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Report

New in RegTech:

Policy in Flux: Where Regulation Stalls, Accelerates, and Evolves

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With the current administration signaling a shift in regulatory tone, many in financial services expected a sharp turn away from the regulatory expansion of recent years. However, nearly six months into his administration, the picture is more complex. While deregulatory themes have re-emerged, the practical reality for asset managers is one of ongoing compliance demands, persistent reporting deadlines, and a growing divergence between U.S. and global regulatory trajectories.

So, what's changing and how should asset managers interpret the signals?

Mandatory Modernization Marches On: EDGAR Next & Form PF

Despite the administration's general pro-business posture, **technical and operational reform at the SEC continues uninterrupted.**

EDGAR Next, one of the most significant system overhauls in decades. The update is pushing filers toward more secure, role-based access and API-driven interactions. Enrollment deadlines remain firm, with **September 12, 2025**, as the last date to transition without filing disruption.

Meanwhile, amendments to **Form PF**, which enhance systemic risk transparency for private fund advisors, are still progressing toward their **June 2025 compliance deadline**. These rules deepen reporting around fund structures, exposures, and events, with no rollback in sight.

Confluence supports EDGAR Next readiness via Unity NXT, including token integration, delegation management, and seamless API submissions. We also support end-to-end Form PF reporting, enabling firms to automate data collection, streamline validation, and meet SEC filing requirements with confidence.

With a reported 10% reduction in SEC staff, and estimated up to 15% cuts in certain departments, the SEC will be relying more heavily on correctly prepared and presented data to scope examinations. With a risk-based program and reduced resources, data will be more important than ever.

Transparency on a Tighter Timeline: 13f-2 Takes Effect

One of the most talked-about rules, **SEC Rule 13f-2**, requires institutional managers to disclose significant short positions monthly, beginning **February 2026**. While some market participants hoped the SEC would delay or repeal the rule, it remains intact. For a deeper dive, refer to the **IAA letter**.

The message is clear: **even under an administration known for deregulation, investor transparency rules are here to stay**—especially those tied to market stability and systemic visibility.

Signal by Confluence tracks key deadlines like 13f-2 and provides early insights into filing readiness.

ESG USA Still in Flux but EU and UK March On

Closer to the administration's political posture, **climate, and ESG rules have hit headwinds**. The SEC has temporarily paused implementation and withdrawn its legal defense, pending further developments. However, this has **limited value for global managers**, many of whom remain exposed to Europe's ESG regime.

In particular:

- The EU's **SFDR overhaul** is moving forward, with clarity on product categorization and label introduction expected by **Q4 2025**.
- The UK's **Sustainability Disclosure Requirements (SDR)** continue on a staggered track, with label usage allowed from **July 2025**.

For global fund managers, ESG compliance is increasingly a multi-track challenge - even if U.S. expectations shift.

Should Asset Managers Feel Reassured or Concerned?

It depends on where you sit and where you operate.

Reasons for cautious optimism:

- Fewer new rules appear imminent from U.S. regulators
- Potential for longer comment periods or the reopening of closed comment periods
- The ability for resolutions to be met within the EXAMs process

But challenges remain for global managers:

- U.S. rule changes (e.g., EDGAR Next, 13f-2, Form PF) still require material system and process updates
- ESG divergence is growing, not shrinking
- Global regulators are not slowing down in their pursuit of transparency, sustainability, and systemic risk oversight

Final Take: Uncertainty, Not Reversal

Trump's return may be reshaping the tone of U.S. regulation, but not the timeline. For asset managers, the reality is **less about deregulation and more about fragmentation**. The demands of EDGAR Next, Form PF, and 13f-2 remain very real, and international firms must continue to juggle multiple playbooks.

Now more than ever, RegTech solutions that adapt to evolving requirements and unify regulatory obligations across borders are a strategic advantage.

Navigating Regulatory Complexity? You're Not Alone. As the rules evolve faster than ever, EDGAR Next, 13f-2, Form PF, and a fragmented ESG landscape, it's easy to feel like you're always reacting.

But you don't have to navigate it alone.

At Confluence, we work alongside you to bring clarity to shifting deadlines, simplify operational changes, and prepare your team for what's next, wherever regulations are headed.

