

FINANCIAL REGULATION WEEKLY BULLETIN

Major UK and European regulatory developments of interest to banks, insurers and reinsurers, asset managers and other market participants

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If you have any comments or questions, please contact:

[Selmin Hakki](#).

Slaughter and May also produces a periodical Insurance Newsletter. If you would like to go on the distribution list, please contact: [Beth Dobson](#).

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GENERAL //

1 EUROPEAN PARLIAMENT

- 1.1 Better Data Sharing Regulation - ECON publishes report - 26 September 2025** - The European Parliament's Economic and Monetary Affairs Committee (ECON) has published a report containing a recommendation for second reading relating to the proposed Regulation amending the European Systemic Risk Board (ESRB) Regulation (1092/2010), EBA Regulation (1093/2010), EIOPA Regulation (1094/2010), ESMA Regulation (1095/2010) and InvestEU Regulation ((EU) 2021/523) (referred to as the Better Data Sharing Regulation) (2023/0363(COD)).

The proposed Better Data Sharing Regulation is part of a package of measures which is intended to streamline reporting requirements and strengthen the legal basis for data sharing between regulators, including across the financial services sector.

[ECON report](#)

2 FINANCIAL CONDUCT AUTHORITY

- 2.1 Proposals for targeted support for pensions and retail investment decisions - FCA publishes CP on consequential changes - 26 September 2025** - The FCA has published a consultation paper (CP25/26) setting out proposed consequential changes to its Handbook following the targeted support proposals for consumers' pensions and retail investment decisions consulted on in CP25/17 in June 2025. The new rules on targeted support would allow firms to make suggestions to groups of consumers with common characteristics to help them make financial decisions. The changes in CP 25/26 are designed to ensure that the new framework interacts effectively with existing rules, including rules on pensions choices.

The consultation closes on 17 October 2025. The FCA plans to publish feedback on CP25/17 and on CP25/26, together with the final rules, in a policy statement in December 2025.

[FCA consultation paper: Handbook changes following pension and retail investment targeted support proposals \(CP25/26\)](#)

[Webpage](#)

- 2.2 Application of consumer duty to wholesale firms - FCA publishes letter trailing proposals - 29 September 2025** - The FCA has published a letter sent to HM Treasury by Nikhil Rathi, Chief Executive, relating to the application of the consumer duty to firms primarily engaged in wholesale activity.

The letter outlines a number of areas where the FCA intends to amend rules relating to the consumer duty to remove “disproportionate burdens” on wholesale firms. It confirms that the FCA intends to consult on updates to the client categorisation framework this year, noting that there is a subset of investors with knowledge, experience, sophistication or resources who do not need retail protections. The FCA is also considering the introduction of a new test for firms

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identifying individuals capable of being treated as professional clients. The FCA suggests that HM Treasury may also wish to consider modernising the exemptions in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529) and the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (SI 2001/1060) to dovetail with this work.

The FCA plans to consult in the first half of 2026 on changes to rules on the application and requirements of the consumer duty through distribution chains, in particular looking at whether there is a case for the introduction of further exemptions. Finally, the FCA is considering whether to remove business with non-UK customers from the scope of the consumer duty.

See also the item below on consumer duty focus areas over the coming year and the outcome of the FCA's rule review.

[Letter](#)

- 2.3 Consumer duty focus areas for 2025/26 and update on streamlining rule review (FS25/2) - FCA publishes webpages - 30 September 2025** - The FCA has published a webpage setting out areas of focus relating to the consumer duty over the coming year. First, the FCA intends to conduct various multi-firm projects across sectors to understand how firms are embedding the consumer duty and sharing good practice. This will involve cross-cutting projects, including a review of how firms are designing products and services to meet customer needs as well as how they are responding to the FCA's outcomes monitoring requirements. The FCA is also working with the Information Commissioner's Office (ICO) to provide further clarity on the interaction between the consumer duty and data protection expectations in Q1 2026.

