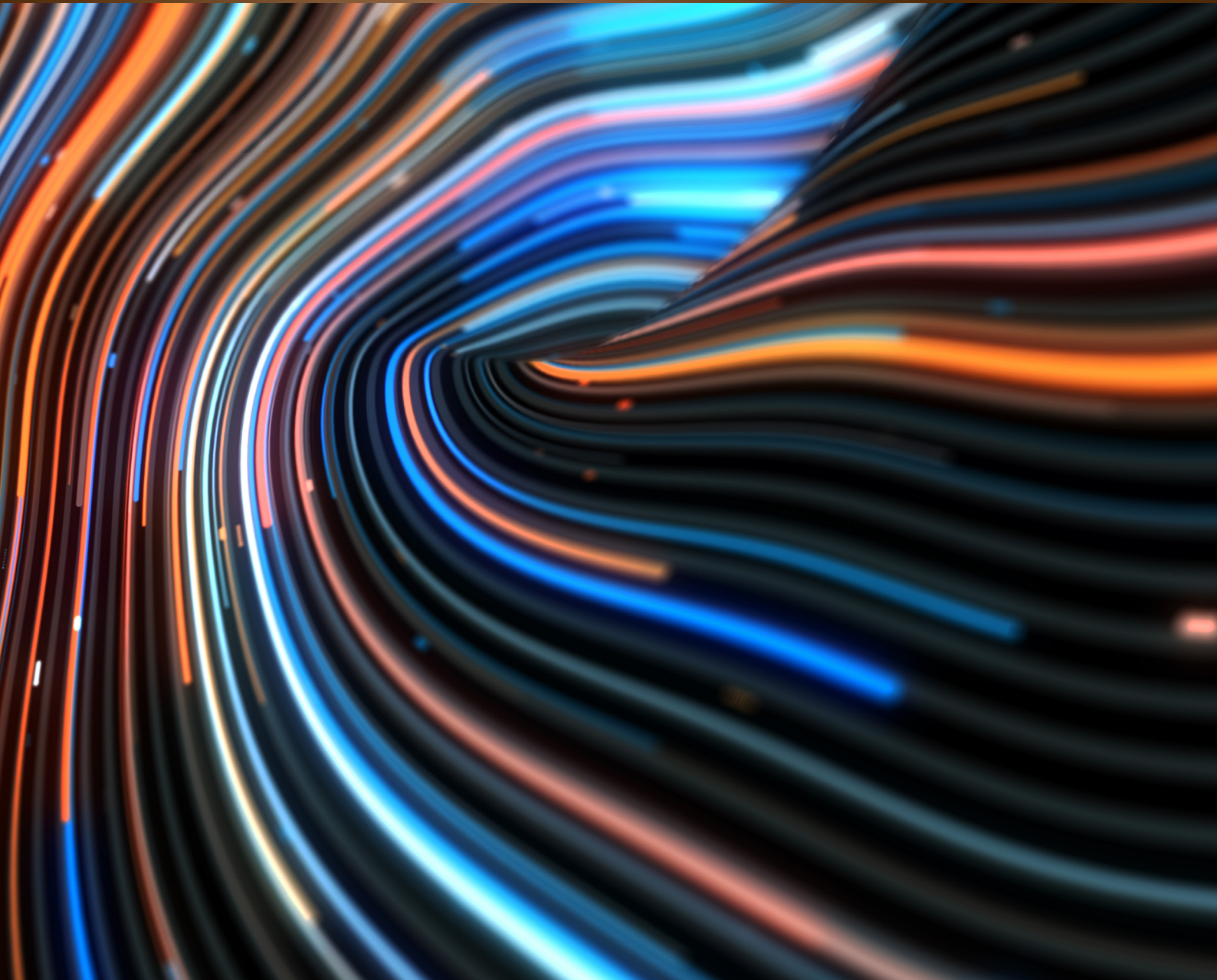


Custody Industry and Regulatory Developments Report

The key regulatory, market and industry
developments shaping the custody industry



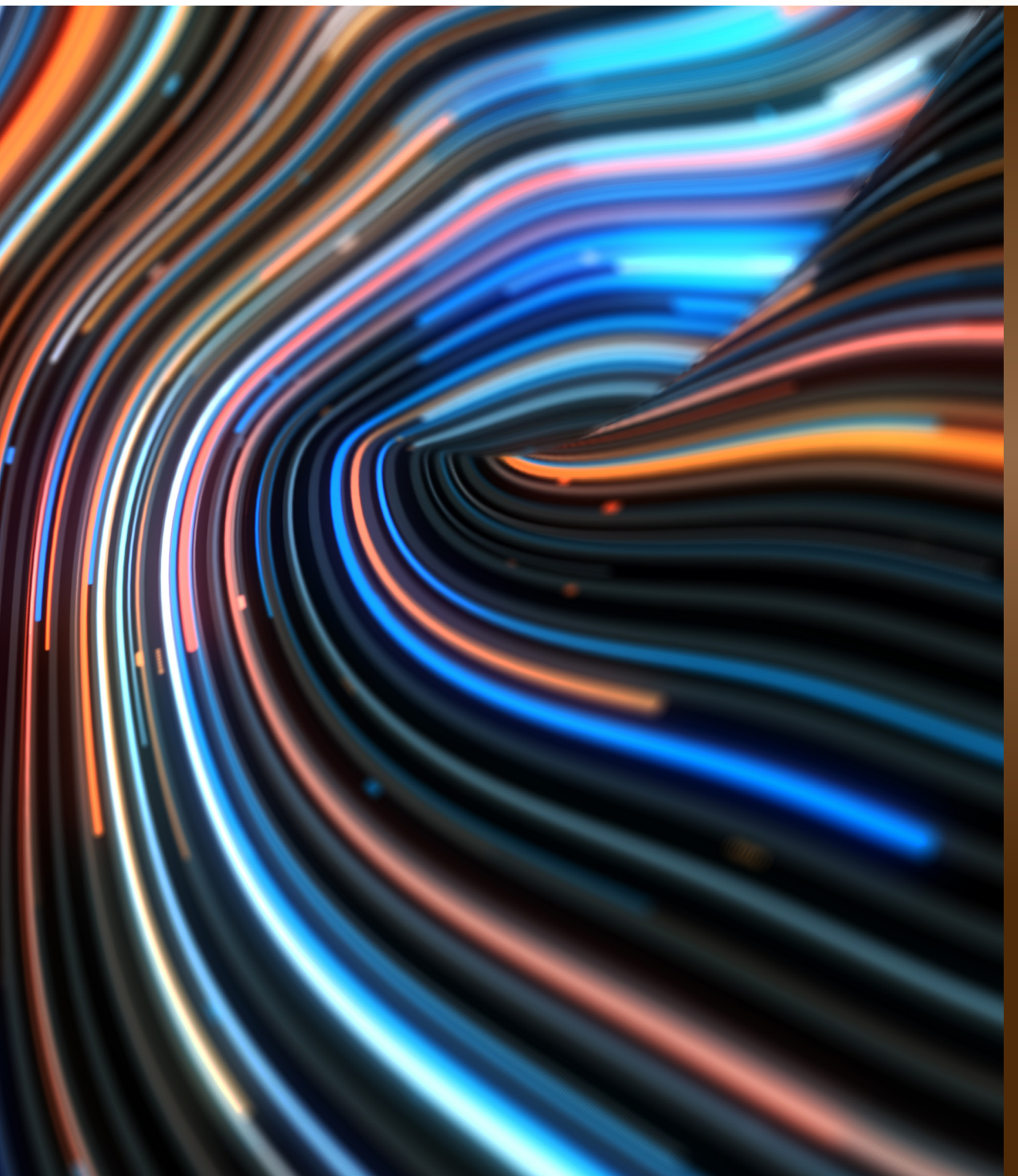


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Foreword



Alex Dockx

Executive Director

Head of Custody Industry Development

We are pleased to publish the latest edition of our J.P. Morgan Securities Services Custody Industry and Regulatory Developments Report.

As always, our goal is to keep our clients informed on key industry and regulatory initiatives impacting the custody landscape, and to provide insight into how we engage, advocate, and influence these initiatives to support our clients, and business globally.

In this report, we provide updates on key industry and regulatory developments shaping the landscape we operate within.



In an increasingly complex regulatory environment shaped by geopolitical uncertainties, economic pressures, technological advancements, and societal shifts, our commitment remains steadfast: to keep our clients informed about key industry and regulatory initiatives impacting the custody industry and post trade landscape.

The political landscape continues to shift, with elections in over 50 countries in 2024, including five G7 members, leading to new policy priorities and agendas. This coupled with macroeconomic conditions and desires to boost households' financial wellbeing and ability to save for retirement has led to some governments and policymakers renewing their focus on the role of financial services and regulation in delivering growth. We are seeing calls for deregulation and simplification across some regions and countries, as well as policymakers prioritizing innovation initiatives, sometimes prioritizing national interests over international cooperation. Examples include the policy agenda in the US which is prioritizing policy on digital assets amongst a number of other areas, as well as the E.U.'s Saving & Investors Union initiative.

Although we expect some of these drivers to only gradually take effect, we can also expect regulatory regimes to become increasingly divergent, which could also lead to a proliferation of local standards over global ones. However, even with the push of the deregulation and simplification agenda of some governments, policymakers remain focused on the challenge of balancing support for technology innovation and efficiency with financial stability and consumer and market protection.

For example, **settlement acceleration & efficiency** continues to be an important theme for policymakers and the industry more broadly with the United Kingdom (U.K.), European Union (E.U.) and Switzerland all planning to move to T+1 settlement cycle in October 2027, and several other markets globally looking to reduce settlement cycles.

Meanwhile, **asset servicing** and **withholding tax** both continue to be areas of focus which also benefit from ongoing industry engagement and advocacy to improve regulatory proposals, market standards and efficiency.

Examples of significant initiatives underway include the review of the E.U. Shareholder Rights Directive, harmonizing E.U. Withholding Tax, asset servicing platform developments and transformations across infrastructure and service providers, and continued developments on remote voting in some markets.

We also continue to see many **Financial Market Infrastructures** focusing on their journey of efficiency and technology modernization, often with regulatory support and encouragement. Examples include implementation of ISO 20022 standards, particularly for cross-border payments, exploring extended operating days and hours for U.S. trading, and modernization programs at Euroclear U.K. & International, the Depositary Trust & Clearing Cooperation (DTCC), and the Australian Stock exchange (ASX) to name a few.

Furthermore, the adoption and regulatory frameworks for **digital and crypto assets** continue to accelerate globally. Examples include the recent government and regulatory developments in the US, including the passing of federal Stablecoin legislation in July 2025 and the repeal of various US regulatory agencies' guidance issued under President Biden's administration, as well as more developments and consultations in the E.U., U.K. and across APAC.

Meanwhile, the **regional and local regulatory and market development agenda** is bustling with initiatives as governments and policymakers continue to focus on areas such as safeguarding assets, the growth in Exchange Traded Funds, payments related regulations, prudential regulatory frameworks, cybersecurity, resilience and critical third-party oversight and more.

With the post-trade landscape continuing to rapidly evolve, our focus remains on providing insights into how we engage, advocate, and influence this landscape to support our clients and business globally. As a leading global custodian operating in over 100 markets, we are

well-positioned to engage with policymakers, regulators, financial market infrastructures, and industry bodies. Our participation in industry trade associations, advisory boards, working groups, and task forces, alongside collaboration with our sub-custody and market infrastructure network, is crucial for harmonizing and improving market practices, standards, and regulations. This promotes well-functioning and efficient markets while navigating change.

The information and updates in this report focus on key items and themes that our clients may find useful, rather than an exhaustive list of all regulatory and industry initiatives. Our goal is to provide valuable insights and support as we navigate this evolving landscape together.

This report is structured into the following chapters:

1. **Settlement Acceleration & Efficiency**
2. **Asset Servicing**
3. **Withholding Tax**
4. **Financial Market Infrastructure Developments**
5. **Digital Assets**
6. **Other Regional Developments & Outlook**

Our global team will continue to engage and monitor the initiatives covered in this report and will be happy to discuss developments with clients accordingly. If you have any questions or would like to have a follow up discussion on the content within this report or wish to gain insights into any regulatory and industry topics we have not covered here, please contact your Relationship Manager or Client Service representative. Clients can also find further information and insights on regulatory developments on the [Securities Services Regulatory Solutions website page](#). I hope you enjoy reading this report.



1.

