



# Global regulatory update Q1 2026

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Q1 2026 saw intensified regulatory activity across all major financial hubs, with supervisors focusing heavily on:

- Liquidity risk management for Undertakings for Collective Investment in Transferable Securities (“UCITS”) and Alternative Investment Funds (“AIFs”)
- Strengthening anti-money laundering/countering the financing of terrorism (“AML/CFT”) frameworks, including data-driven supervision
- Enhanced governance, delegation, outsourcing, and reporting expectations
- Cross-border fund distribution reforms
- Digital finance, AI governance, and cyber resilience
- Financial Action Task Force (“FATF”) grey list actions and international AML coordination

The implications for investment managers, funds, and investment firms include:

- Higher supervisory scrutiny
- Increased reporting requirements
- More prescriptive liquidity and risk management tools
- Stricter AML/CFT frameworks (beneficial ownership transparency, risk assessments, data submissions, sanctions compliance)
- Mandatory enhancements to governance and oversight of outsourced arrangements

This update highlights the key regulatory changes and trends that have shaped the financial landscape during the period.

<p><b>European Union and European Securities and Markets Authority (“ESMA”)</b></p>	<p>ESMA published updates aligning LMT guidelines with regulatory technical standards (“RTS”), effective April 16, 2026, covering redemption gates, antidilution tools, and subscription/redemption cost methodologies.</p> <p>Impact:</p> <ul style="list-style-type: none"> <li>• UCITS and Alternative Investment Fund Managers (“AIFMs”) must reassess liquidity management tool (“LMT”) selection, calibration, and documentation.</li> <li>• Enhanced AML relevance: liquidity mismatches are a money laundering/terrorist financing (“ML/TF”) vulnerability where inadequate liquidity controls could obscure suspicious redemptions.</li> </ul>
<p><b>European Union</b></p>	<p><b>Sustainable Finance Disclosure Regulation (“SFDR”) 2.0 Consultation and Market Integration Package</b></p> <p>Consultations on SFDR 2.0, UCITS/AIFMD amendments, ESG disclosures, and cross-border distribution requirements were active throughout Q1 2026.</p> <p>Impact:</p> <ul style="list-style-type: none"> <li>• Potential changes to reporting obligations for fund managers</li> </ul>

<p><b>Luxembourg</b></p>	<p><b>Law of March 3, 2026</b></p> <p>Luxembourg adopted a new law tightening controls on delegation, liquidity tools, AML risk management, and counterparty oversight, aligning geographic risk screening with EU high-risk countries. See <a href="#">Communication to the investment fund industry – CSSF</a></p> <p><b>AML questionnaires</b></p> <p>Commission de Surveillance du Secteur Financier (“CSSF”) launched its AML/CFT data collection exercises for 2025 reporting, with deadlines falling between March and April 2026. See <a href="#">Circular letter</a></p>
<p><b>Malta</b></p>	<p><b>General Code of Conduct for Decision Makers</b></p> <p>The Malta Financial Services Authority (“MFSA”) introduces a principles-based Code of Conduct setting out five core values to reinforce governance, ethics, and decision-making standards. The Code acts as a supervisory indicator of compliance culture across all authorised and listed entities. See General Code of <a href="#">Conduct for Decision Makers in the Financial Services Industry</a></p> <p><b>Thematic Review of Compliance and Internal Audit for Management Companies (“ManCos”)</b></p> <p>MFSA identifies deficiencies in compliance independence, monitoring, documentation, and governance across AIF/UCITS management companies. Firms must perform a documented gap analysis and remediate weaknesses, with boards accountable for oversight and delegation. See <a href="#">Dear-CEO-Letter-Thematic-Review-on-Compliance- and-Internal-Audit-Functions-of-Management-Companies-of-AIFs-and-UCITS-Funds.pdf</a></p> <p><b>MFSA supervisory priorities 2026</b></p> <p>MFSA sets 2026 priorities focused on financial crime compliance, consumer protection, digital resilience, and cross-border supervision. Enhanced AML/CFT expectations, Digital Operational Resilience Act (“DORA”) implementation, and stronger governance feature prominently across all sectors. See <a href="#">MFSA Publishes Supervisory Priorities for 2026 with Strong Focus on Financial Crime Compliance, Consumer Protection and Cross-Border Supervision - MFSA</a></p>

