the Regulation on digital operational resilience for the financial sector ((EU) 2022/2554) (DORA), were published in the Official Journal of the European Union. These Delegated Regulations will enter into force on 15 July 2024.

[Delegated regulation - EU - 2024/1772 - EN - EUR-Lex](#)

[Delegated regulation - EU - 2024/1773 - EN - EUR-Lex](#)

[Delegated regulation - EU - 2024/1774 - EN - EUR-Lex](#)

- On 19 June 2024, the Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AML Regulation), the Regulation establishing the Anti-Money Laundering Authority (AMLA Regulation) and the Sixth Money Laundering Directive (MLD6) were published in the Official Journal of the European Union. The AML Regulation and the MLD6 enter into force on 9 July 2024 and the AMLA Regulation came into force on 26 June 2024.

[Regulation - EU - 2024/1624 - EN - EUR-Lex](#)

[Regulation - EU - 2024/1620 - EN - EUR-Lex](#)

[Directive - EU - 2024/1640 - EN - EUR-Lex](#)

- On 18 June 2024, the European Securities and Markets Authority (ESMA) published the Joint ESAs Opinion on the assessment of the Sustainable Finance Disclosure Regulation (SFDR) (often termed SFDR 2.0). This opinion considers the merits of introducing a categorisation system and/or an indicator of sustainability for financial products to allow for simplified disclosures, as well as reviewing the definition of “sustainable investment” under Article 2(17) SFDR, the simplification of documentation, and the transparency of adverse sustainability impacts at financial product level. The opinion provides recommendations for a coherent sustainable finance framework, including strongly recommending that disclosures cater to different investor needs and take into account different distribution channels, to prioritise only essential information for retail investors.

[JC 2024 06 Joint ESAs Opinion on the assessment of the Sustainable Finance Disclosure Regulation \(SFDR\)](#)

- On 18 June 2024, the European Commission launched a consultation on the use of artificial intelligence (AI) in the financial sector. The consultation is aimed at understanding the developments in the different financial services use cases of AI. The deadline for responses is 13 September 2024.

[Consultation document - Targeted consultation on artificial intelligence in the financial sector](#)

- On 12 June 2024, the Council of the European Union published a press release announcing that it has agreed its negotiating mandate on the retail investment package, consisting of the proposed Directive on retail investment protection and the proposed Regulation amending the PRIIPs Regulation ((EU) 1286/2014). The retail investment package aims to offer retail investors the same level of information, treatment and protection regardless of which investment products, marketing and distribution channels they use.

[Retail investment package: Council agrees on its position](#)

- On 3 June 2024, the EBA and ESMA published a discussion paper relating to the European Commission's call for advice on the investment firms prudential framework which is set out in the Investment Firms Regulation ((EU) 2019/2033) (IFR) and the Investment Firms Directive ((EU) 2019/2034) (IFD). The discussion paper addresses issues raised by market participants and supervisors which may lead to changes to the IFR, IFD or related delegated regulations, and seeks views on such changes. The deadline for responses to the discussion paper is 3 September 2024. The EBA and ESMA intend to publish the final report in response to the Commission's call for advice by December 2024.

[Discussion paper on CfA on IFDR](#)

▼ **International**

- On 3 June 2024, IOSCO published its final report on good practices in the leveraged loan and collateralised loan obligation (CLO) markets. The report provides an overview of the leveraged loan and CLO markets, their vulnerabilities, and sets out twelve good practices designed to support market participants in their decision making when operating in these markets.

[FR03/2024 Leveraged Loans and CLOs Good Practices for Consideration](#)