Settlement Acceleration & Efficiency

Settlement acceleration and efficiency continues to be a global priority which is impacting all actors in the execution to post-trade value chain. Currently, the industry is primarily focused on the U.K., E.U. and Switzerland's transition to T+1, with many other markets also considering accelerated settlement.

J.P. Morgan Custody continues to advocate for an orderly and efficient post-trade environment, and whilst regulations and initiatives aimed at accelerating settlement and improving settlement efficiency are a natural progression, they do need to be evaluated on a market-by-market basis due to different nuances, market structure and legal and regulatory obligations. As such, our advocacy has and will continue to take a market-by-market approach.

Americas

Shortened Settlement Cycle

As previously reported, the shortening of the settlement cycle from T+2 to T+1 in the U.S., Canada, and certain Latin American markets was the culmination of a significant multiyear cross-industry initiative which went live in May 2024. Overall, this was a smooth transition which was the result of industry participation by all actors across the value chain. For more information on the transition to T+1 settlement in the U.S., please see the industry “[T+1 After Action Report](#)” published by SIFMA, ICI and DTCC in September 2024. Meanwhile, please also listen to our [two-part podcast episode](#) on accelerated settlement from November 2024.

Latin American Markets

Mexico and Argentina were among those markets which transitioned to a T+1 settlement with the U.S. and Canada; albeit Brazil, Colombia, and Chile, among other regions, have not moved to a T+1 settlement cycle yet; Peru only moved to T+1 settlement for those securities dual listed in another market operating on a T+1 basis. Below summarizes the current position with each of these markets:

- **Brazil:** B3 S.A. has been progressing towards a T+1 settlement cycle, having released a Whitepaper in August 2024 that outlined the challenges and provided recommendations for shortened settlement. B3 S.A., recently announced the market will be moving to T+1 settlement in February 2028. To facilitate a smooth transition, B3 has established an Industry Committee comprised of representatives from leading financial institutions, including J.P. Morgan. The committee will set priorities, guide key decisions, and foster broad industry dialogue, with active participation from regulators and market associations.
- **Colombia, Chile and Peru:** In its efforts to align with European timelines, the nuam exchange is aiming to transition to a T+1 settlement cycle for the second half of 2027 across all three markets: Chile, Peru, and Colombia. According to the nuam exchange, this timeline will allow for the interconnection of new technologies and operational infrastructures, and also align with the timelines set by the European Securities and Markets Authority (ESMA) in Europe.

Europe

Below is an update on T+1 settlement developments across the U.K., E.U. and Switzerland. Please also listen to our recent [webinars](#) which outline the background and immediate path forward across these markets.

U.K. T+1

The Accelerated Settlement Taskforce (AST) was introduced by the U.K. Government in December 2022 with a two-year mandate to explore the opportunity for remaining U.K. securities to move from a T+2 settlement cycle to T+1 (U.K. Gilts already settle on T+1 cycle today), and to consider how a shortened cycle could be implemented.

Work in the first year of the mandate concluded that the UK should move to a T+1 settlement cycle by the end of 2027 and that a Technical Group be established to progress the mandate. Marking the ‘second phase’ of the AST, the Technical Group commenced work under the Chairmanship of Andrew Douglas supported by an Oversight Committee, exploring T+1 in more detail through five technical sub-groups.

The Technical Group published its [final report](#) on February 6, 2025, which sets out the UK’s implementation plan for the first day of trading for T+1 settlement on October 11, 2027. This report:

- Defines a UK T+1 Code of Conduct (UK-TCC) containing the scope of the initiative, a timetable of recommended actions to enhance market practices and a set of expected behaviors necessary for UK Market Participants to meet their T+1 legislative obligations under UK CSDR.
- A proposal for an amendment to CSDR Article 5.2 to amend the standard settlement cycle for transferable securities from the second business day after trading takes place to the first business day i.e. T+1 settlement.
- Transaction scope including a proposal for CSDR Article 5.2 to exempt Securities Financing Transactions (SFTs).
- Principles that define the expected behaviors of market participants – focused on automation and investment in post trade processes.

- A 'Handbook' that sets out the operational recommendations including 12 'critical recommendations' that should be implemented by all relevant market participants, 26 'highly recommended' and 14 'environmental' recommendations.

Whilst we recommend our clients read the UK T+1 Code of Conduct the following will be of interest:

- **Allocations and confirmations** to be completed by 23.59 on trade date by 31.12.26
- **Settlement instructions** to be sent to CREST no later than 05.59 on ISD
- **SSI market practice:** market participants to adopt the Financial Markets & Standards Board (FSMB) core principles and templates for sharing SSIs
- **Settlement efficiency related measures** including auto-partial, splitting, shaping, hold & release, which will all be supported by market practice
- **Market cut-off for stock lending recalls** to be developed alongside the requirement for the automation of stock lending recalls

The UK government has accepted all the recommendations made to it, including to legislate for T+1 to be mandatory from 11 October 2027, and agreed that the AST should continue until the transition to T+1 in the UK has been successfully implemented.

The next phase of work for the AST has since commenced under a revised [new mandate](#) which includes:

- Overseeing the transition to T+1 settlement in the UK by October 2027.
- Promoting project awareness and necessary actions for market participants.
- Considering longer term learnings from the US transition
- Creating a transition 'playbook' and a communication 'command center'.
- Working with government and regulatory bodies to support the transition.
- Tracking the transition's short-term effects and resolving any issues.

J.P. Morgan Custody will continue to provide input into the AST as we approach October 11, 2027.

E.U. T+1

Following ESMA's mandate through the CSDR ReFIT to assess the feasibility of shortening the settlement cycle

in the E.U., and the subsequent public call for evidence in Q4 2023, developments in the EU have gained pace.

On November 18th, 2024 ESMA published their report of findings recommending the EU move to T+1 on **October 11th, 2027**, also recommending:

- All instruments within the scope of Article 5(2) of CSDR should move to T+1.
- Amendment to CSDR Article 5(2) to mandate settlement takes place no later than the first business day after trading.
- Review of Settlement Discipline Regulation.
- 3 Phase Implementation: i) finalization of technical solutions by Q3 2025, ii) implementation by the end of 2026, and iii) testing in 2027.
- A dedicated Governance Structure be established.
- A coordinated approach with other jurisdictions in Europe.

Post the publication of ESMA's report the European Commission (EC), the European Central Bank (ECB) and ESMA have established a 3-tier formal governance structure for the move to T+1. This consists of:

- A Coordination Committee: Chaired by ESMA with representatives from the EC, ECB and Chair of the Industry Committee.
- An Industry Committee with independent Chair, Giovanni Sabatini, and representatives from the region's leading trade associations and Technical Workstream leads. J.P. Morgan Custody is a member of the Industry Committee.
- Technical Workstreams covering the trade to post trade lifecycle with a dedicated workstream looking at the 'Operational Timetable' which includes the various market deadlines post trade execution. The Technical Workstreams also include 2 workstreams 'Corporate Events' and 'Settlement Efficiency' that sit under the ECB AMI-SeCo governance structure (J.P. Morgan Custody is co-chair of the Corporate Events Group (CEG)).

Furthermore, in June 2025, the EU T+1 Industry Committee published its high-level implementation report which recommends the necessary actions for market participants to successfully move to T+1. The report includes:

- Analysis of the legal and regulatory frameworks, including what needs to be changed under CSDR.
- Recommendations for a harmonized timetable across markets.

- Recommendations for market practices across trading, allocation, confirmation, matching, settlement, FX and corporate actions.

The Committee is also now seeking and considering feedback on areas such as delivery versus payments (DVP) cut-offs, Standing Settlement Instructions (SSIs), derivatives and liquidity prior to publishing a further report which is expected in Autumn this year. The Committee is also expected to publish an implementation rulebook outlining best practices for the industry by the end of the year, as well as FAQs and a testing plan in the first half of 2026.

The EC has also **proposed amendments to CSDR** to mandate T+1 settlement, with exemptions for Securities Financing Transactions and to allow a temporary suspension of settlement failure cash penalties.

Meanwhile, ESMA proposed amendments to CSDR Settlement Discipline Regime Regulatory Technical Standards (RTS) launching a public consultation in February 2025 with T+1 in mind.

The consultation covered proposals for amendments to the timing of allocation & confirmations, the use of place of settlement 'PSET' in pre-settlement processes, the onboarding and management of SSIs, the need for STP and use of international standards and electronic formats. Proposals also included CSD functionality such as partial settlement, hold & release, auto-collateralization, real-time gross settlement, CSD fail reporting and public disclosure.

J.P. Morgan Custody responded via the trade associations influencing the AFME response. ESMA will produce a draft Level 2 by 30th October 2025.

Switzerland

Joining the UK and the EU in a move to T+1 on October 11th, 2027, will be Switzerland. We welcome this approach as there are considerable benefits for an aligned European move to T+1.

The Swiss Securities Post-Trade Council (Swiss SPTC) formed a T+1 Taskforce and are conducting detailed analysis of what is required for the market to move to T+1.

Initial feedback from members identifying the key considerations for the transition was received in May 2025.

The recommendations will then be reviewed and discussed by the Taskforce leading to IT and operational requirements being finalized this quarter for implementation budgeting and planning.

E.U. Central Securities Depository Regulation (CSDR)

CSDR is a diverse regulation providing a common regulatory framework for CSDs, requirements for settlement related processes including the 'Settlement Discipline Regime' and, as we have covered above, CSDR also governs the settlement cycle and as such is the 'home' for T+1 in Europe.

However, beyond T+1 and the recent consultation by ESMA to review the settlement efficiency measures within the Settlement Discipline Regime RTS, there have been other developments which may impact Settlement Discipline.

1) Cash penalties

The CSDR ReFIT mandates ESMA to provide technical advice to the EC on the effectiveness and proportionality of the penalty mechanism and, where appropriate, recommendations to change its structure to increase settlement efficiency including consideration of progressive penalty rates.

To assist fulfilling this mandate, ESMA issued a consultation to assess the effectiveness and proportionality of the cash penalty regime. The consultation proposed, amongst other items, implementing progressive cash penalty rates which would significantly increase cash penalty rates payable; for example one of the two options would increase the penalty rates ranging from x6bps on Day 1 up to x25bps Day 6+.

Our team actively engaged in industry association responses to the consultation, such as those from AFME and the AGC. ESMA published its technical advice on the penalty mechanism in November 2024 and we were encouraged to learn that ESMA ultimately elected to maintain the current penalty structure, opting not to introduce progressive rates or minimum penalties. However, ESMA has proposed an increase in penalty rates for some asset classes to ensure penalties exceed the cost of borrowing to resolve the fail. For more information please see ESMA's technical advice [here](#).

Next steps:

The EC is expected to consider ESMA's technical advice, although the timeline is still to be confirmed and T+1 implementation could influence this.

2) Scope of Settlement Discipline measures

Certain exemptions to the settlement discipline regime measures were agreed in the CSDR ReFIT including an exemption for Securities Financing Transactions (SFTs) from mandatory buy-ins; and other exemptions

categorized as “operations not considered trading” and settlement fails “not attributable to participants” accompanied by a mandate for the EC to clarify through adopted delegated regulation. In June 2025, ESMA published its [technical advice](#) on the scope of the settlement discipline requirements to inform the EC’s approach to these delegated acts.

On July 9, 2024, ESMA also issued a public consultation that seeks to clarify the scope for the cash penalty,

mandatory buy-in and CSD fail reporting regimes. We welcomed this consultation which will finalize the scope of this key regime and contributed to responses from several industry associations, including AFME, AGC and EBF advocating for certain exemptions such as collateral movements, depot realignments, corporate actions and instructions not created by participants such as market claims.

Middle East & Africa

Zimbabwe T+2

In May 2024, the Zimbabwe Stock Exchange (ZSE) advised that it intended to transition from a T+3 to T+2 settlement cycle initially proposing an implementation date of June 17, 2024. However, following discussions between the ZSE and Association of Global Custodian (AGC) members, including J.P. Morgan, the implementation date was delayed and placed on hold.

In December 2024, the ZSE and market infrastructures jointly announced the new dates for the transition of the settlement cycle from T+3 to T+2, intended to take effect on April 1, 2025. Following testing, the migration was completed on April 14, 2025.

West African Economic Monetary Union (WAEMU) T+2

The Dépositaire Central/Banque de Règlement (DC/BR) of WAEMU, the central depository of the Regional Stock Exchange, La Bourse Régionale des Valeurs Mobilières (BRVM), initiated a project in 2022 to reduce the settlement cycle from T+3 to T+2. Recently, discussions have resumed in the market, with the BRVM and DC/BR proposing an implementation date of September 30, 2025. This proposal is still awaiting approval from the SEC, and as a result, no official market notification has been issued yet. To address issues related to timely affirmation and funding, the DC/BR has suggested implementing penalties for late settlements and securities lending. These proposals are currently under market review. J.P. Morgan is actively monitoring these developments and will provide clients with further updates as they become available.