The webpage also refers to the FCA's market study on pure protection insurance. It expects to publish an interim report and proposed next steps around the end of 2025. It also expects to publish its findings on unit-linked pensions and long-term savings, looking at transparency of charges across the value chain and how firms assess overall product value, later in 2025. Further future work will focus on fair value in SME business current accounts, consumer understanding in the credit card market and the FCA's expectations for wealth and advice firms when assessing fair value. The FCA is also examining how model portfolio services firms are implementing the consumer duty. It expects to start work in Q4 2025 and publish its findings in summer 2026.

Separately, the FCA has published an update on how it is streamlining its rules and reducing complexity for businesses in light of the introduction of the consumer duty, following the publication of feedback statement (FS25/2) and its July 2024 call for input. In short, the FCA has decided not to proceed with broader reviews of its product governance, client asset and training and competence sourcebooks, but it will deliver work this year on its systems and controls requirements relating to the management of conflicts of interest. It will continue to look for opportunities to streamline its requirements of firms and provide mechanisms for stakeholders to raise concerns about overly complex or overlapping requirements.

[Consumer duty focus areas webpage](#)

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- 2.4 Regulatory perspective and 2025 priorities - FCA publishes speech - 30 September 2025** - The FCA has published a speech given by Lucy Castledine, FCA Director of Consumer Investments, on the FCA's five-year strategy, as well as four priorities that are seen as key to financial services in the UK. These priorities are: (i) supporting growth by enabling investment, innovation and ensuring the continued competitiveness of a world-leading financial services sector; (ii) being a smarter regulator by improving processes and embracing technology to become more efficient and effective; (iii) helping consumers navigate their financial lives; and (iv) fighting crime, focusing on the unlawful promotion of financial services on social media.

Among other things, Castledine refers to the FCA's ongoing work on a framework for targeted support, as well as the impact of the introduction of the consumer duty.

[Speech](#)

BEYOND BREXIT //

3 HM TREASURY

- 3.1 Joint EU-UK Financial Regulatory Forum - HM Treasury publishes policy paper - 2 October 2025** - HM Treasury has published a policy paper on the fourth meeting of the Joint EU-UK Financial Regulatory Forum (the Forum) between the UK and the EU, which took place in Brussels on 1 October 2025.

The EU and the UK reiterated the value of strong and structured dialogue to advance financial services and regulatory cooperation. Beyond the Forum, both sides noted the importance of continued cooperation in other areas, such as anti-money laundering and sanctions. Participants also spoke about respective policy priorities to support economic growth and competitiveness. The EU and the UK also provided views and updates on recent developments in digital innovation in the financial sector.

[Policy paper](#)[Webpage](#)

BANKING AND FINANCE //

4 SINGLE RESOLUTION BOARD

- 4.1 Operational guidance on resolvability testing for banks - finalised by SRB - 26 September 2025** - The Single Resolution Board (SRB) has published the final version of its operational guidance on resolvability testing for banks, reflecting the European Banking Authority's (EBA) 2023 amended guidelines on improving resolvability under the Bank Recovery and Resolution Directive (2014/59/EU) (BRRD). The guidance sets out the SRB's expectations around, among other things,

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multi-annual testing programmes and bank-led testing, internal governance and testing environments.

The SRB published a consultation draft of the guidance in March 2025, as previously reported in this Bulletin. An accompanying feedback statement notes that the SRB has simplified and clarified the text in several places.

[SRB guidance: Operational guidelines on resolvability testing for banks](#)

[Feedback statement](#)

[Press release](#)

5 EUROPEAN BANKING AUTHORITY

- 5.1 EU-wide transparency exercise - EBA launches annual data collection exercise - 29 September 2025** - The European Banking Authority (EBA) has launched its 2025 EU-wide transparency exercise. The exercise involves collecting and publishing detailed data from participating banks on capital positions, profitability, financial assets, risk exposure amounts, sovereign exposures and asset quality. The EBA expects around 124 banks to participate in the exercise, with results to be published in December 2025 together with a risk assessment report.