	<p><b>DORA Register of Information (“RoI”) – additional 2026 data quality checks</b></p> <p>European Supervisory Authorities (“ESAs”) will run additional data quality checks on RoI submissions in April 2026 after the reporting window closes. Firms flagged for deficiencies must resubmit corrected Rols by April 30, 2026 despite earlier acceptance. See <a href="#">Regulation (EU) 2022/2554 on Digital Operational Resilience for the Financial Sector – Register of Information Additional Data Quality Checks   Year 2026</a></p> <p><b>Thematic Review on Markets in Financial Instruments Directive II/ Markets in Financial Instruments Regulation (“MiFID II”)/MiFIR Data Reporting Governance</b></p> <p>MFSA launches a thematic review examining governance and controls over regulatory data reporting across MiFIR, European Market Infrastructure Regulation (“EMIR”), Securities Financing Transactions Regulation (“SFTR”) and Market Abuse Regulation (“MAR”). The review will assess structures, processes, risk management, and use of tools – including AI – where relevant. See <a href="#">Circular to Market Participants - Forthcoming Thematic Review on the Governance of Data Reporting</a></p> <p><b>MiFID II/MiFIR – algorithmic trading update</b></p> <p>MFSA draws attention to ESMA’s Supervisory Briefing on algorithmic trading and requires firms to conduct gap analyses against RTS 6. Firms must strengthen governance, testing, validation, and outsourcing controls, including those involving AI. See Circular on <a href="#">Markets in Financial Instruments Directive (“MiFID II”) and Markets in Financial Instruments Regulation (“MiFIR”)</a></p>
<p><b>United Kingdom</b></p>	<p><b>Regulatory Priorities Report</b></p> <p>The Financial Conduct Authority (“FCA”) issued sector-specific priorities, including wholesale buy-side, consumer investments, and payments. Each report outlines the FCA’s priority areas of focus for firms in that sector. This helps firms better understand expectations, strengthen compliance, support innovation, and ultimately deliver improved outcomes for consumers. See <a href="#">Regulatory Priorities reports   FCA</a> and <a href="#">Regulatory Priorities: Consumer investments report</a></p> <p><b>New rules for the public offers and admissions to trading regime</b></p> <p>On July 15, 2025, the FCA published the final Prospectus Rules: Admission to Trading on a Regulated Market sourcebook with its provisions coming into force on January 19, 2026. See <a href="#">PS25/9: New rules for the public offers and admissions to trading regime</a></p>

## Channel Islands - Jersey

### **Amendments to the Civil Penalty Methodology**

The Jersey Financial Services Commission (“JFSC”) is seeking feedback on the proposed amendments to the published methodology for determining the amount of a civil financial penalty imposed on a registered person. Consultation was issued on March 26, 2026. See [Consultation on amendments to the JFSC’s civil financial penalty methodology for registered persons — Jersey Financial Services Commission](#)

### **Amendments to Alternative Investment Fund Code**

JFSC published feedback on changes to the AIF Code to align to the EU’s AIFMD II. See [Feedback on changes to our alternative investment fund code to align with the EU’s Alternative Investment Fund Managers Directive II — Jersey Financial Services Commission](#)

### **Update to the AML/CFT/CPF Handbook**

AML/CFT/CPF Handbook has been updated in response to the latest FATF statements of February 13, 2026. See [Countries and territories in AML/CFT/CPF Handbook appendices updated – 13 February 2026 — Jersey Financial Services Commission](#)

### **Control of Borrowing (“COBO”) reform**

JFSC confirmed COBO changes effective April 13, 2026, will streamline processes and remove several consent requirements, forming the first phase of reforms as Jersey moves toward full COBO repeal in 2027. Practical changes include removing or limiting certain applications/forms and narrowing when consents are needed; my JFSC updates and form removals were flagged as part of implementation. Importantly, JFSC noted there remain circumstances requiring consent (e.g., offers to retail investors in Jersey for non-Jersey domiciled funds, and certain non-Jersey domiciled fund capital-raising/register activities).