Nigeria T+2

The Securities and Exchange Commission (SEC) has announced that the transition of the equities settlement cycle from T+3 to T+2 will take effect on Friday, November 28, 2025. The settlement process

itself is expected to remain unchanged. The SEC has provided an implementation roadmap outlining the key milestones for this transition. Additionally, the Central Securities Depository (CSD) has previously expressed its intention to move to a T+1 settlement cycle six months after the T+2 cycle is implemented. J.P. Morgan, through the Association of Global Custodians of Nigeria, has raised potential concerns, particularly regarding the extensive automation required for this change. Furthermore, discussions have been reopened about the feasibility of maintaining a dual account structure with a shortened settlement cycle. There is ongoing advocacy in the market to address the operational efficiencies needed before transitioning to T+1.

Ghana T+2

The Central Securities Depository Ghana Ltd (CSD) implemented a new settlement system on June 9, 2025. Initially, the transition from a T+3 to T+2 settlement cycle for equities, along with new documentation requirements, were intended to be part of this implementation. However, following advocacy efforts within the market, the CSD announced that these changes will be introduced in a later phase. The KYC/documentation requirements are still under discussion amongst the CSD, Securities Exchange Commission, and the Stock Exchange.

Oman T+2

The Muscat Clearing and Depository (MCD) is exploring the possibility of transitioning to a T+2 settlement cycle in 2026. This acceleration of the settlement cycle will occur following the implementation of the Delivery Versus Payment (DVP) settlement model, expected in 2025. J.P. Morgan is closely monitoring this development and will provide further details to clients as they become available.

Asia Pacific

India T+0

Following the successful implementation of T+1 settlement in India in 2023, the Securities and Exchange Board of India (SEBI) introduced a beta version of optional T+0 settlement in March 2024, with participation limited to domestic investors, for a limited set of 25 securities and with a limited set of brokers. In May optional T+0 settlement was extended to Foreign Portfolio Investors (FPIs) whilst an additional 500 securities became available for T+0 settlement in June 2025.

J.P. Morgan Custody collaborated closely with market infrastructure institutions to develop a practical operating model aimed at extending T+0 settlement to Foreign Portfolio Investors (FPIs).

Australia T+1

ASX released a Whitepaper on April 23, 2024, soliciting feedback on a potential move to a T+1 settlement cycle in Australia. On August 5, 2024, ASX subsequently released the findings and feedback they received via a second Whitepaper. This paper showed that feedback across the industry was generally aligned with the feedback provided by J.P. Morgan and the Australian Custodial Services Association (ACSA), and importantly highlighted industry alignment around the view that the functionality required to support T+1 in Australia should be implemented in the ASX's CHES Replacement System.

Feedback provided on the timeline for implementation indicated that any move to T+1 should take place after the CHES Replacement System was live, now scheduled for 2029 (*see page 22*), and that at least 18 months' notice would be given to the market ahead of the move.

On February 25, 2025, the Australian Securities and Investments Commission (ASIC) introduced new rules on Clearing and Settlement. These rules mandate that the Australian Securities Exchange (ASX) publish fee comparisons, provide access to its services—including data—in a commercial and transparent manner, and ensure its core technology is designed to allow third-party access. This marks the first instance of ASIC exercising its new powers under the Competition in Clearing and Settlement reforms confirmed in 2024.

Other APAC Market Updates

- Singapore:** Custodians recently met with the Singapore Exchange (SGX) to discuss settlement acceleration and shared their perspectives on the time zone challenges faced by EMEA/WHEM-based investors. SGX will collect feedback from Global Custodians, Local Custodians, Institutional Brokers, and Retail Brokers to assess the requirements for implementing changes.
- Japan:** A study group has been established with market participants to provide recommendations and assess readiness for potential market changes aimed at shortening the settlement cycle.
- Pakistan:** In September 2023, the National Clearing Company of Pakistan Limited (NCCPL) proposed shortening the settlement cycle from T+2 to T+1. A pilot was announced for April 2024; but was then delayed. In April 2024, the NCCPL stated it will continue consultations and analyze other markets' practices. J.P. Morgan has been advocating for more details, including a roadmap. By June 2025, NCCPL presented the final operating model, proposing February 9, 2026, as the go-live date. In July 2025, the Securities and Exchange Commission of Pakistan confirmed the T+1 settlement cycle implementation for February 9, 2026 and in August the NCCPL published the final operating model including a roadmap for T+1 implementation.
- Sri Lanka T+2:** In January 2024, the Securities and Exchange Commission of Sri Lanka announced a proposal to shorten the settlement cycle from T+3 to T+2, and subsequently to T+1, with the end goal of moving to T+0. Following this announcement, the Colombo Stock Exchange moved to T+2 on June 10, 2024, with no material issues noted.
- Hong Kong T+1:** As expected, in July 2025, the Hong Kong Exchange (HKEX) published a discussion paper on T+1 settlement for the Hong Kong cash equities market, aiming to lead market-wide discussion and build consensus with industry participants on how and when to move to a shorter settlement cycle. The paper outlines the potential benefits and challenges of moving to T+1 settlement in Hong Kong, referencing the experiences of other jurisdictions during their transition journey. The HKMA is seeking industry feedback by September 1, 2025. J.P. Morgan is engaged in drafting responses by trade associations such as ASIFMA and the AGC.
- Taiwan T+1:** In October 2024, the Taiwan Stock Exchange (TWSE) conducted a survey to gather feedback from market participants on transitioning to a T+1 settlement cycle. The consolidated feedback highlighted potential impacts on operations, possible contractual changes, product offerings, and technology. It was suggested that improvements in settlement efficiency, including later Delivery versus Payment (DvP) cut-offs and changes to Securities Borrowing and Lending (SBL) processing, should be considered before transitioning to T+1.

2.

Asset Servicing

Identifying and addressing inefficiencies in income, corporate action and proxy voting processes continues to be a priority topic for J.P. Morgan Custody. Our team actively engages with clients, brokers, industry associations, service providers and key financial market infrastructures globally to help promote improved standardization, automation and efficiency across this space.



Americas

Federal Reserve's Securities Services Automatic Claims Adjustment Process (ACAP)

ACAP is the Federal Reserve's Securities Services (FSS) initiative to support the tracking and payment of income to beneficial owners for repo, fails, and interim accounting for Agency Mortgage-Backed Securities (MBS). Our team has been actively participating in industry discussions with SIFMA and the FSS via its Governance Council and Working Group to ensure the approach is fit for purpose and suitable for our clients, and to promote awareness and support across the wider industry, including securities lending providers, broker dealers, and clients.

As previously reported, Phase 1 of this initiative was implemented in January 2023 and focused on establishing intraday payment processing (change from end-of-day) via Fedwire Securities Service to Depository Institutions. Phase 2 was originally due to be implemented in August 2023 and focused on the implementation of two new security types (U.S. Treasury and Agency Debt Interest Bearing securities) and one new claim type (Securities Lending for FSS eligible security types).

However, as agreed between the FSS and industry, Phase 2 was postponed allowing industry participants time to assess readiness and challenges with the current service offering. Following industry discussion, FSS has reduced the service offering under Phase 2 to exclude U.S. Treasury repos since this security type will become incorporated into the SEC's U.S. Treasury Central Clearing mandate (**which is covered on page 28**). It is now focused on implementing fails tracking for all interest-bearing security types from October 2025, and industry timelines for implementing tracking for securities lending as a new claim type.

DTCC Corporate Actions Agent Announcement Initiative

In November 2023, DTCC published a paper stating its intention to improve the post-trade infrastructure process for more timely and accurate creation of Corporate Action announcements. To deliver on this effort, DTCC is building a system of interfaces called Announce Direct to allow agents to provide Corporate Action announcement information directly to DTCC's announcement and processing systems without manual intervention. At present DTCC is planning to introduce this flow for a subset of corporate action events in Q4 2026, subsequently ramping up to all corporate action announcements.

Our team is engaged with DTCC on this initiative and will continue to do so as it develops further.

Hybrid and Remote / Electronic Voting - Brazil & Mexico

J.P. Morgan has continued to advocate for hybrid and remote/ electronic voting capabilities to be implemented in several markets following the implementation of temporary in-person meeting restrictions in certain markets during the Covid-19 pandemic. The following are status updates on developments in Mexico and Brazil.

- **Brazil:** On June 4, 2024, the Securities and Exchange Commission of Brazil, (CVM - Comissão de Valores Mobiliários) issued a new normative which establishes rules regarding the organization and participation in shareholders' meetings. As of January 2, 2025, it is now mandatory to have Remote Voting alternatives for all types of shareholder meetings (general or special meetings, ordinary or extraordinary), which effectively removes the Power of Attorney (POA) requirements (whereby the maintenance of a POA is optional at clients' judgement for contingency purposes). It also extended the deadline for shareholders to send voting instructions from 7 to 4 days before the meeting. This is a positive step forward and the result of the advocacy performed by our firm, in partnership with the wider industry, B3 (the Brazilian CSD) and ANBIMA (local market association) since 2023.
- **Mexico:** As previously reported, an amendment was passed in Mexico in October 2023 to change the General Law of Commercial Companies, which defines the way in which shareholder meetings are held. The approved changes allow issuing companies to amend their by-laws to offer a remote meeting option to shareholders (as well as in-person) and provide electronic voting. Previously, companies were only allowed to have their meetings in person and casting of votes in person. Although the law has been amended, there is work ahead for the industry to define the operational framework and understand what the regulatory requirements would be for companies. Full implementation may potentially occur this year, contingent upon companies agreeing to the concept of remote voting and making necessary changes to their by-laws. J.P. Morgan will continue to advocate for these changes via our sub-custodian and as a member of the AGC.

Europe

Shareholder Rights Directive (SRDII) Review

As previously reported, shareholder engagement remains a key priority for the EC who commissioned a study of certain aspects of the Shareholder Rights Directives (SRDs) in an effort to determine whether they are fit for purpose, to inform future policy options and to identify the barriers to shareholder engagement in the E.U. in accordance with the 2020 Capital Markets Union (CMU) Action Plan.

The study led by the Centre for Strategy and Evaluation Services, alongside EY, Oxford Research and Tetra Tech included a survey issued to stakeholders in December 2023 whereby our firm contributed to AFME's submission. In February 2025 the Directorate-General for Justice and Consumers (DGJUST) published the [Study on the Application of the Shareholder Rights Directives](#) which, in some 287 pages, at a high-level, concludes the following:

- **General Meetings:** Address barriers to shareholder participation by promoting hybrid meetings, easing agenda item additions, and harmonizing meeting dates and processes across the EU.
- **Shareholder Identification:** Facilitate shareholder identification through a functional definition, harmonize exemptions, and improve information flow using new technologies.
- **Transmission of Information:** Ensure timely and accurate information access for shareholders by enforcing standards and harmonizing processes across EU CSDs.
- **Costs:** Ensure transparency and fairness in information transmission fees, resolving cost calculation disputes and considering charge caps.
- **Proxy Advisors:** Improve proxy advisors' advice reliability through regulatory measures and enforcement mechanisms.

Whilst we welcome the publication of this pivotal study, we are surprised to observe the omission of an unequivocal recommendation for a harmonized definition of shareholder or issuer-driven 'golden operational record', which remain core advocacy positions for J.P. Morgan and the wider industry. They are mentioned as policy options.

The EC's study follows the publication of an ESMA and European Banking Authority (EBA) report on the 'Implementation of SRDII provisions on proxy advisors and the investment chain' in July 2023 whereby we were encouraged to see the extent that ESMA and the EBA's recommendations reflect our firm's advocacy position, particularly with respect to the following which will improve the exercise of our clients' rights:

- Consider using a Regulation (rather than a Directive) to harmonize shareholder identification, information transmission, and exercise of shareholder rights
- Consider introducing a standardized E.U.-wide definition of 'shareholder' including beneficial owners or provide issuers with the right to identify beneficial owners in addition to nominee shareholders
- Consider publishing a list of eligible securities
- Consider enhancing charging transparency by devising harmonized terminology for the types of charges and services which can be disclosed in a harmonized format
- Address uncertainties caused by varying applications of SRDII requirements across member states
- Harmonize the documentation required for shareholders to exercise their rights for general meetings: for example, recognizing the confirmation of entitlement as the E.U. standard to allow shareholder participation in General Meetings
- Consider conducting an analysis of national rules and practices identifying harmonization opportunities
- Consider extending the timeframe for shareholders to analyze and exercise their rights following the publication of meeting materials

Our firm and the wider industry have long advocated for these changes, including the need to simplify general meetings' standards and bring them in-line with corporate actions. We will continue to engage with E.U. regulators, issuer agents and other stakeholders in the run up to the negotiation and publication of SRDIII.