[Press release](#)

- 5.2 EBA - work programme for 2026 published - 1 October 2025** - The European Banking Authority (EBA) has published its work programme for 2026 (EBA/REP/2025/25), outlining three strategic priorities for the year ahead, namely:
- developing a rulebook for an efficient, resilient and sustainable single market by continuing work on the EU banking package and payment services legislation;
 - performing risk assessments, including preparing for the 2027 EU-wide stress test and implementing new oversight and supervisory roles over critical third-party providers under DORA (EU 2022/2554), crypto-asset issuers under MiCA (EU 2023/1114), and initial margin models under EMIR (648/2012); and
 - building technological capacity and flagging areas requiring regulatory or supervisory action, with a focus on AI and machine learning and the use of decentralised finance.

Chapter 2 of the work programme gives specific detail on the activities the EBA intends to undertake in 2026, with approximate timings.

Supplementary to the work programme is an EBA report (EBA/REP/2025/26) on proposals for a more efficient regulatory and supervisory framework in the EU. This project involves a review of the production of Level 2 and Level 3 regulatory standards, associated reporting requirements, the EBA's internal working arrangements as well as its contribution to the overall EU prudential regulatory framework.

[EBA work programme 2026](#)

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6 HM TREASURY

- 6.1 Commercial Credit Data Sharing Scheme - HM Treasury publishes consultation and call for evidence - 26 September 2025** - HM Treasury has published a consultation paper and call for evidence on a Commercial Credit Data Sharing (CCDS) scheme. Under the scheme, banks designated by HM Treasury would share all their credit data on in-scope small and medium sized enterprise (SME) customers with designated credit reference agencies (CRAs). The statutory framework for the scheme is set out in the Small and Medium Sized Business (Credit Information) Regulations 2015 (SI 2015/1945) (the CCDS Regulations).

HM Treasury's proposals refer to the requirement for a standard data format to be used by all CCDS participants and address aspects of the definition of an SME for these purposes. They also discuss the possible extension of the application of the CCDS regime to a wider set of designated finance providers to reflect the diversification of the lending market. Areas where HM Treasury seeks further evidence include whether CRAs should establish online data amendment portals to make data amendment easier and whether changes are needed to improve the quality of and access to information in SMEs' credit files.

The deadline for responses to the consultation and call for evidence is 20 November 2025.

[HM Treasury consultation paper: Commercial credit data sharing](#)

[Webpage](#)

7 PRUDENTIAL REGULATION AUTHORITY

- 7.1 Auditor reports - PRA publishes Dear CFO letter with thematic feedback on IFRS 9 ECL and climate risk - 30 September 2025** - The PRA has published a letter to the CFOs of selected deposit-takers providing thematic feedback following a review of written auditor reports received in 2025. This year, the questions in the review concerned IFRS 9 expected credit loss (ECL) accounting and accounting for climate-related financial risks. The appendix to the letter outlines a range of practices to help firms identify improvements and compare their approach to peers.

The PRA's review found that ongoing macroeconomic and geopolitical uncertainty has led to elevated model risk. Firms are encouraged to challenge their processes and post-model adjustments to ensure they capture evolving risks. Firms were found to be progressing with multi-year plans to improve or replace models with longstanding limitations. The PRA continues to see a risk of historical bias in loss given default (LGD) and encourages firms to improve their processes to challenge recovery assumptions underpinning LGD for potentially vulnerable sectors or borrowers. Firms have made progress in capturing climate risks in ECL processes, despite data limitations.

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For the 2026 analysis, the PRA will explore ECL processes around data quality, aggregation and the effect of securitisation transactions.