### **Beneficial ownership**

JFSC confirmed that from March 31, 2026, the beneficial ownership threshold collected on company incorporation increases from 10% to 25%, described as aligning Jersey with other international finance centres. JFSC indicated no retrospective updates are required; records are updated at the next annual confirmation or when a change is notified.

### **Schedule 2**

JFSC consulted on amendments to Article 36(2) guidelines under Proceeds of Crime Law (“POCL”) to provide clearer, more practical guidance on Schedule 2 scope, including a structured set of “Schedule 2 gateways” (activity, “as a business”, Jersey nexus). The consultation also proposed revising interpretative guidance for certain activities (including fund and security services) and exploring publishing basic information about registered Schedule 2 businesses to promote transparency.

<p><b>Channel Islands - Guernsey</b></p>	<p><b>Thematic review on conflicts of interest</b></p> <p>The Guernsey Financial Services Commission (“GFSC”) delivered two presentations regarding the findings from its thematic review on conflicts of interest within the investment and fiduciary sectors. See <a href="#">Presentations on conflicts of interest thematic review — GFSC</a></p> <p><b>AML/CFT/counter proliferation financing (“CPF”) Handbook updated</b></p> <p>GFSC has updated the Handbook on Countering Financial Crime (AML/CFT/CPF) (the “Handbook”) to add Kuwait and amend Papua New Guinea’s entry on the Appendix I list of higher risk jurisdictions. This is following the FATF decision to include them in its list of jurisdictions under increased monitoring. See <a href="#">AML/CFT/CPF Handbook - Appendix I Update — GFSC</a></p>
<p><b>United States</b></p>	<p><b>Fiscal Year 2026 - examination priorities</b></p> <p>The report issued by the Securities and Exchange Commission (“SEC”) focuses on key areas such as private credit and alternative investments, regulation S-P compliance, cybersecurity and AI. These priorities reflect the SEC’s ongoing efforts to address emerging risks and enhance regulatory compliance across various investment products and services. See <a href="#">Fiscal Year 2026 Report</a></p>

**UAE**
**Dubai International Financial Centre (“DIFC”) – Thematic review on conflicts of interest**

Conflicts of interest [Thematic Review report](#) (published January 9, 2025): The Dubai Financial Services Authority (“DFSA”) reviewed how DIFC-authorized firms identify/manage/mitigate conflicts of interest risk across a large sample of firms; highlight good practices and areas for improvement; and expect firms to ensure controls are robust, documented, and proportionate.

**DIFC – Crypto Token regulatory framework**

Crypto Token regulatory framework (effective January 12, 2026):

- Updated rules strengthen and clarify the DIFC crypto regime
- Key shift: from DFSA-led token recognition to firm-led suitability assessment; DFSA will no longer publish a Recognised Crypto Tokens list
- DFSA planned a webinar (January 27, 2026) to explain the updated framework
- Crypto Token FAQs (published February 12, 2026): Practical guidance for applying the DFSA Rulebook to crypto activities; intended to be updated periodically

For full details on the updated rules on the regulation of Crypto Tokens, please refer to:

[DFSA website](#)  
[DFSA's notice of amendments to legislation](#)  
[DFSA's Policy Statement on Fiat Crypto Tokens](#)  
[DFSA's Supervisory Guidelines on assessing the suitability of Crypto Tokens](#)

**DIFC – AML updates**

AML/Glossary Module (“GLO”) alignment to [Federal AML legislation](#):

- February 26, 2026: DFSA Board issued rulebook amendments aligning with Federal AML legislation, effective March 2, 2026 (AML Module and Glossary Module changes, with appendices and rule-making instruments).
- March 2, 2026: DFSA confirmed updated AML and Glossary Modules came into force; positioned as clarifying the DIFC AML regime and aligning with federal law.