European Central Bank (ECB) Single Collateral Management Rulebook for Europe (SCoRE) Standards

The ECB AMI-SeCo (Advisory Group on Market Infrastructures for Securities and Collateral) has developed a set of standards and requirements to remove the barriers for the efficient movement of collateral. Corporate Actions, Billing and Triparty were cited as areas for improved harmonization. The deadline for compliance was November 2024 and the requirements apply to the region's CSDs, Central Banks, Triparty Agents and Custodians who interface with T2S/ European Collateral Management System (ECMS); although the ECB encourages compliance further down the custody chain. Our team has conducted an analysis of the SCoRE Standards, identifying those relevant to custodians, and have a program underway to analyze adherence to the standards, where applicable, to our role and operation.

Whilst there are no obligations imposed on our clients at this time, we recognize that this may impact our clients, and are in dialogue with the Eurosystem authorities on how to encourage adoption of ISO 20022 across the custody chain without negatively impacting investors while addressing concrete issues (many of which are caused by divergent market practices and data standards).

Euronext Asset Servicing Platform Modernization

Euronext Securities has commenced the implementation of a new harmonized and standardized corporate events processing solution across its four CSDs (Italy, Portugal, Denmark and Norway) with Danish market migration of bonds in Phase 1 completed in March 2025. Phase 2 will migrate all other asset classes to the new platform in Sept 2026.

The new platform intends to cater for all corporate events in accordance with SRD II, from creation through to payment. It will also cater for market claims, transformations, and buyer protection. All financial instruments where Euronext Securities acts as an Issuer and Investor CSD will be in scope and the service will cater for payments in different currencies via central banks and commercial bank money. Importantly, the service also aims to be compliant with the various corporate action standards in the region, including the ECB SCoRE standards, as well as compliance with market practices according to the Securities Markets Practice Group (SMPG).

We note the following key dates for the Euronext Securities: 'CA4U' harmonized COAC Platform:

- Denmark Phase 2: Sept 2026
- Portugal Phase 2: Nov 2025
- Italy Phase 2: June 2026
- Norway phase 1: Mar 2026
- Norway Phase 2: Jul 2026

As a direct participant of Euronext Securities Copenhagen, our team is fully engaged with Euronext and associated working groups on this project.

Middle East & Africa

Hybrid and Remote / Electronic Voting – Qatar

The current regulations in Qatar only allow shareholders to participate and vote in general meetings. Proxy voting services are limited as sub-custodians can provide them only in cases where they themselves are also shareholders, or the issuer appoints a proxy to receive a foreign investor's voting instructions and cast them in general meetings. J.P. Morgan has engaged with the Qatar Central Securities Depository both bilaterally and through its sub-custodian to advocate for the introduction of an E-voting system that allows sub-custodians to vote on behalf of foreign investors. The EDAA has started testing the new E-voting system and is expected to implement it in 2026.

Euroclear Bank Asset Servicing Transformation

Euroclear Bank is embarking on a multi-year program which will deliver a new asset servicing platform in 4 phases:

- Phase 1: 2024/25 – Proxy Voting events; 24 Markets launched to date
- Phase 2: 2026 – Mandatory events for information or with security proceeds
- Phase 3: 2028 – Mandatory events with cash proceeds
- Phase 4: 2029 – Voluntary events

Key focus areas include data and reporting with Proxy Voting reporting in ISO20022 migrating on a market-by-market basis in 3 waves which commenced in January 2024 and is set to conclude in Q4 2025. J.P. Morgan will continue to actively engage with Euroclear Bank on this project as it progresses.

Bulgaria: Electronic Voting

Physical in-person attendance is currently required in Bulgaria to vote in AGMs/EGMs. Documentation requirements include meeting-specific POAs that need to be notarized, apostilled, and translated into Bulgarian. The local CSD, CDAD, has an e-voting platform 'EPOS' available, however its usage is not mandatory, so it is rarely used by local issuers. J.P. Morgan is currently working with our sub-custodian for the submission of a recommendation letter to both the Ministry of Finance and the Financial Supervision Commission which will contain a proposal for mandatory usage of this e-voting platform in order to improve the proxy voting process in the market.

Electronic Voting in Saudi Arabia

Currently, in Saudi Arabia, clients holding shares with different sub-custodians face challenges in casting votes for all their holdings. The Saudi Central Securities Depository (Edaa) accepts only the first voting instruction submitted by a sub-custodian on behalf of the client, while subsequent instructions from other sub-custodians are treated as abstentions. Edaa acknowledges this issue and is working on implementing a new electronic voting system, expected in 2026.

Asia Pacific

Hybrid and Remote / Electronic Voting - Australia

On June 24, 2024, the Australian Treasury appointed a panel to review virtual meetings and electronic voting reform in the Australian market. J.P. Morgan Custody attended an Australian Securities and Investments Commission (ASIC) roundtable meeting, representing the ACSA, where current shortfalls in the Proxy Voting process in Australia were shared in line with an ACSA Whitepaper on Proxy Voting Reform published in June 2024. Key points raised in the paper are:

- Electronic dissemination of proxy materials and resolutions
- End of day record date
- Vote deadline after record date
- Electronic vote instructions and vote confirmations

On September 9, 2024, the Australian Treasury tabled the final report of the review panel in both houses of Parliament, which included 11 recommendations. The government agreed or agreed in principle to all recommendations. Consequently, The Corporations Act 2001 (the Act) was amended to allow corporations to hold virtual meetings and sign, execute, and send documents electronically.

South Korea: Consistency in Account Opening Requirements for Tender Offer Events

Participation in tender offers in Korea is facilitated through designated brokers appointed by the issuer for each specific event. It has been observed that documentation requirements and timelines for account opening vary significantly across different brokers, particularly when some brokers require a new account for each market event. This inconsistency poses

significant challenges for foreign investors, affecting their ability to participate in tender offers. J.P. Morgan, through its sub-custodians, has raised these concerns with Korean regulators.

The Korea Financial Investment Association (KOFIA), a self-regulatory organization representing securities companies and asset management firms, is responsible for establishing industry standards and enforcing compliance among member firms, including local brokers. Local custodians have presented this topic to KOFIA, which has agreed to review the issue with local brokers and plans to convene a joint meeting between local brokers and custodians.

Thailand - Improved and Consistent Communication Protocol for Uncleared Corporate Action Details

J.P. Morgan, in collaboration with our sub-custodian, has advocated for a standardized approach to announcing country-specific restrictions for voluntary corporate action events. This initiative aims to enhance transparency regarding eligibility to participate in offers and reduce the risk of rejected instructions. Sub-custodians, collectively known as the “Custodian Working Group,” have raised this issue with the Thai Securities Depository (TSD) to improve the efficiency of how listed companies communicate corporate action events and related restrictions.

While the TSD cannot mandate changes on issuers, the Custodian Working Group has successfully introduced a market communication protocol. This protocol involves conference calls with issuers and the TSD to ensure that all banks receive consistent and clear information. This approach will help mitigate inconsistencies in event details and ensure that all parties are aligned with the same information.

3. Withholding Tax

An evolving regulatory agenda coupled with a continuous drive across the industry for efficiency, digitization and standardization means that tax is a dynamic area where we can expect change to continue for years to come. For this reason, we prioritize our engagement in relevant industry and policy initiatives, discussions and forums in the tax space.



Americas

U.S. Internal Revenue Service (IRS) Certificates of Residence

As highlighted in our last report, existing processes regarding IRS Certificates of Residence are burdensome, and the industry would benefit significantly from a modernization of these processes. As part of an ongoing dialogue, the AGC met with the IRS on June 30, 2025, to discuss IRS operations updates and processing statistics for Form 8802 (Application for U.S. Residency Certification). J.P. Morgan, as the chair of the AGC Tax Committee, continues to be an active industry advocate for process modernization in these ongoing discussions.

During the June 2025 meeting, the AGC inquired whether the budgetary restrictions enforced by the current administration will impact the Form 8802 processing team. According to the IRS, significant staff reduction is expected due to a combination of attrition and voluntary buyout and incentive deferred resignation programs. Whereby the Form 8802 process remains largely manual, J.P. Morgan is advising clients to expect and plan for longer than normal delays in obtaining tax year 2026 U.S. Residency Certification from the IRS. In addition, the AGC



requested an update on the ongoing modernization efforts to automate and enhance the Form 8802 service. The IRS confirmed, that although modernization efforts continue, funding for ongoing projects has been significantly reduced and any vendor contracts supporting the initiative have been eliminated due to the budgetary constraints.

Europe

German Withholding Tax Modernization

Following the introduction of the Withholding Tax Modernization Act in June 2021, paper based reclaim submissions ended on June 30, 2023, and from July 2024, the Federal Central Tax Office has made available mass upload electronic reclaim filing functionality. Also under the Act, it was originally announced that from January 1, 2025, reporting in the form of an electronic record for income payments through the entire custody chain is required, otherwise referred to as “MikaDiv” reporting. However, the reporting requirement has been delayed to apply to income received after December 31, 2026 by the Federal Ministry of Finance. The new reporting brings

AGC also shared current challenges global custodians face to secure U.S. Residency Certifications and offered specific recommendations to improve the existing burdensome process and requested an update from the IRS on its plans to modernize the Form 8802 process. Recommendations from the AGC included reinforcing procedures with operational staff due to quality and mailing issues due to the highly manual process, and modifications to 6166 letters (U.S. Certificate of Residency) to further clarify the validity period of the annual certificate of residency for U.S. taxpayers with foreign tax authorities.

Recent Competent Authority Agreement (CAA) between U.S. and Denmark

On April 7, 2025, the Competent Authorities of Denmark and the U.S. entered into a Competent Authority Arrangement (“Arrangement”) under the double taxation treaty between Denmark and the U.S., signed in 1999 and amended by the Protocol signed in 2006 (1999 DTT). Among other provisions, the Arrangement clarifies the definition of the term “pension fund” eligible for exemption under Article 10 paragraph 3(c) of the 1996 DTT to include a Rev. Rul. U.S. 81-100 group trust (U.S. 81-100 Group Trust) operated exclusively or almost exclusively to earn income for the benefit of persons that are themselves entitled to benefits under the Treaty as U.S. residents. The Arrangement changed the Danish tax authority’s previous position since 2020, which deemed U.S. 81-100 Group Trusts not meeting the definition of pension funds under the 1999 DTT.

forth the concept of Universally Unique Identifier, which will be allocated to each income event for a given investor in lieu of a physical tax voucher. J.P. Morgan together with the industry continues to monitor developments on the interaction between the German MikaDiv reporting and the reporting requirements to be introduced by the European Commission’s FASTER directive effective from January 1, 2030.

E.U. Withholding Tax - FASTER

On January 10, 2025 the E.U. council published the E.U. Withholding Tax Directive - FASTER (Faster and Safer Relief of Excess Withholding Taxes) in the official journal

of the E.U.. The directive - FASTER - aims to promote cross-border investment through harmonization of procedures as well as to fight tax abuse and fraud by way of implementing harmonized withholding tax Relief at Source (RAS) and Quick Refund (QR) procedures across E.U. Member States. Following the publication of the directive, the member states will now have until December 31, 2028 to transpose the directive into their local legislation with those rules becoming effective by January 1, 2030. To ensure a further

level of harmonization across to the local market implementations, the E.U. is preparing implementation acts covering, but not limited to tax documentation due diligence procedures and reporting schemas. The industry is participating in the preparation of the implementation by way of providing feedback through working groups arranged by the European Commission. J.P. Morgan continues to actively participate in industry discussions and advocacy efforts related to the implementation of the directive.

Asia Pacific

Korea – Process for Korean Government Bond (GB) and Monetary Stabilization Bond (MSB) exemptions

In the Custody Industry and Regulatory Developments Report dated September 2023, we highlighted changes implemented by the Korea National Tax Service to the tax exemption process for non-resident investors on Government Bonds (GBs) and Monetary Stabilization Bonds (MSBs) which imposed additional hurdles for fund-type investors to benefit from tax relief. In May 2024, the Korea Ministry of Economy and Finance (MOEF) announced new procedures for the trading of Korean GBs and MSBs through International Central Securities Depositories (ICSDs).