[Dear CFO Letter](#)

SECURITIES AND MARKETS //

8 FINANCIAL CONDUCT AUTHORITY

- 8.1 Reporting under UK EMIR - FCA publishes Market Watch - 30 September 2025** - The FCA has published Market Watch 84 on the implementation of changes to the UK EMIR reporting regime made in September 2024 by the UK version of EMIR Refit.

The FCA found that most counterparties were able to report in line with the new format by the end of the transition period, which was 31 March 2025. Problems in complying with the new rules were generally caused by inadequate resource planning and dependence on third-party vendors, who were sometimes unable to provide adequate support, leading to submission of poor-quality reports.

The FCA observes that it has received a lower number of breach notifications than it would expect. It is therefore increasing its monitoring of notifications, focusing on volume, quality and timeliness.

[Market Watch 84](#)

INSURANCE //

9 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

- 9.1 Proposed Solvency II amendments to capital relief - EIOPA publishes letter - 30 September 2025** - The European Insurance and Occupational Pensions Authority (EIOPA) has published a letter sent by Petra Hielkema, Chair of EIOPA, to the European Commission on proposed level 2 amendments to the Solvency II Directive (2009/138/EC). This follows the European Commission's consultation, in July 2025, on a draft Delegated Regulation amending Commission Delegated Regulation (EU) 2015/35 based on changes introduced by the Solvency II Amending Directive ((EU) 2025/2).

EIOPA expresses concern about the possible reduction in quantitative requirements by the proposed level 2 amendments compared to level 1, referring in particular to changes to the risk margin of insurance liabilities. EIOPA warns that the overall resilience of the insurance sector could be eroded if capital requirements are lowered significantly, as envisaged in the consultation proposal. EIOPA concludes the letter by arguing that Solvency II is designed to protect policyholders and financial stability, with amendments needing risk and evidence-based analysis to support those protection objectives.

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- 9.2 EIOPA - work programme and supervisory priorities for 2026 published - 29 September and 1 October 2025** - The European Insurance and Pensions Authority (EIOPA) has published its annual work programme for 2026 (EIOPA-25/688). The priorities listed within the programme include, among others, the management of sustainable finance risks and the supervision of digitalisation. The work programme also refers to the implementation of the Retail Investment Strategy.

EIOPA has also separately published a document (EIOPA-BoS-25/322) which sets out its areas of supervisory focus for 2026, namely the Regulation on Digital Operational Resilience for the financial sector ((EU) 2022/2554) (DORA) and sustainability risks. The document notes that digital operational risks will be integrated into the supervisory review process. On sustainability, supervisors will focus on prudential risk management and scenario analysis. Two further areas for attention in 2026 are the calculation of the solvency capital requirement for collective investment undertakings and the fair treatment of consumers in claims management, particularly in the context of digitalisation.

[Annual Work Programme \(EIOPA-25/688\)](#)[EIOPA focus areas 2026 \(EIOPA-BoS-25/322\)](#)[Webpage](#)

10 PRUDENTIAL REGULATORY AUTHORITY

- 10.1 Liquidity reporting reforms under Solvency II - PRA publishes policy statement (PS 15/25) - 30 September 2025** - The PRA has published a policy statement (PS15/25) on closing liquidity reporting gaps and streamlining standard formula reporting for insurers under the Solvency II regime. It provides feedback on responses to its December 2024 consultation paper on proposed measures to close key liquidity reporting gaps (CP19/24), as previously reported in this Bulletin.

The PRA has made a number of changes to the proposals it consulted on. Among other things, it has changed the scope of application of the reporting requirements and extended the scope of firms excluded from SF.01 reporting. It has also deferred the implementation date for the liquidity risk reporting rules from 31 December 2025 to 30 September 2026.

The appendices include amendments to the Reporting Part of the PRA Handbook (Appendix 1), as well as the introduction of four new reporting templates and instruction files (Appendix 2). Appendix 3 details an updated supervisory statement (SS15/16) on the monitoring of model drift and standard-formula SCR reporting amongst firms with an approved internal model.