If you're feeling uncertain, overloaded, or just want a second opinion, **our experts are here to listen, guide, and support.**

Ready to simplify your compliance strategy? **Click here** to connect with our experts today.

What SDR's Pause and SFDR's Overhaul Mean for ESG Regulation

SDR Stumbles in the UK

On 29 April 2025, the UK's Financial Conduct Authority (FCA) announced its intention to pause the extension of the Sustainability Disclosure Requirements (SDR) **framework to portfolio management**.

This decision follows an earlier consultation in April 2024. While the FCA noted broad support in principle for expanding SDR, it highlighted the need to take additional time to address implementation challenges and ensure any future framework is fit for purpose.

There's currently no new indicative timeline. As a near-term priority, the FCA will focus on its upcoming multi-firm review of model portfolio services, placing greater emphasis on Consumer Duty expectations.

In the meantime, the regulator reminds firms that the anti-greenwashing rule, introduced on 31 May 2024, continues to apply—requiring firms to ensure any ESG-related claims are clear, fair, and not misleading.

EU SFDR: Reform on the Horizon

Just days later, on 2 May 2025, the European Commission published a Call for Evidence on its planned revision of the Sustainable Finance Disclosure Regulation (SFDR). The consultation is open until 30 May 2025 and serves to inform an impact assessment.

Though brief, the Commission's paper touches on several key reform themes:

- Simplifying key concepts and terminology
- Streamlining disclosure obligations
- Exploring the potential for product categorization—akin to SDR's voluntary labelling approach

The Commission also signals a strong push for better alignment with the CSRD and the EU Taxonomy Regulation, which could reduce duplication across sustainability frameworks.

The formal review of SFDR rules is scheduled for Q4 2025, meaning asset managers will need to stay alert to another potential wave of ESG disclosure transformation before year-end.

A Moment of ESG Clarity—or Confusion?

Together, these developments reflect two different ESG regulatory postures:

In the UK, SDR is stalling, possibly due to limited product uptake and implementation strain.

In the EU, SFDR is under active review, with the aim of improving usability and enhancing coherence with broader sustainability reporting rules.

While this may suggest a pause in momentum, the broader message for asset managers is that regulatory regimes remain in motion—and ESG disclosure is far from settled.

Staying Ahead of Change Starts with Confidence

As ESG regulation continues to evolve, with frameworks like SFDR under review and SDR in flux, what matters most is being ready to respond with clarity and agility.

At Confluence, we've built our solutions to support complex regulatory disclosure, from SFDR reporting to flexible data workflows designed to adapt to future changes. Whether regulations shift, stall, or surge forward, our clients rely on us to help them stay ahead of deadlines and aligned with evolving expectations. Let Confluence help you build a disclosure process that adapts effectively to regulatory changes. **Click here** to speak to a specialist.

- Lewis Davison, Vice President of Product

Form PF Compliance Countdown: June 12, 2025

With fewer than 30 days remaining until the compliance deadline, is your firm prepared?

The countdown is rapidly winding down for the new amendments to Form PF Sections 1 and 2, set to take effect on June 12, 2025. The amendments aim to enhance transparency among private fund advisors and support regulators in monitoring systemic risk. The amendments will impact SEC-registered investment advisors to private funds and CFTC-registered CPOs or CTAs to private funds.

Filing Requirements

The new filing requirements impact advisers to all types of private funds, with the most significant changes impacting Qualifying Hedge Funds (hedge funds with at least $500 million in assets):

- New funds will be brought into scope for reporting due to changes in how feeder funds, parallel funds, and fund-of-funds must be treated.
- When answering many questions, filers will now be required to consider trading vehicles and investments in other funds.
- Reporting of investment and counterparty exposures in Section 2 has been restructured and made significantly more detailed.
- While the above represent the largest changes, the new rule makes many smaller changes across Sections 1 and 2 that will require filers to take a holistic review of their existing Form PF processes.

Transform Challenge into Opportunity

These changes may offer asset managers a chance to reassess and potentially improve their reporting and risk monitoring frameworks. By approaching these new requirements with proper planning and the right technology, firms can strengthen their overall operational frameworks.