Since then, we have worked closely with the MOEF, ICSDs and other industry participants to highlight the operational challenges non-resident investors and intermediaries faced in benefiting from the tax exemption scheme. As a result, the Korea government has announced a number of changes to the tax exemption procedures, including:

- Removal of the requirement for investors to submit tax exemption documentation for KTBs and MSBs traded through an ICSD
- Removal of the requirement for investors to submit a Certificate of Tax Residence or substituting document to their custodian
- Simplification of tax relief procedures for non-widely held overseas investment vehicles
- Expansion of tax exemption eligibility to overseas investment vehicles with Korean resident unitholders
- Removal of the requirement for intermediaries, other than an ICSD, to register as a Qualified Foreign Intermediary (QFI)
- Simplification of the tax exemption documentation for investors trading GBs and MSBs through the Korea onshore bond market

J.P. Morgan will continue to work closely with industry participants to streamline access to tax exemption procedures on GBs and MSBs.

4. Financial Market Infrastructure Developments

Given the central role that Financial Market Infrastructures play in the post-trade environment, as well as the general market push for efficiency, it is important our firm actively engages in initiatives driven by such infrastructure. These initiatives require ongoing engagement as they have potential to impact our clients, cost and operating models, and present opportunities.



Global

ISO 20022 Implementation for cross-border payments

The implementation of the ISO 20022 standard for cross-border payment related messages aims to enhance STP by providing a common framework for cash messages. For example, it provides more details in a structured format, improves reconciliation and transparency, and increases the amount of information that can be screened - meaning reduced fails, lower costs, and higher efficiency. As many clients will be aware, all Financial Institutions (FIs) using the SWIFT network for payments messages must migrate to the ISO 20022 standard for payments by November 2025.

J.P. Morgan will adhere to these SWIFT standards for ISO 20022 payments to ensure conformity to market standards for our Global Custody clients. As previously reported the implementation of ISO 20022 standard for payments across the SWIFT network will only apply to cross-border payment instruction messages from November 2025 and will not apply to payments related reporting messages (e.g., income statements).

Meanwhile, in July 2025 Federal Reserve Board (FRB) implemented ISO 20022 for the transfer of funds over Fedwire® Funds Services between financial institutions. The implementation date was originally scheduled for March 2025, but postponed until July 2025 to allow for all banks to complete Fedwire's testing requirements and attest to successful adoption.

Beyond payments, some Financial Market Infrastructure operators (e.g., ECB T2S, DTCC) and industry associations (e.g., ISSA) have been analyzing the potential implementation of the ISO 20022 standard across the securities industry for certain message types. Our firm continues to engage in such analysis and is participating in industry working groups

to review which issues can be addressed by a syntax change. As a firm, we view that implementation of ISO 20022 within the securities industry should only be supported if there is a strong business case to implement that standard and post improvements to data standards and quality where applicable.

Americas

DTCC Clearing & Settlement Modernization

The Depository Trust & Clearing Corporation (DTCC) has kicked off a multi-year, transformational initiative across their Equities Clearing & Settlement business, which aims to drive innovation to continually meet the rapidly evolving needs of financial markets, and enable a more agile and scalable processing foundation for the industry.

As part of this initiative, DTCC released its [“Functional Change Document”](#) in March 2025 (updated in July) to provide participants with an overview of planned initiatives and enhancements happening across their core business functions. Areas of focus include updates to Universal Trade Capture, Continuous Net Settlement (CNS), Partial Settlement and more. Please also refer to DTCC’s [Transformational Roadmap](#) published in March 2025.

As a key DTCC participant, J.P. Morgan Custody is a key contributor to DTCC’s industry working groups which are providing feedback and input into DTCC on their transformation journey.

Given the role of DTCC’s clearing and settlement service in the U.S., we believe it is important we engage with DTCC and relevant industry forums to ensure our views, and the views of our clients, are represented accordingly.

Extended Operating Hours and Days of US Market Infrastructure

Within the U.S. there has been increased dialogue from regulators, FMIs and the wider industry on extending operating hours and days of trading, clearing and settlement.

For example, in May 2024 the Federal Reserve Board consulted with the industry on extending the operating days of Fedwire Fund Services and National Settlement Services to 7 days a week (from 5 days), including U.S. holidays. Although the FRB has not announced or

finalized the extension of its operating hours, within the consultation the FRB proposed mid 2027 as a potential implementation timeline.

Meanwhile, a number of exchanges, including NYSE Arca, 24x, and CBOE Global Markets, have announced plans to extend their trading operating hours closer to 24/5 with a view to move to 24/7 over time; some of which have received regulatory approvals from the SEC to work towards implementing these plans. Additionally, DTCC also announced in March 2025 plans to extend the clearing hours of its National Securities Clearing Corporation (NSCC) with an implementation target of Q2 2026 subject to regulatory approvals and any necessary rule changes. And lastly, the Commodity Futures Trading Commission (CFTC) is also consulting the industry on 24 by 7 trading and clearing of derivatives.

Given these developments, our team is engaged in industry discussion with trade associations such as SIFMA to discuss the implications, benefits, and risks of extended hours with the goal of further informing regulatory policymaking and industry standards on this topic going forward. At current we do not expect securities market settlement hours at DTCC or Fedwire to be extended.

Chile, Colombia, and Peru nuam Exchange - Market Integration Project

In 2020, a project to unify the stock exchanges of Chile, Colombia and Peru was launched. The nuam exchange was created with the objective of integrating the three markets in terms of ownership, operating model, and local infrastructure. This regional exchange is being designed to bridge the gap between traditional financial markets and to implement state of the art technology that will connect the Santiago, Lima and Colombian stock exchanges.

The operating model continues to evolve and as the project has progressed, it has faced challenges related

to regulatory frameworks, taxation, technological integration, and overall market acceptance.

The nuam exchange's latest communication indicates that new functionalities and systems are expected to be rolled out independently in each country throughout 2025. The trading platform, developed by Nasdaq is scheduled for implementation in October 2025, however this timeframe is subject to change based on the interconnection of the stock exchanges. The new trading operations regulations for Equities will come into effect on day 0, along with the new trading screen, and they have already been approved by the regulators

of each of the three countries. The implementation of post-trading operations is planned for the second half of 2026, with the exact date yet to be determined. The nuam exchange has advised that the Central Clearing House in Peru is expected to be operational by Q4 2025. Additionally, a single paying agent continues to be considered.

J.P. Morgan will continue to monitor this initiative and has engaged with the nuam exchange to share our perspectives on the proposed model, potential impacts and to understand progress.

Europe

U.K. CSD 'CREST' Transformation Program

J.P. Morgan is engaged in ongoing collaboration with the U.K. CSD, Euroclear U.K. & International Limited (EUI), with regards to its CREST platform Transformation Programme.

We are a key participant in all U.K. senior working groups coordinated by the CSD including EUI U.K. User Committee, Senior Client Advisory Group, and EUI Market Resiliency Group where we continue to shape and influence topics of importance to the U.K. market.

Recent topics of discussion with EUI have centered around platform stability and the associated steps taken to mitigate settlement suspension scenarios, product uplift roadmaps and timelines, as well as the move to T+1 settlement in the U.K. In addition, our team is actively engaged in industry wide resilience and business continuity exercises which are so vital for J.P. Morgan, our clients and wider ecosystem.

As part of its multi-year platform modernization initiative, our current ongoing dialogue with EUI is on the immediate 2-year roadmap of deliverables which include, amongst others, the following:

- **Platform Modernization:** Focus on technical improvements to reduce systemic risks around EUI's 'Important Business Services' and to enhance platform stability
- **Access Modernization:** Including a new 'front end' to the CREST GUI and ISO 20022/ Network strategy
- **Collateral management:** predominantly Delivery-by Value (DBV) redesign to replicate the Euroclear Tri party offering in the CREST platform from 2027

Euronext Securities Convergence Program

Euronext Securities recently announced its intention to converge its network of 4 CSDs: Copenhagen, Milan, Oslo and Porto onto a single operating platform with Copenhagen migrating in Q3 2027 ahead of the EU's move to a T+1 settlement cycle. This comes in addition to other initiatives announced by Euronext, including projects to deliver a common corporate action platform (CA4U) and a common billing service (ECMS Billing).

Aimed at easing access to European markets and offering issuers an integrated solution from listing to issuance in Euronext, the Euronext Securities Convergence Program is an ambitious initiative aimed at harmonization and integration. The program focuses on creating a unified platform to streamline operations, enhance efficiency, and improve service offerings for clients. Key objectives include:

- **Standardization:** Aligning processes and systems across different CSDs to ensure consistency and reduce complexity.
- **Efficiency:** Improving operational efficiency by leveraging technology and best practices to reduce costs and enhance service delivery.
- **Client Experience:** Enhancing the client experience by providing seamless access to services and simplifying interactions with the CSDs.
- **Innovation:** Encouraging innovation in post-trade services to meet evolving market needs and regulatory requirements.
- **Risk Management:** Strengthening risk management frameworks to ensure the safety and reliability of post-trade services.

In addition, Euronext has also embarked on an ambitious program to consolidate clearing and settlement across European shares, ETFs and other products on its European CSD platform. This includes the centralization of settlement of equity and ETF transactions on Euronext Amsterdam, Brussels, and Paris, in Euronext Securities Milan by September 2026. This strategic initiative has many impacts on sell- and buy-side firms, and is the subject of significant

discussions between market participants, Euronext and other impacted parties.

Our team is closely engaged in these projects, directly and via trade associations such as AFME. In addition, J.P. Morgan as a direct participant of Euronext Securities Copenhagen, is an active member of both the Danish market and the Euronext user committees.

Middle East & Africa

Kingdom of Saudi Arabia - Post-Trade Technology Program (PTTP) 2.0 - Update

As reported previously, post the successful implementation of the CCP, NASDAQ Clearing System, and the NASDAQ CSD System in April 2022, the Saudi Stock Exchange / CSD implemented the second phase of its post-trade technology program (PTTP) in November 2024, which was primarily designed to incorporate feedback from all market participants on their experience since the 1st implementation. While some of our recommendations were addressed, some of them are still under consideration by Tadawul for 2026/2027, to name a few below:

- The ability for the automation or bulk processing of proxy votes – no solution yet, however, it has been acknowledged as a material concern, and we have had several discussions with the CSD to suggest a few solutions.
- Trade referencing alignment between the communication channels at Tadawul, Muqassa and Edaa which will help overcome some of the technical and operational challenges currently faced across the market- Broker Contract Notes are expected to be factored into the CSD's trade matching process.
- Extension to the trade management window on T+0, which currently closes at 16:00 hrs, to provide more flexibility for international clients to manage their trades – we have proposed extending the window until 20:00 on Trade date.

We continue to engage with the Saudi Stock Exchange and CSD as some previous and new recommendations have been deferred to 2026/2027.

Oman – Implementation of Delivery Versus Payment (DVP)

The Muscat Clearing and Depository (MCD) is planning to implement a Delivery Versus Payment (DVP)

settlement model in 2025. J.P. Morgan has been actively advocating, both directly with the MCD and through our sub-custodian in Oman, for a DVP model that aligns with regional best practices and minimizes client risks. The MCD is expected to release the final DVP settlement model in due course. J.P. Morgan is monitoring this development and will provide further details to clients as they become available.

Kuwait – Implementation of the CCP

The Kuwait Clearing Company (KCC) implemented the Central Clearing Counterparty (CCP) which went live on July 13, 2025. The KCC established two sub-entities, the Kuwait Central Securities Depository (KCSA) which serves as the depository, while the Kuwait Clearing House (KCH) functions as the CCP in the market. In addition, as part of this change the Central Bank of Kuwait will now act as the settlement bank in the market for all trades executed on the exchange. With this change, the KCH now acts as the central counterparty for all trades, reducing counterparty risk.

UAE ADX – Implementation of the Core Platform Upgrade (CPU) Program

The Abu Dhabi Securities Exchange (ADX) completed the implementation of its Core Platform Upgrade (CPU) program in January 2025. The main changes include:

- Introduction of a new CSD (Abu Dhabi CSD) and CCP (Abu Dhabi Clear).
- Implementation of a new CSD system.
- Removal of the pre-validation requirement.
- Mandate for all custody clients to maintain shares in the trading account.
- Under the new settlement process, investors are responsible for settling trades when accepted by the sub-custodian based on the investors' matching instruction.