Please refer to:

- [ANTI-MONEY LAUNDERING, COUNTER-TERRORIST FINANCING AND SANCTIONS MODULE \(AML\) RULE-MAKING INSTRUMENT \(No. 435\) 2026](#) (see [appendix 1](#) for the detailed amendments);
- [GLOSSARY MODULE \(GLO\) RULE-MAKING INSTRUMENT \(No. 436\) 2026](#) (see [appendix 2](#) for the detailed amendments)

### **Abu Dhabi Global Market (“ADGM”) – crypto mining activities**

On January 28, 2026, the ADGM Registration Authority (“RA”) announced the publication of its Discussion Paper No. 1 of 2026, inviting stakeholder feedback on proposed guidance for crypto mining activities conducted within or from ADGM. The proposals aim to provide regulatory clarity while supporting responsible innovation and robust governance standards across the crypto mining ecosystem. To view the Discussion Paper, please click here: [Discussion Paper No. 1 of 2026 – Proposed Guidance on Crypto Mining Activities](#)

### **ADGM – Broker Classification Initiative**

On February 12, 2026, the RA announced the launch of its Broker Classification Initiative, a new framework designed to elevate professionalism, transparency, and service quality across the real estate sector within ADGM’s jurisdiction. This represents a new model of engagement with the broker community, positioning brokers as strategic partners in shaping and advancing the market. The initiative introduces a structured classification system for licensed real estate brokers, recognising performance and incentivising continuous improvements. It reinforces ADGM’s commitment to building a trusted, high-performing real estate ecosystem aligned with international best practices.

### **Virtual Assets Regulatory Authority (“VARA”) – AML update**

The Dubai VARA issued a [circular](#) to all regulated Virtual Asset Service Providers (“VASPs”) regarding the publication of National Committee Decision No. (15) of 2025 and the October 2025 FATF update on jurisdictions under increased monitoring and high-risk jurisdictions subject to a call for action.

### **VARA – travel rule requirements**

VARA issued a [circular](#) informing all VASPs of the UAE Virtual Asset Travel Rule, issued pursuant to Cabinet Decision No. (134) of 2025 on the Implementing Regulation of Federal Decree-Law No. (10) of 2025 on Combating Money Laundering, Countering the Financing of Terrorism, and Countering the Financing of Proliferation of Weapons. This Circular sets out VARA’s supervision expectations in relation to VASP implementation of the Travel Rule and its application to Virtual Asset Transfers.

### **VARA – AML/CFT requirements of VASPs**

This [Circular](#) was issued to inform all VASPs of the issuance of Cabinet Resolution No. (134) of 2025, concerning the Executive Regulations of Federal Decree Law No. (10) of 2025 on Anti-Money Laundering, Combating the Financing of Terrorism and Proliferation Financing (the “Executive Regulations”). This Circular sets out VARA’s supervisory expectations in relation to the implementation of the Executive Regulations and their application to Virtual Asset (“VA”) activities conducted in or from the Emirate of Dubai.