Compliance teams are encouraged to establish robust data quality and reconciliation processes, maintain accurate reporting for complex structures, and help facilitate timely reporting across all required time frames across all required timeframes to support long-term compliance readiness. Contact Confluence today to learn how we can support your efforts to meet these new requirements using Confluence Omnia, our automated global regulatory reporting & filing platform.

- Jordan Dague, Senior Product Manager

FCA Proposes Key Simplifications Under CCI Framework in Latest Consultation (CP25/9)

On 16 April 2025, the FCA published a subsequent consultation (to CP24/30) on certain specific provisions under the incoming CCI framework (CP CP 25/9), which runs through to 28 May 2025.

Within the same update, the FCA indicates that it expects to publish the final rules via a policy statement in late 2025. As such, if we interpret this as most likely in Q4, this indicates an approximate application date between Q2 and Q3 2027 for most firms, and between Q4 2026 – Q1 2027 for closed-ended listed investment companies (if no further changes in the transition period are announced).

Implicit Transaction Costs Scrapped: A Win for In-Scope Firms

While the topics covered are relatively limited, the key headline here is the FCA's proposal to remove the requirement on firms to calculate and disclose implicit transaction costs (i.e., via the 'slippage' methodology). This is a hugely positive update for in-scope firms that finally applies a healthy dose of pragmatism to retail product disclosures.

The FCA acknowledges that implicit 'slippage' costs can be imprecise and hard to measure accurately, with market movements being largely outside the control of firms. As such, they favor a simplification here with explicit costs being simpler to measure and more decision-useful.

Clarity and Consistency Through Explicit Cost Disclosure

The FCA proposes that explicit costs are disclosed separately from other ongoing costs (in line with the proposals set out in CP 24/30) and that they should be based on an average over 36 months where possible or otherwise estimated on a 'reasonable basis'.

MiFID Org Reg Amendments Aim to Eliminate Duplication

Elsewhere, the FCA is proposing amendments related to the MiFID Org Reg, which are broadly intended to avoid overlaps and duplication vs. the incoming CCI rules for a more consistent approach. Ultimately, the types of CCI product costs and charges required to be aggregated for MiFID pre- and post-sale disclosures should be the same as those required to be disclosed in the CCI product summary

As part of this rewrite, the FCA is proposing to delete Article 51 of the MiFID Org Reg entirely, as it deems this unnecessary relative to the other changes being proposed.

Transition Periods: No Immediate Change, but 'Lite' Early Adoption Option

On transitional provisions, the FCA does not immediately make any changes to the headline transition periods, instead referencing that they are reviewing the feedback as part of the initial consultation CP24/30. As we've outlined previously, the more limited transition period of 12 months for Investment Companies is a challenging inconsistency vs. all other CCI product types and should be aligned for a single transition period.

What the FCA does clarify, however, is that they plan to retain the option for firms to move to the CCI regime ahead of the transition period-end, but this will be a 'lite' application of the rules focusing on the product summary only; for example, the machine-readable data transmission between manufacturers and distributors will not be required.

UCITS Get a Direct Path to CCI

Additionally, the FCA confirms that UCITS will not at any point need to produce a PRIIPs KID, instead moving straight to the CCI rules at the end of the transition period. This appears to aid in clarifying the approach given the final Policy Statement is now expected to be published post the end of June 2025 (meaning the 18-month transition period would extend beyond the end of 2026 UCITS exemption period (from PRIIPS)).

Otherwise, much of this proposal is intended to address points of admin around the FCA's handbook. However, what is clarified is that master UCITS will not be required to provide a product summary to their feeder UCITS, and both Authorised Contractual Schemes (ACS) and Qualified Investor Schemes (QIS) will be out of scope of the regime.

Next Steps and Industry Engagement

All-in-all, a positive step in the right direction here from the FCA, particularly on the headline item of the removal of implicit cost requirements. This will be a welcome point of relief for the breadth of in-scope firms.

For now, we continue to monitor for updates relating to the main consultation CP24/30 and will provide further commentary when we can. Equally, given the FCA's move here, it will be interesting to see which direction the EU may go in with respect to the PRIIPs modernization proposal, for which we're anticipating further details in 2025.

In the meantime, we are working on prototyping the product summary design and layout aspects - an area we will engage on further across our valued clients.

- Lewis Davison, Vice President of Product

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