Namibia – Implementation of a Central Securities Depository

The Namibian Stock Exchange (NSX) is progressing with the implementation of a Central Securities Depository (CSD) to enable the dematerialization of the market. Currently all securities are held in physical form, except for T-Bills, which are held at the Bank of Namibia, and are limited to primary trading. The implementation

will follow a phased approach, with corporate and government bonds being the first to be dematerialized and transferred to the CSD. The anticipated go live date for bonds is the end of 2025.

J.P. Morgan is actively monitoring this initiative and have communicated our insights to our service provider in the market regarding the potential impacts, while also following up on progress.

Asia Pacific

Australia ASX CHESS Replacement

In December 2023, ASX announced that they had chosen TCS BaNCS for Market Infrastructure system as the platform which would replace their CHESS sub-registry, clearing and settlement system. This marked a move away from the use of distributed ledger technology with the TCS BaNCS platform supporting traditional system architecture and connectivity options.

ASX are looking to implement the new system in two main releases with clearing services being implemented in 2026 (Release 1) and settlement and sub-registry functionality deployed in 2029 (Release 2).

Release 1 will replace the clearing component of CHESS, introduce a more efficient netting process and FIX messaging for trade registrations for all Market Operators. ASX is targeting the implementation of Release 1 in April 2026. This release will impact trading participants and is focused on technical connectivity. The first phase testing environment opened for regression testing in July 2025.

Release 2 will replace the settlement and sub register functionality, deliver improved corporate action functionality and make further enhancements to clearing. It will also introduce global standard ISO 20022 messaging interfaces for Participants, share registries and payment providers. The go-live date would be dependent on successful industry testing, readiness and accreditation of the CHESS replacement system, expected to be in 2029.

Hong Kong Enhancement of Settlement Arrangement for Multi-Counter Eligible Securities

The Hong Kong Stock Exchange (HKEX) introduced a new HKD-RMB dual counter model in the Hong Kong securities market to allow investors to trade, settle and interchange eligible dual counter securities in the RMB counter which went live on June 19, 2023.

In May 2024, HKEX also announced their proposed enhancement of settlement arrangement for Multi-counter Eligible Securities in Central Clearing and Settlement System (CCASS) by adopting a single tranche multiple counter arrangement to eliminate the need for the manual inter-counter transfer of Multi-counter Eligible Securities in CCASS. This has come into effect on June 2025. As a recap, there will be no change in the existing trading arrangement; i.e. separate trading counters with different stock codes will still be made available to Multi-counter Eligible Securities for trading. However, there will only be one stock code/ISIN for post-trade activities. Separate ISINs for different currencies of the same multi-counter eligible security have been removed.

Northbound Swap Connect Margin Collateral Arrangement

As highlighted in our previous report, the People's Bank of China (PBOC), Hong Kong Securities and Futures Commission (SFC), Hong Kong Monetary Authority (HKMA) and HKEX announced that China Government Bonds and Policy Financial Bonds held by international investors through Bond Connect can be used as margin collateral for Northbound Swap Connect.

This was made effective January 13, 2025.

HKMA Announces Enhanced Offshore RMB Bond Repo Arrangement

On January 13, 2025, the HKMA and the People's Bank of China (PBOC) jointly announced the offshore RMB bond repurchase business (offshore RMB repo arrangement). This initiative aims to further enhance the market-based arrangement for offshore RMB liquidity management and bolster Hong Kong's competitiveness as an offshore RMB business hub.

The arrangement is available to all existing Northbound Bond Connect investors who hold eligible bonds through participating institutions under Northbound Bond

Connect, regardless of bond type. To trade offshore RMB bond repos using Northbound Bond Connect bonds as collateral, investors must onboard one of the Primary Liquidity Providers designated by the HKMA for trading. Settlement will be completed under the Repo Service by the Central Money markets Unit (CMU).

The HKMA further announced the enhancements on the offshore RMB bond repurchase business, this includes supporting the rehypothecation of bond collaterals during the repo period and supporting cross-currency repo (including HKD, USD and EUR). These enhancements went live on August 25, 2025.

Establishment of Direct Linkage between HKMA CMU and AMCM MCSD

The HKMA and the Monetary Authority of Macao (AMCM) have jointly announced the official launch of a direct linkage between the Central Moneymarkets Unit (CMU), operated by CMU OmniClear, and the central securities depository (CSD) operated by Macao Central Securities Depository and Clearing Limited (MCSD), effective January 21, 2025. This direct linkage allows investors in Hong Kong to clear, settle, and hold bonds lodged with the CSD in Macao through their CMU accounts. Conversely, investors in Macao can clear, settle, and hold bonds lodged with the CMU through their CSD accounts in Macao.

Hong Kong Dematerialization of Securities

The SFC and HKMA announced that Hong Kong will commence dematerialization of the securities market in early 2026 through Uncertificated Securities Market (USMs) Initiatives which will apply to all new issuers. The conversion of existing listings is expected to take place in phases between 2026 and 2030. Our team is monitoring this development and engaging relevant trade associations to consider potential custody and client related impacts.

Vietnam - Implementation of KRX System

The State Securities Commission (SSC) of Vietnam has announced plans to implement the KRX system, a Korean Trading and Settlement platform, which went live on May 5, 2025. This implementation proceeded without Central Counterparty (CCP) functions.

Vietnam Central Counterparty

In September 2023, the Ministry of Finance issued a draft circular proposing the creation of a Central Counterparty (CCP) that will be established as a subsidiary of the Vietnam Securities Depository Corporation. The aim of the CCP is to remove the existing pre-funding requirement, which is one of the key challenges for the market being reclassified as an Emerging Market.

In July 2025, the State Securities Commission (SSC) announced the roadmap for implementing the CCP model, with a tentative go-live date of first quarter 2027. While the removal of pre-funding was intended to take place alongside the implementation of a CCP, the SSC has implemented non-prefunding (NPF) which went into effect on November 2, 2024.

Thailand - End of Day Balance Limit

The Bank of Thailand (BOT), Thailand's central bank, currently imposes an End of Day (EOD) balance limit of Thai bhat (THB) 200 million. Any balances beyond this limit need to be repatriated on the same day and any excess is subject to forced conversion by the BOT.

As part of ongoing market advocacy efforts, our sub-custodian has been in continuous discussions with the BOT regarding potential relaxation proposals. In January 2025, our sub-custodian met with the BOT to discuss a proposed relaxation that would allow excess balances to be carried over to the next business day, with permission to execute a same-day FX transaction to repatriate the excess amount only. BOT is expected to announce more details on this relaxation matter later this year.

5. Digital Assets

Digital assets (e.g., cryptocurrencies, tokenized and native digital securities, stablecoins, Central Bank Digital Currencies (CBDC), Non-Fungible Tokens (NFTs) to name a few) continue to be a key area of focus for global regulators and policy makers. We remain closely involved in providing industry input on policy and regulatory initiatives, while collaborating internally on J.P. Morgan branded digital projects.



Americas

U.S. Developments

Since the inauguration of President Trump in January 2025, regulatory developments across the digital asset space have been directed at the administration's goal of making the U.S. a global leader in digital assets. These developments include:

- An Executive Order, "Strengthening American Leadership in Digital Financial Technology" signed in January 2025 by the President, which supports the responsible growth and use of digital assets, blockchain technology, and related technologies across all sectors of the economy. Amongst other things, the EO (1) provides key definitions for the sector, (2) directs the Treasury to revoke and rescind the "Framework for International Engagement on Digital Assets" established under the Biden administration, (3) establishes the Presidential Working Group on Digital Assets Markets within the National Economic Council which is focused on a Federal regulatory framework for digital assets, and (4) prohibits the issuance of a US Central Bank Digital Currency (CBDC) absent an explicit requirement of law.

- The passing of the GENIUS Act, which was signed into law on July 18, 2025, and establishes the first comprehensive federal-state supervisory and compliance framework for payment stablecoins.
- On July 17, 2025, the U.S. House of Representatives passed the Digital Asset Market Clarity Act (CLARITY ACT), which delineates the jurisdiction of the CFTC and SEC for digital assets. The Senate is considering their views on the CLARITY ACT, and released an industry RFI to inform their approach. Our team provided input into industry responses to the Senate's RFI, including the BPI's response; and we do not expect final legislation on this until Q4 at the earliest.
- Several regulatory agencies have rescinded guidance issued by the agencies under the prior administration with the goal of making it easier for regulated firms to offer services and products related to digital assets and blockchain technology. Examples of rescinded

guidance include [SEC Staff Accounting Bulletin 121](#), the [OCC interpretive letter 1179](#), and [FDIC FIL-16-2022](#).

- The SEC Crypto Task Force was established under the leadership of SEC Commissioner Hester Peirce to promote the development of a regulatory framework for digital assets. Through this taskforce the SEC plans to collaborate with others across the federal government, with state securities regulators, and with international counterparts. It has already hosted a number of industry roundtables and is collating industry feedback via a public request for information on its approach to digital asset. As such our firm has provided input into industry association responses, such as SIFMA's initial responses to the SEC's RFI.

Given the pace of change across the digital asset regulatory and legislative space under the current U.S. administration, our firm will continue to monitor developments closely and engage accordingly.

Europe

E.U. Developments

As stated in our previous report, the Markets in Crypto-assets Regulation (MiCA) and the EU's DLT pilot have been two key regulations in the digital/ crypto asset space over the past 2 years or so in the EU. With respect to these two regulations:

- MiCA came into full application in December 2024 following consultations on 33 Technical Standards and 13 Guidelines, including guidelines on reverse solicitation, classification of financial instruments, market abuse monitoring, and crypto-asset transfer services and more.
- The DLT pilot, which is effectively a regulatory sandbox regime to develop DLT market infrastructure, has seen limited uptake since its launch in 2023, with only two successful applications. ESMA therefore published recommendations in April 2024 to increase uptake, including alternative cash settlement solutions, custody activity clarifications, interoperability, investor protection, and competitiveness.

Other recent regulatory developments on digital assets in Europe include:

- The European Banking Authority (EBA) published new draft regulatory technical standards defining when crypto-asset service providers (CASPs) must appoint a

central contact point to combat financial crime. These standards are pending approval by EU institutions.

- The EBA also recently published its final Regulatory Technical Standards (RTS) on the prudential treatment of cryptoasset exposures following consultation earlier this year, which includes transitional provisions for the capital treatment under the credit risk framework for cryptoassets, excluding tokenised traditional assets and e-money tokens (i.e., single fiat stablecoins), until the EU implements the Basel Standards.

U.K. Developments

The UK government via His Majesty's Treasury (HMT) and the Financial Conduct Authority (FCA) continue to focus on establishing a clearer regulatory framework for digital assets and related activities.

To this point the FCA published its "Crypto Roadmap" in Q4 2024 outlining a timeline for establishing a full regulatory framework for crypto assets by the end of 2026. This roadmap clarified that key publications will include discussion papers on Market Abuse Regime and Disclosures, trading platform rules, intermediation, lending rules, staking, and prudential considerations for crypto asset exposures.

As such the FCA published its discussion paper on Market Abuse Regime and Disclosures Discussion at the end of 2024, which closed for comments in March 2025.

The FCA has also conducted consultations on rules related to stablecoins and safeguarding crypto-assets, as well as the prudential rules for crypto firms. Both these consultations closed in July 2025, and our team has contributed input into industry associations letters and consultation responses.

Our team continues to monitor and engage in these regulatory discussion papers and consultations in the UK and Europe particularly where they may impact our custody business.

Asia Pacific

Hong Kong Monetary Authority (HKMA) – Consultation on Basel Crypto-asset standards

In January 2025, HKMA issued a consultation regarding the Prudential Treatment of Cryptoasset Exposures held by banks (referred to as Authorized Institutions). The consultation proposed amendments to the Banking Capital Rules (BCR) and Banking Disclosure Rules (BDR), based on the “Cryptoasset standards amendments” and “Disclosure of cryptoasset exposures” released by the Basel Committee on Banking Supervision (BCBS) in July 2024. Hong Kong was the first major market in APAC to issue consultations for the local adoption of the BCBS standards. Our firm responded to the consultation via ASIFMA in February 2025.

HKMA – Stablecoin Bill

In May 2025, Hong Kong’s Legislative Council passed the Stablecoin Bill, setting a licensing regime (100% reserve ratio, high-quality reserves, no interest payments) for fiat-referenced stablecoins effective in 2025. The framework requires issuers to be licensed by the HKMA and applies to both domestic and cross-border issuance. Shortly after, the HKMA issued consultations on the draft guideline on supervision of licensed stablecoin issuers and proposed requirements on AML/CFT requirements for regulated stablecoins activities aligning with global standards from the BCBS and FSB, and similar to major jurisdictions’ frameworks. These consultations closed in June 2025, and our firm has contributed to the consultations via relevant industry associations.

