

New in RegTech:

Closing out 2025: A year of transition, transparency,
and transformation

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As 2025 draws to a close, the regulatory landscape for global asset managers has continued to evolve. From shifting disclosure regimes to heightened expectations on governance, liquidity, and transparency, this year has marked a notable turning point in how firms operate, report, and manage regulatory obligations.

At Confluence® Technologies, we've followed the major developments closely—from the European Commission's recent Market Integration Package, ESMA's ongoing simplification work, and the evolution of the UK's CCI regime, to the SEC's adjustments on Form PF and short position reporting.

As 2026 approaches, the direction of travel is becoming clear: data-driven supervision, strengthened investor protection, and technology-enabled compliance will shape the next phase of regulatory change.

In this edition, we revisit key themes from 2025 and look ahead to 2026:

- ▶ EU announces an ambitious Market Integration Package aimed at reducing financial market fragmentation, strengthening cross-border efficiency, and supporting a more unified, regulation-based supervisory framework.
- ▶ AIFMD II and the rise of alternative funds: What the final text means for liquidity, leverage, and governance.
- ▶ ESMA's push for simplification: Data quality, transaction reporting, and supervisory convergence in 2026.
- ▶ Form PF and 13f-2: Developments shaping the future of transparency in U.S. reporting.
- ▶ FCA has published its final Consumer Composite Investments (CCI) rules (PS25/20), marking a pivotal shift for UK retail investment disclosures.
- ▶ Short Selling and Position Disclosure Reform: Global trends and supervisory expectations.
- ▶ Looking ahead to 2026: What's next in data governance, AI oversight, and cross-border reporting.

EU Market Integration Package: A landmark step toward a more unified capital market

Introduction

On 4 December 2025, the European Commission presented its Market Integration Package, a wide-ranging initiative designed to address fragmentation across EU financial markets. The package forms a significant component of the broader Capital Markets Union—now reframed as the Savings and Investment Union—aimed at supporting deeper, more competitive, and more interconnected European capital markets.

This initiative comes at a critical moment. Europe's markets remain comparatively small and divided relative to global peers, and the Commission is signaling a shift toward more harmonized, regulation-based frameworks, more consistent supervisory expectations, and the gradual removal of barriers to cross-border activity.

The scale of the challenge

Commission data illustrates the degree of fragmentation:

- ▶ EU stock markets represent 73% of GDP, compared with 270% in the US.
- ▶ EU investment funds are, on average, five times smaller than those in the US.
- ▶ The EU hosts more than 300 stock exchanges.

These differences highlight structural inefficiencies that affect liquidity, hinder competitiveness, and limit the ability to channel private capital effectively across the region.

A focus on trading, post-trading, and asset management

The package focuses on the segments where fragmentation is most prominent:

- ▶ trading venues,
- ▶ clearing and settlement infrastructures, and
- ▶ the asset management sector.

The Commission also notes that broader challenges—including differences in tax, insolvency, and company law—continue to influence cross-border activity and will require further attention in the longer term.

Part of a wider simplification drive

This package aligns with the Commission's simplification agenda, which aims to reduce administrative burdens. A key component is the shift away from directives—where national transposition creates divergence—toward regulations that apply consistently across the EU.

This shift may influence firms' operational, reporting, and compliance frameworks over time.

Key actions proposed

The Commission's proposals prioritize reducing barriers related to:

- ▶ cross-border group operations,
- ▶ passporting of UCITS and AIFs,
- ▶ interconnectedness in trading and post-trading systems,
- ▶ innovation using distributed ledger technology (DLT).

Collectively, the aim is to create a more coherent environment for firms operating across multiple jurisdictions.

Greater supervisory powers for ESMA

Another central element is the proposal for expanded supervisory responsibilities for ESMA, particularly regarding significant cross-border entities in trading, post-trading, and asset management.

The intent is to promote:

- ▶ more consistent supervisory approaches,
- ▶ reduced opportunities for regulatory divergence, and
- ▶ strengthened market oversight.

However, the move toward more centralized supervision—especially for asset management—has prompted industry concern around proportionality and the redistribution of responsibilities between EU and national authorities.

Will this succeed where earlier CMU efforts fell short?

Previous CMU initiatives delivered gradual progress but did not fully resolve longstanding fragmentation. This package is more structural and more ambitious, and its potential impact will depend on political momentum and the regulatory negotiations that follow.