The implementation date for the liquidity risk reporting requirements is 30 September 2026. The final rules and policy will be made immediately, but they will not take effect until 30 September 2026. The changes relating to SF.01 reporting are effective from 30 September 2025. This means that firms in scope of the proposals will not be expected to submit an SF.01 report to the PRA from 31 December 2025 inclusive.

[PRA policy statement: Liquidity reporting reforms \(PS15/25\)](#)

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11 FINANCIAL CONDUCT AUTHORITY

- 11.1 Changes to Berne Financial Services Agreement Guide for untied insurance intermediaries - FCA amends consultation paper - 30 September 2025** - The FCA has published an addendum to its 49th quarterly consultation paper (CP25/24) to make changes to its proposed draft guidance in the Berne Financial Services Agreement Guide (BFSAG).

Draft BFSAG 2.1.1G(2), as set out in CP25/24, states that where UK insurers and UK insurance intermediaries exercise market access rights under Annex 4 of the Berne Financial Services Agreement (BFSAG), they are not required to be authorised in Switzerland and do not have to comply with prudential rules covered by that agreement. The FCA notes in the addendum that untied insurance intermediaries exercising these market access rights will not be required to comply with the localisation requirements in article 41.2.a of the Swiss Insurance Supervision Act but will still need to comply with other requirements under Swiss law relating to insurance intermediaries.

[Addendum to 49th quarterly consultation paper \(CP25/24\)](#)

FINANCIAL CRIME //

12 UK FINANCE

- 12.1 Reporting of international money laundering - requirements for UK firms - 2 October 2025** - UK Finance has published a blog noting the uncertainty for UK firms on money laundering reporting requirements stemming from certain English court decisions (such as *World Uyghur Congress v NCA* and the Supreme Court's decision in *El-Khouri*). The blog suggests that transaction monitoring and ongoing due diligence in cross-border financing and trading activity requires higher than previous levels of scrutiny.

[Blog post](#)

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This Bulletin is prepared by the Financial Regulation Group of Slaughter and May in London. The Group comprises a team of lawyers with expertise and experience across all sectors in which financial institutions operate.

We advise on regulatory issues affecting firms across the financial services sector, including banks, investment firms, insurers and reinsurers, brokers, asset managers and funds, non-bank lenders, payment service providers, e-money issuers, exchanges and clearing systems. We also advise non-regulated businesses involved in financial regulatory matters. In addition, our leading financial regulatory investigations practice is regularly instructed by financial institutions requiring specialist knowledge of financial services regulation together with experience in high profile and complex investigations and contentious regulatory matters.

Most of the projects that we advise on have an extensive international or cross-border element. We work in seamless integrated teams with leading independent law firms which offer many of the most highly regarded financial institutions lawyers in Europe, the US and Asia, as well as strong and constructive relationships with local regulators.

Our Financial Regulation Group also produces occasional briefing papers and other client publications. The five most recent issues of this Bulletin and our most recent briefing papers and client publications appear on the Slaughter and May website [here](#).

If you would like to find out more about our Financial Regulation Group or require advice on a financial regulation matter, please contact one of the following or your usual Slaughter and May contact:

Jan Putnis	jan.putnis@slaughterandmay.com
Nick Bonsall	nick.bonsall@slaughterandmay.com
David Shone	david.shone@slaughterandmay.com
Kristina Locmele	kristina.locmele@slaughterandmay.com
Sabine Dittrich	sabine.dittrich@slaughterandmay.com

London
T +44 (0)20 7600 1200
F +44 (0)20 7090 5000

Brussels
T +32 (0)2 737 94 00
F +32 (0)2 737 94 01

Hong Kong
T +852 2521 0551
F +852 2845 2125

Beijing
T +86 10 5965 0600
F +86 10 5965 0650

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For further information, please speak to your usual Slaughter and May contact.

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