Hong Kong Consultation on Virtual Asset Custodian Service Providers

In June 2025, the Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC) jointly issued a consultation on a legislative proposal to introduce a new licensing regime for virtual asset (VA) custodian service providers. The proposal requires any firm conducting the safekeeping of client virtual assets, or the instruments (such as private keys) enabling their

transfer, to obtain a license with the SFC. Licensed entities would be subject to fit-and-proper criteria, asset protection requirements, AML/CFT obligations, and ongoing supervision. The regime exempts HKMA-licensed stablecoin issuers who only provide custody of the stablecoins issued to clients and bank security vaults and securities companies that store encrypted/de-activated backup of private keys.

Monetary Authority of Singapore – Consultation on Basel Crypto-asset standards

In March 2025, MAS issued a consultation on Prudential Treatment and Disclosures of Crypto-asset Exposures for Banks. Following the Hong Kong Monetary Authority, MAS is the second regulator in the APAC region to consult on the local implementation of Basel Committee on Banking Supervision (BCBS)’s standards on crypto-assets. The consultation proposed amendments to several MAS Notices, including Notice 649 on minimum liquid assets and liquidity coverage ratio. Our firm responded to the consultation via ASIFMA in April 2025.

Australian Treasury - Plans for regulating Digital Assets

In March 2025, the Australian Treasury published high level plans for the regulation of digital assets that primarily targets digital asset platforms (DAPs). This includes crypto exchanges, custody providers, some brokers and stablecoin issuers. The reforms propose licensing requirements for DAPs to operate under the existing Australian Financial Services License (AFSL). Additionally, the Treasury plans to review the Enhanced Regulatory Sandbox, allowing businesses to test new financial products and services. The framework aims to ensure that platforms comply with financial services laws designed to protect consumers and maintain market integrity.



6. Regional Developments and Outlook

Outside of the themes highlighted in other chapters within this report, local and regional regulators continue to develop regulatory frameworks covering areas such as asset safety, account opening, clearing, financial and operational resilience and more. This chapter covers some recent key developments across the globe; however, it is not an exhaustive list of all regulations and proposals globally.

Americas

U.S. Regulatory Developments

In our previous report we provided updates on several regulatory proposals and final rules developed by regulatory agencies under President Biden's administration. Examples included:

- **SEC Safeguarding Client Assets Rule** proposal which sought to amend the Registered Investment Adviser (RIA) Custody Rule which addresses custody of client assets under the Investment Adviser Act of 1940.
- **SEC Cybersecurity proposals for Registered Investment Advisers and Funds** which proposed new cybersecurity rules for RIAs and Funds focusing on policies and procedures, incident management and notifications, disclosures, and oversight of key third parties.
- **SEC Outsourcing proposal for Registered Investment Advisers** which aimed to ensure RIAs meet certain minimum requirements when outsourcing covered functions to service providers.
- **Joint Regulatory Agency Financial Data Transparency Act Data Standards** Proposal which sought to establish data standards for the collections of information reported to the agencies by financial entities under the jurisdiction of the regulatory agencies.

- **SEC U.S. Treasury Clearing** rule which was adopted as a final rule in December 2023 to require certain transactions in U.S. Treasury securities to be centrally cleared over the coming years.

Since the inauguration of President Trump in January 2025, there has been a number of leadership changes at key regulatory agencies and a deregulation agenda set by Presidential Executive Orders. In light of this there have been several developments on U.S. regulations including:

- **SEC Withdrawal of 14 previously proposed rules** including the RIA Safeguarding Client Assets Rule, RIA Outsourcing, RIA Cybersecurity Risk Management and others. For the full details, please see [here](#).
- **SEC U.S. Treasury Clearing rule** – the compliance dates for clearing cash transactions have been extended to December 2026 from December 2025; whilst the compliance date for clearing repo and reverse repo transactions has been extended to June 2027 from June 2026. For more information on U.S. Treasury Clearing please refer to our firm's Resource [Hub](#) and [FAQs](#) which have been developed by our J.P. Morgan Markets business.
- **Investment Company Names Rule amendments** – the compliance date has been delayed by the SEC with larger fund groups now needing to comply by June 11, 2026.

- **Digital & Crypto Assets** – there have been several legislative and regulatory developments and announcements related to digital and crypto assets which are covered in our Digital Assets Chapter on [\(page 24\)](#).

Our firm will continue to engage with relevant trade associations, such as SIFMA and the Bank Policy Institute, and the SEC accordingly on other outstanding regulatory proposals, including the joint Regulatory Agency Financial Data Transparency Act Data Standards Proposal as they review and clarify concrete next steps.

ETF Share-Class of Mutual Funds

A major development in the US ETF market is the potential market-wide introduction of ETF share classes to mutual funds. With over 50 applications across the industry to the SEC and broad consistency in the substance of the filings, regulatory approvals are anticipated in 2025. The approach would enable asset managers to offer ETF classes to the marketplace within existing mutual fund strategies, which in some cases may serve as a beneficial alternative to the traditional approach of converting mutual funds to ETFs. As this space continues to fluidly evolve, it will make for new opportunities and challenges for investors and issuers alike, which J.P. Morgan stands ready to help guide our clients through.

Europe

EU Savings & Investment Union

In early 2025, the new EU Commissioner for Financial Services, Maria Luísa Albuquerque, outlined the policy initiatives to be undertaken by her Directorate during her mandate which included the publication of its Savings and Investments Union (SIU) [initiative](#).

The SIU includes several initiatives that, according to the European Commission, aim to redirect the high level of savings held by EU citizens into productive investments, thereby fueling the bloc's economy. Financial services, including post trade are considered to be vital to this.

The EC published a [consultation](#) on the integration of EU capital markets, the feedback of which will feed into EC plans to publish a package of proposals in Q4 2025 which intends to address barriers to achieve more integrated trading and post-trading infrastructures in the EU.

J.P. Morgan fully supports the EC's focus on the SIU and its desire to improve the post-trade landscape and

has contributed to various trade association responses, most notably AFME's, advocating for the following in order to achieve deeper, more liquid securities markets and a more integrated post trade operating environment to support investors:

- **Post-Trade Financial Market Infrastructure (FMI):**
 - Improved interoperability alongside increased competition among FMIs in order to reduce costs and improve cross-border and operational efficiency.
 - More ambitious structural changes could foster competition between CSDs for market-side services by levelling the playing field for issuer services. A common issuance layer could facilitate competition for safekeeping, asset servicing, and custody services, allowing market participants to choose providers.

- Leveraging new technologies like DLT is suggested to enhance competition integration and longer term value.

- **Regulatory Simplification:**

- Simplifying the EU regulatory framework alongside removing regulatory barriers that impede the single market in order to deepen pan-EU integration and improve competitiveness.

Current work by the **ECB AMI-SeCo Securities Group (SEG)** is focused on these topics with a report identifying and addressing the ‘Remaining barriers to integration in securities post-trade services’ due to be circulated in H2 2025. J.P. Morgan stands ready to assist in finding solutions and contributing to efforts to improve the EU post-trade environment.

Capital Requirement Directive (CRD) VI

As highlighted in our previous report, in July 2023 the European Council and Parliament reached a political agreement on the E.U. banking package which implements the finalized Basel III E.U. standards. The agreement largely adheres to the international Basel standards with some E.U. specific changes to the framework, most of which will apply only transitionally.

Of note, new provisions under CRD VI include a requirement for third country institutions to establish a branch to provide certain cross-border “core banking services”, namely deposit taking, lending and guarantees & commitments, to clients in the E.U. unless one of the exemptions granted under the directive applies. These exemptions include reverse solicitation (whereby the client approaches the third country institution itself requesting it to provide the services), inter-bank and intra-group services, grandfathering, and certain MiFID services.

The final text has been published in the E.U. Official Journal. However, as a directive, Member States must adopt national implementing measures in January 2026 with third-country branch requirements coming into effect from January 2027.

Whilst J.P. Morgan has an E.U.-domiciled subsidiary (J.P. Morgan SE), our team advocated for Custody-related activities including the safekeeping and administration of securities (and safe custody services) to be removed from the scope of CRDVI – which was achieved during the political negotiations. However, the final text has inadvertently created some ambiguity on whether the provision of deposit taking and lending

services in the frame of custody services might still be considered to be in scope despite the political agreement at EU level to carve these out.

To this end, we are working with industry associations to respond to the various implementing mandates required under the directive and obtain clarity on the implementation of the EU policy objectives, in addition to monitoring Member States’ transpositions – continuing to advocate for all services and processes ancillary to the ‘safekeeping and administration of assets’ including deposit taking and lending to be duly exempt.

Meanwhile, J.P. Morgan has a program in place to explore how the requirements under CRDVI can be met should such restrictions be imposed in the national transpositions.

E.U. Alternative Investment Fund Managers Directive AIFMD & Undertakings for the Collective Investment in Transferable Securities (UCITS) Review

As mentioned in our May 2024 report, a final text amending AIFMD was published in the Official Journal of the E.U. marking the end of the first phase of the AIFMD Review. Our team supported the EC’s position that AIFMD has generally worked well and that only targeted change and use of guidance is required. We consider highlights of the review to include:

- Introduction of a fully aligned set of liquidity management tools, across AIFMD and UCITS
- CSDs acting as Investor CSDs will be considered delegates of the depositary. Meanwhile delegation rules for AIF and UCITS managers will remain largely unchanged
- AIF and UCITS manager reporting rules will be amended via RTS/ITS
- A new pan-E.U. regime for loan origination will include, amongst others, a requirement for funds to retain notional 5% value of loans (AIFMD only)
- Introduction of a “mini-passport” for AIF depositaries subject to thresholds and Member State discretion (AIFMD only)

In terms of next steps, E.U. Member States have until April 16, 2026, to transpose the directive into national law. From an advocacy perspective, our team will focus on continuing to monitor the national transpositions and the development of delegated regulations and technical standards, including any public consultations.

Payment Services Directive 3

As previously reported, the E.U. continues to work on its Payment Services Directive 3 (PSD III). The EC outlined a proposal for PSD III in June 2023, which aims to provide rules on the efficiency and security of electronic/digital payments and financial services in the E.U. and improve competition and innovation by creating a more level playing field between banks and non-banks. Both the EU Parliament and Council have agreed on their amended versions of the proposed legislation. The final stage negotiations, known as "trialogues", between the EC, EU Parliament and Council started in July. The Danish Presidency aims to reach a final agreement by the end of the year and is therefore expected to maintain a steady pace of negotiations following the summer recess.

From a J.P. Morgan Custody perspective, although we expect the impact on our business and services to be minimal, we will continue to monitor ongoing negotiations between E.U. policymakers and engage clients accordingly as the directive is finalized.

U.K. Digitization Taskforce

In July 2025, the UK Digitization Taskforce, published its final recommendation report setting a phased route to full digitization of the UK shareholding framework by eliminating the use of paper share certificates. The objective is to minimize disruption and costs through a 3-step implementation process. Step 1 involves replacing paper certificates with registrar-run digitized registers for remaining certificated holders; no new paper allowed. Step 2 entails preparing for a fully intermediated system by enhancing the Ultimate Beneficial Owner experience & removing existing friction points through mandating electronic communications and payments, adopting a common messaging language, and requiring a baseline shareholder service provision. Finally, step 3 migrates all shares into CREST and makes digitized registers "one-way" (exit-only), with limited exceptions for complex cross-border listings until CSD links exist. The Taskforce recognizes that this will necessitate primary legislation and the creation of a Technical Group to propose a detailed implementation plan, and thus has not recommended a set timeframe for these changes but suggested that step 1 is completed no later than the end of 2027.

Middle East & Africa

Kingdom of Saudi Arabia – Omnibus Accounts for Global Custodians

As stated in our last report, the Saudi Capital Markets Authority's permission to allow ICSDs to open Omnibus Foreign Nominee Accounts (OFNAs) for clients investing in the Saudi Fixed Income market from May 6, 2021, was a positive step towards promoting foreign investment in the Saudi Arabian local debt market. Since omnibus accounts provide ease of market access for foreign investors, J.P. Morgan believes that further foreign investor access can be achieved by permitting global custodians to offer OFNAs to their clients, particularly to non-resident investors. Such a development would further support the development of the local debt market and increase liquidity.