Whether this becomes a genuine inflection point will become clearer during 2026.

How Confluence Technologies supports clients

As the EU moves toward more harmonized, regulation-based frameworks, firms may benefit from infrastructure that helps them:

- ▶ manage multi-jurisdictional reporting requirements,
- ▶ adjust to evolving supervisory expectations,
- ▶ maintain consistent disclosures across markets,
- ▶ organize data to support oversight, and
- ▶ scale operations with reduced reliance on manual processes.

Confluence Technologies provides solutions designed to support clients in navigating these changes. Our platforms across regulatory reporting, disclosure production, fund governance, and investment monitoring help firms streamline workflows, strengthen data organization, and adapt to new regulatory developments.

▶ **Lewis Davison, VP of Product, Documents & Templates Production**

AIFMD II and the expanding alternative funds universe

While the Level 1 text of **AIFMD II** was finalized in 2024, **2025 has been defined by the steady release of Level 2 measures**—including regulatory technical standards (RTS) and guidelines—that continue to shape how firms will need to operationalize the framework. This phased rollout is expected to continue into 2026, with industry attention on the forthcoming **Annex IV reporting technical standards**, given their potential implications for AIFMs **and** the anticipated extension of harmonized reporting to UCITS managers. If implemented as proposed, this would represent a significant shift in supervisory data expectations and create one of the most wide-reaching reporting reforms in recent years.

Key areas of focus in 2025

Regulators across the EU have continued to refine expectations surrounding alternative investment fund management, especially for strategies with heightened liquidity, valuation, or leverage risks. Among the areas receiving the greatest attention:

Liquidity management

Supervisors are placing increased emphasis on how managers design and document liquidity risk frameworks. This includes stress testing approaches, governance over redemption tools, and the consistency of liquidity management across underlying portfolios.

Delegation and oversight

With delegation models remaining central to many cross-border structures, RTS drafts have highlighted the need for transparent allocation of responsibilities, clear oversight frameworks, and documentation that demonstrates ongoing monitoring.

Transparency and disclosure

Regulatory updates throughout 2025 have reinforced the importance of clear, risk-focused disclosures around leverage, valuation approaches, loan-origination practices, and conflicts of interest. Supervisors continue to explore ways to reduce data fragmentation and encourage more standardized reporting across jurisdictions.

Industry implications

For asset managers, the continued release of RTS and interpretative guidance presents both challenges and opportunities. Firms may need to review existing governance models, enhance documentation standards, and prepare for potentially more granular reporting once the revised Annex IV requirements are published. The expected extension of reporting alignment to UCITS funds—still subject to formal adoption—remains an area of close industry monitoring.

How Confluence Technologies can help

Confluence Technologies supports firms as they evaluate the operational impact of AIFMD II's evolving requirements. Our teams bring together regulatory insight and technology expertise to help clients strengthen governance frameworks, streamline data processes, and prepare documentation for future reporting expectations. Whether assessing liquidity reporting needs, enhancing valuation documentation, or interpreting upcoming changes to Annex IV, we work with firms to support informed and operationally practical next steps.

Our [Confluence Technologies Alternative Fund Reporting Platform](#) helps streamline private fund reporting.

| *Mike Marmo, VP of Product, Regulatory Reporting*

ESMA's simplification drive: The path to integrated reporting

Throughout 2025, ESMA maintained its focus on simplifying overlapping frameworks like EMIR, MiFIR, and SFTR. Its [Call for Evidence](#) earlier this year explored a “report once” principle to reduce duplication and improve data quality across Europe's financial markets.

2026 outlook

As discussions continue into 2026, firms should prepare for increased expectations around data lineage, interoperability, and cross-regulatory consistency. ESMA's supervisory convergence agenda also signals that national regulators will intensify their review of how firms govern regulatory data and maintain auditability.

How Confluence Technologies can help

Confluence Technologies continues to monitor the evolution of supervisory data integration and reporting reforms. Through our regulatory and managed services expertise, we help clients interpret emerging requirements, assess readiness, and support long-term operational readiness.

| *Lewis Davison, VP of Product, Documents & Templates Production*

Form PF and Rule 13f-2: Redefining U.S. transparency

Few developments in 2025 captured as much attention as the SEC's decisions to delay, reassess, and refine its major private fund and short-position disclosure regimes.