<p><b>Mauritius</b></p>	<p><b>Revised Enforcement Manual</b></p> <p>The Mauritius Financial Services Commission (“FSC”) issued the revised <a href="#">2026 Enforcement Manual</a> marking a continued evolution of the regulatory landscape.</p> <p><b>Known to the Commission</b></p> <p>FSC Mauritius issues Circular Letter CL050126 – Known to the Commission. See <a href="#">circular-letter-known-to-the-commission.pdf</a></p> <p><b>National Risk Assessment 2025 – Jewelers</b></p> <p>The <a href="#">National Risk Assessment Report 2025</a> explained in simple terms to dealers in precious metals and stones (“DPMS”) herein referred to as Jewelers.</p> <p><b>FSC Mauritius Online Complaints Portal</b></p> <p>Launch of the FSC Mauritius Online Complaints Portal. See <a href="https://www.fscmauritius.org/media/o3if0gbq/fsc-mauritius-online-complaints-portal.pdf">https://www.fscmauritius.org/media/o3if0gbq/fsc-mauritius-online-complaints-portal.pdf</a></p>
<p><b>South Africa</b></p>	<p><b>Updated General Laws (AML/CFT) Amendment Bill</b></p> <p>In January 2026, National Treasury published an updated <a href="#">General Laws (AML/CFT) Amendment Bill</a>, strengthening Financial Intelligence Centre (“FIC”) information sharing powers, targeted financial sanctions provisions, and beneficial ownership requirements, in preparation for the forthcoming FATF Mutual Evaluation.</p> <p><b>Supervisory focus</b></p> <p>Following South Africa’s exit from the FATF grey list in October 2025, <a href="#">supervisory focus</a> in Q1 2026 shifted to effectiveness and ongoing implementation of AML/CFT frameworks.</p> <p><b>Financial Sector Conduct Authority (“FSCA”) and FIC [Q1 2026]</b></p> <p><a href="#">FSCA</a> and <a href="#">FIC</a> intensified supervisory activity, targeting weaknesses in RMCP implementation, customer due diligence/ enhanced due diligence controls, beneficial ownership verification, and Suspicious Transaction Report quality.</p> <p><b>Crypto asset service providers</b></p> <p>Supervision of crypto asset service providers progressed into an enforcement phase, with increased scrutiny of Travel Rule compliance and transaction monitoring controls.</p>

<b>FATF</b>	<b>Update to the Grey List</b> Kuwait and Papua New Guinea were added to the grey list with remediation timelines. See <a href="#">Jurisdictions under Increased Monitoring - 13 February 2026</a>
<b>International Organization of Securities Commissions (“IOSCO”)</b>	<b>2026 Work Program</b> IOSCO’s 2026 Work Program focuses on strengthening financial resilience, protecting investors, evolving public and private markets, driving technological transformation, and promoting regulatory cooperation. See <a href="#">OR/01/2026 2026 Work Program</a>

## What's coming up?

Authority	Date/Timeline	Milestone
UK	April 2026	Publication of final rules under the new UK Short Selling Regime
Luxembourg	April 3, 2026	Deadline for submission of CSSF AML/CFT Questionnaire
Jersey	April 13, 2026	Refresh of marketing/distribution rulebooks
EU	April 16, 2026	Legal implementation deadline for AIFMD II and UCITS VI
Malta	April 26, 2026	Deadline for the submission of the Risk Evaluation Questionnaire and AML BRA
Jersey	April 30, 2026	SRDC submission checks
ESMA	Q2 2026	ESMA begins supervisory preparations for DORA oversight of critical service providers
ESMA	Q2 2026	Expanded mandates commence: supervision of Consolidated Tape Providers, ESG rating providers, EU Green Bond external reviewers
EU	Q2 2026	Proposal for Merger Control Guidelines Reform
EU	Q2 2026	Review of Digital Markets Act
EU	Q2 2026	Draft measures for Cloud and AI Development Act to complement AI Act implementation
UK	June 2026	FCA Policy Statement on fund tokenisation
FATF	June 2026	FATF Plenary Meeting potential grey-list revisions
IOSCO	Q2 2026	Follow-up actions on valuation, leverage monitoring, liquidity based on 2026 work programme.

## Conclusion

Q1 2026 was a rather intense regulatory quarter, with supervisors globally advancing reforms targeting liquidity risk, AML/CFT resilience, governance, and technological transformation. Investment managers, funds, and investment firms must prioritise:

- Updating AML risk frameworks for new grey list jurisdictions
- Conducting gap analyses for AIFMD II, LMT RTS, and regulatory reporting
- Enhancing governance, delegation oversight, cybersecurity, and AI use protocols
- Strengthening investor due diligence and Beneficial Ownership verification

The Q2 2026 regulatory pipeline indicates continued rigour, requiring proactive board attention and resource planning.



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