This will also benefit CMA licensed Capital Markets Institutions (CMIs), such as J.P. Morgan Custody, as it will complement and help develop their local custody service suite. With an OFNA structure, J.P. Morgan can demonstrate:

- Scale through single point of entry with an option of omnibus or segregated accounts in line with market and client requirements

- Asset safety and protection
- A full range of supporting products including network, tax, proxy regulatory capabilities, intelligence to deliver industry expertise, liquidity and FX solutions to maximize cash efficiency

In line with the above, in November 2024, the Saudi CMA published the draft Capital Markets Institutions Regulations, which featured elements in the direction of allowing omnibus accounts to local Capital Market Institutions. However, the proposed changes were broad and did not specifically address certain legal and operational aspects of such structures e.g. treatment of foreign ownership limits, impacts of 5% withholding taxes on underlying clients based on their diverse domicile, etc. While we continued to advocate for OFNAs for global custodians in the Kingdom of Saudi Arabia, the market published new regulations in July 2025 allowing Omnibus Account structures only to Capital Market Institutions (CMIs) authorized by the CMA to conduct asset management activities. We continue to advocate for this allowance to be given to Global Custodians.

Qatar – Qatar Central Securities Depository New Account Opening Platform

As previously reported, the Qatar Central Securities Depository (Edaa) launched a new account opening platform in February 2024. It is being implemented in 2 phases.

- Phase 1 consisted of the Edaa providing sub-custodians the ability to upload soft copies of documents to the depository system. This went live in February 2024, but clients are still required to provide physical documents at this stage.
- For Phase 2, the Edaa intends to reduce the number of documents required for account opening and

simplify legal requirements so that soft copies of finalized documentation can be submitted to sub-custodians. The timeframe is unclear at this stage.

When fully implemented this is expected to ease clients access to the Qatari market, remove the requirement to provide personal information / documents when opening accounts, and to reduce the cost of opening accounts in this market. J.P. Morgan remains actively engaged with the EDAA in advocating for the automation and simplification of account opening, both bilaterally and through its sub-custodian, and will inform its clients of progress, including time frames once confirmed.

Asia Pacific

India - Ease of doing business & Foreign Portfolio Investors (FPIs)

J.P. Morgan continues to help clients navigate a dynamic regulatory environment in India. As regulatory frameworks around KYC (Know Your Customer) and disclosure tightens, our focus has been to highlight the practical challenges faced by foreign investors to meet additional KYC requirements and ongoing compliance, and to work with the regulators to improve the operating environment.

Under SEBI's additional disclosure framework for FPIs specified by their August 24, 2023 Circular, certain FPIs/investor groups with assets under management exceeding INR 250 billion are required to provide granular details of all their investors/stakeholders on a look-through basis, to ascertain whether the FPI is effectively domiciled in a Land Bordering Country (LBC) or not. To improve the ease of doing business, rather than requiring disclosure of all investors/stakeholders, SEBI in July 2024 invited public comments on a new proposal which seeks to obtain disclosures of an appropriate majority at a threshold to identify and categorize an FPI as LBC or non-LBC entity. We continue to track progress on this specific consultation paper.

In April 2025 SEBI changed the eligible criteria for FPIs required to make disclosures by increasing the threshold from INR 25000 crore to INR 50000 crore. Meanwhile, in May 2025, the Reserve Bank of India

(RBI) relaxed the 30% short-term investment limit and the 15% concentration limit for investments by FPIs in corporate debt securities through the general route for investment. Prior to this, investments by FPIs could not exceed 50% in corporate debt securities.

J.P. Morgan continues to engage with the regulators and key trade associations such as ASIFMA and the AGC to improve the operating environment for FPIs.

India Government Bonds – New SWAGAT-FI framework for FPIs

In August 2025, SEBI amended the FPI regulations to relax regulatory compliance requirements for FPIs investing exclusively in Indian Government Bonds (IGBs). While detailed guidelines are awaited from SEBI, key relaxations approved in the board meeting held in June include extended KYC refresh intervals, unrestricted NRI/OCI/RI contributions, and relaxed timelines for disclosing material changes.

Additionally, SEBI has invited public comments on a proposal to introduce the SWAGAT-FI framework, which features simplified onboarding and ongoing compliance processes for eligible low-risk FPIs. Key relaxations include extending FPI registration and KYC review to 10 years (from the current 3 years), automatic registration of FPIs as FCVI, facilitating easier investment in AIFs, and removing the 50% contribution cap for NRIs, OCIs, and RIs.

Korea – Index Inclusion, ICSD Access, and Market Liberalization

Korean government bonds are set to be included in the FTSE World Government Bond Index (WGBI) in April 2026. On June 27, 2024, Euroclear Bank SA/NV (Euroclear) established a direct link with the Korea Securities Depository (KSD) to support Korean Government Bonds (KTBs) and Monetary Stabilization Bonds. J.P. Morgan collaborated with the Ministry of Economy and Finance (MOEF) and the KSD to address challenges faced by custodians in trading and settling KTBs, including the requirement for each intermediary in the custody chain to obtain Qualified Foreign Intermediary (QFI) status.

J.P. Morgan advocated for simplifying tax requirements, including relaxing the QFI status and the tax documentation needed to verify clients' tax status. As a result, MOEF implemented a Partial Amendment to the Enforcement Decree of the Corporate Tax Act, effective January 1, 2025, requiring only International Central Securities Depositories (ICSDs) to obtain QFI status, thereby exempting custodians from QFI registration. Additionally, effective February 28, 2025, the South Korean tax authority, the National Tax Service (NTS), eliminated the requirement for beneficial owners to submit certain documentation for tax exemption.

Furthermore, the MOEF has announced changes to third-party foreign exchange (FX) regulations. Key changes include:

- The removal of the requirement to open an account with a third-party bank where the FX was to be executed.
- The introduction of Registered Foreign Institutions (RFI), allowing clients to execute FX transactions with offshore entities.
- Extension of FX market hours to 2 a.m., with only "Spot" tenure FX transactions allowed.
- Introduction of an overdraft facility in the local market to prevent securities settlement failure for foreign investors, where the source of funding is third-party FX.
- Custodian banks in Korea are currently working to operationalize the overdraft functionality and are in discussions with regulators. J.P. Morgan is actively following up with custodians regarding their offerings.

The Korean Ministry of Economy and Finance has further liberalized the Foreign Exchange Transaction Regulations (FETR), allowing Global Custodians to open and operate non-resident omnibus Korean Won (KRW) cash accounts in their own name for securities trade settlement purposes. Overdrafts will be permitted in these accounts for up to two business days to prevent securities settlement failure for foreign investors. While the revised regulations allow for the opening of cash omnibus accounts, further guidance is needed for custodian banks to fully develop the related infrastructure for operational processing.

Taiwan – Foreign Investors appointing custodians

Currently, Foreign Investors (FINIs) in Taiwan are permitted to apply for Multiple Trading Accounts (MTA) to facilitate asset segregation, allowing different external fund managers or global custodian banks to operate and manage the accounts. However, as one FINI can only appoint one local custodian, all MTAs of a FINI must be set up with the same local custodian currently.

J.P. Morgan proposed lifting this restriction in the market and actively participated in industry discussions to provide suggestions to the Taiwan Stock Exchange Corporation (TWSE) and Taiwan Depository & Clearing Corporation (TDCC).

As a result of these discussions the Financial Supervisory Commission (FSC) has permitted FINIs to appoint multiple custodians in Taiwan, effective February 24, 2025. FINIs can now appoint one primary custodian and up to three secondary custodians in the market. To facilitate the adoption of multiple custodians, the Trust Association of Taiwan has published a market guide for easy reference.

Appendix - Glossary



ABA	American Bankers Association
ACSA	Australian Custodian Services Association
AFME	Association for Financial Markets in Europe
AFSL	Australian Financial Services License
AGC	Association of Global Custodians
AGMs	Annual General Meetings
AIFMD	Alternative Investment Fund Managers Directives
ANBIMA	Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais
APRA	Australian Prudential Regulation Authority
ASIFMA	Asia Securities Industry & Financial Markets Association
ASX	Australian Stock Exchange
ATO	Australia Tax Office
B3	Brazilian Stock Exchange
BACEN	Banco Central do Brasil (Brazilian Central Bank)
BCBS	Basel Committee for Banking Supervision
BIS	Bank of International Settlements
BoE	Bank of England

BOT	Bank of Thailand
BPI	Bank Policy Institute
CCIL	Clearing Corporation of India Limited
CCASS	Central Clearing and Settlement System
CCP	Central Counterparty
CFTC	Commodity Futures Trading Commission
CMA	Saudi Capital Markets Authority
CMIs	Saudi Capital Markets Institutions
CMU	Capital Markets Union
COR	Certificate of Residence
CRA	Congressional Review Act
CRD VI	Capital Requirements Directive VI
CPS 230	Cross-Industry Prudential Standard
CSD	Central Securities Depository
CSDR	Central Securities Depositories Regulation
CSDR ReFIT	Amended version of CSDR following the EC review of CSDR
CSRC	China Securities Regulatory Commission
CVM	Comissão de Valores Mobiliários (Brazilian Regulator)
DBv	Delivery by Value
DLT	Distributed Ledger Technology
DLT MTF	DLT Multilateral Trading Facility
DLT TSS	DLT Trading and Settlement System
DSS	Digital Securities Sandbox
DTC	Depository Trust Company
DTCC	Depository Trust & Clearing Corporation
DTCC CSAC	DTCC Clearing & Settlement Advisory Council
DVP	Delivery Versus Payment
EBA	European Banking Authority
EC	European Commission
ECB	European Central Bank
ECB AMI-SeCo	ECB Advisory Group on Market Infrastructures for Securities and Collateral
ECB SCoRE	Single Collateral Management Rulebook for Europe
ECMS	European Collateral Management System
ECOFIN	Economic and Financial Affairs Council
Edaa	Kingdom of Saudi Arabia's Central Securities Depository
EMIR	European Market Infrastructure Regulation
EP	European Parliament
EOD	End-of-Day
ESMA	European Securities and Markets Authority

ESRB	European Systemic Risk Board
ETF	Exchange Traded Fund
E.U.	European Union
EUI	Euroclear U.K. & International Limited
FASTER	Faster and Safer Relief of Excess Withholding Taxes
FATCA	Foreign Account Tax Compliance Act
FCA	Financial Conduct Authority
FICC	Fixed Income Clearing Corporation
FDTA	Financial Data Transparency Act
FDIC	Federal Deposit Insurance Corporation
FMI	Financial Market Infrastructure
FPI	Foreign Portfolio Investors in India
FRB	Federal Reserve Board
FSS	Federal Reserve Board Securities Services
FSS ACAP	FSS Automatic Claims Adjustment Process
GAO	U.S. Government Accountability Office
GFMA	Global Financial Markets Association
HKEX	Hong Kong Exchanges and Clearing Limited
HKMA	Hong Kong Market Authority
HMT	His Majesty's Treasury (U.K. Government Treasury Department)
ICI	Investment Company Institute
IDB	Interdealer Broker
INR	Indian rupee
IOSCO	International Organization of Securities Commissions
IRS	U.S. Internal Revenue Service
ISITC	International Securities Association for Institutional Trade Communication
ISO 20022	An open global standard for financial information
KYC	Know Your Customer
MBI	Mandatory buy-in regime under CSDR
MBS	Mortgaged Backed Securities
MiCA	Markets in Crypto Assets
MIFID	Markets in Financial Instruments Directive
NCCPL	National Clearing Company of Pakistan Limited
OCC	Office of the Comptroller of the Currency
OFNAs	Omnibus Foreign Nominee Accounts
PBOC	People's Bank of China
POA	Power of Attorney
PSD III	Payment Services Directive III
PTTP	Kingdom of Saudi Arabia Post-Trade Technology Programme
QC	Qualified Custodian
RBI	Reserve Bank of India
RMB	Renminbi (Chinese Currency)

SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission
SEC RIA	SEC Registered Investment Adviser
SFC	Hong Kong Securities and Futures Commission
SFD	Settlement Finality Directive
SFT	Securities Financing Transactions
SIFMA	Securities Industry and Financial Markets Association
SOP	Standard Operating Procedure
SRDs	Shareholder Rights Directives
SSC	Vietnamese State Securities Commission
SWT	Severe Weather Trading
T2S	Target-2 Securities
UBO	Ultimate Beneficial Owner
UCITS	Undertakings for Collective Investment in Transferrable Securities
U.K. FSMA	U.K. Financial Services & Markets Act
UTI	Unique Transaction Identifier

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