Key developments

- ▶ Form PF: The compliance deadline was extended to October 1, 2026, allowing private fund advisers additional time to strengthen governance, data collection, and oversight processes.
- ▶ Rule 13f-2: Following court review, the SEC is reassessing cumulative impacts of its short position disclosure requirements, signaling a more data-led but proportionate approach to transparency.

Looking ahead

2026 will likely bring a recalibration rather than a rollback. Firms should continue to prioritize readiness, ensuring internal systems can handle more granular reporting and dynamic thresholds.

How Confluence Technologies can help

Confluence Technologies' Signal Investment Monitoring solution helps firms monitor threshold reporting obligations for major shareholding and short positions, while our managed services and governance support teams assist clients in navigating disclosure readiness with clarity.

| *Mike Marmo, VP of Product, Regulatory Reporting*

FCA Publishes Final CCI Rules: What Firms Need to Know

On 8 December 2025, the FCA has published its final Consumer Composite Investments (CCI) rules (PS25/20), marking a pivotal shift for UK retail investment disclosures.

With the final framework now confirmed, in-scope manufacturers and distributors have an 18-month transition period—ending 7 June 2027—to adopt the new regime. From product summaries and cost disclosures to risk indicators and past-performance requirements, the CCI framework introduces a range of changes vs. the initial consultation proposals, clarifying expectations for the industry.

Our latest blog breaks down the key changes across:

- ▶ Transition timelines
- ▶ Scope amendments
- ▶ Manufacturer vs. distributor responsibilities
- ▶ Product summary flexibility
- ▶ Costs & charges methodology
- ▶ Risk, return & past-performance updates

At Confluence, we are continuing to evolve our disclosure solutions to support clients as they prepare to operate within the new CCI framework.

[Click here](#) to read the full analysis by Lewis Davison, VP of Product.

Short selling and position disclosure: Preparing for global alignment

Regulators in the EU, UK, and U.S. are re-evaluating short selling regimes to improve market transparency while balancing reporting burdens. The European Commission's revisions to the Short Selling Regulation (SSR) and the FCA's continued surveillance initiatives underscore a coordinated effort to strengthen data-driven oversight.

Implications for firms

- ▶ Short position thresholds are under review, with potential recalibration of public and private reporting triggers.
- ▶ Supervisors are increasingly focused on timeliness and data accuracy, with automated detection tools now commonplace.
- ▶ Firms must maintain cross-jurisdictional alignment to avoid inconsistent disclosures and operational inefficiencies.

How Confluence Technologies can help

Confluence Technologies' expertise in shareholder disclosure and position monitoring supports clients navigating multi-jurisdictional transparency regimes. Our solutions combine automation, workflow control, and regulatory interpretation to help firms manage their obligations efficiently and with greater consistency.

[Confluence Technologies' Signal](#) automates monitoring and reporting to meet SEC and global regulatory requirements. With real-time tracking for 100+ jurisdictions, Signal reduces risk and enhances efficiency.

Mike Marmo, VP of Product, Regulatory Reporting

Looking ahead to 2026: Data governance, AI, and digital regulation

The coming year is expected to continue the global pivot toward data governance, AI oversight, and cross-border cooperation. ESMA, IOSCO, and the FCA are each exploring how AI models influence investment decisions, while sustainability and digital reporting remain central to policymaking.

For compliance professionals, the message is clear: the pace of change is not slowing, but preparation and partnership will remain key.

How Confluence Technologies can help

Confluence Technologies combines regulatory intelligence with operational expertise to help firms anticipate, interpret, and adapt to change. Through our technology platforms, managed services, and research, we continue to support our clients in navigating evolving expectations—globally and at scale.

From all of us at Confluence Technologies, thank you for your ongoing support and for subscribing to our monthly RegTech Report throughout 2025.

We look forward to bringing you continued insights, expertise, and updates in 2026 and beyond.

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Confluence is a leading global technology solutions provider committed to helping the investment management industry solve complex data challenges across the front, middle, and back offices. From data-driven portfolio analytics to compliance and regulatory solutions, including investment insights and research, Confluence invests in the latest technology to meet the evolving needs of asset managers, asset owners, asset servicers, and asset allocators to provide best-of-breed solutions that deliver maximum scalability, speed, and flexibility, while reducing risk and increasing efficiency. Headquartered in Pittsburgh, PA, with ~700 employees in 15 offices across the United Kingdom, Europe, North America, South Africa, and Australia, Confluence services over 1000 clients in more than 40 countries. For more information, visit confluence.com



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