

# 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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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 HM TREASURY, FINANCIAL CONDUCT AUTHORITY AND PRUDENTIAL REGULATION AUTHORITY

- 1.1 **Senior Managers Regime reform - Consultation Response and Policy Statements published by HM Treasury, FCA and PRA - 22 April 2026** - The FCA and the PRA have each published policy statements on reforms to the Senior Managers and Certification Regime (FCA PS26/6 and PRA PS12/26 respectively). As previously reported in this Bulletin and explained in our client briefing [[Streamlining the SMCR: Unpacking the Leeds Reforms](#)], reforms will be implemented in two phases: Phase One covers reforms that can be delivered without legislative change, while Phase Two covers reforms that require amendments to primary legislation, including the Financial Services and Markets Act 2000 (FSMA).

In PS26/6 the FCA confirms that it will implement the Phase One reforms largely as consulted on. This phase will involve extending the validity period for criminal records checks from three to six months, removing the requirement for checks for internal or intragroup moves, as well as giving firms 12 weeks to submit a senior management function (SMF) application. In PS12/26, the PRA also confirms that it will implement the Phase One reforms largely as consulted on, including clarifications related to the scope of the Group Entity SMF7. Most of these reforms will take effect on 24 April 2026; changes to regulatory reporting processes will take effect on 10 July 2026. The relevant FCA Handbook and PRA Rulebook instruments can be found in the appendices to each of the policy statements.

Separately, HM Treasury has published a formal response to its consultation on the Phase Two reforms. As previously trailed, this confirms the eventual removal of the certification regime from FSMA. HM Treasury will also reduce the number of SMFs and remove the requirement for regulatory pre-approval for some SMFs and legislative requirements on statements of responsibility. It will also give the regulators the power to decide whether and to what extent they will accept senior manager applications subject to time limits or conditions. The primary legislation relating to these Phase Two reforms will be introduced as soon as parliamentary time allows. The FCA and the PRA will then publish further consultations on amendments to their rules.

[FCA Policy Statement \(PS26/6\)](#)

[Webpage](#)

[Press Release](#)

[PRA Policy Statement \(PS12/26\)](#)

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[HM Treasury response](#)

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## 2 PRUDENTIAL REGULATION AUTHORITY

- 2.1 **Business plan 2025/26 - published by PRA - 17 April 2026** - The PRA has published its business plan for 2026/27, setting out details of regulatory initiatives that are intended to advance its strategic priorities and its primary and secondary objectives. It confirms the PRA's continued focus on safety and soundness, policyholder protection and a proportionate and efficient approach to regulation. The plan also outlines details of the PRA's work to improve its operational effectiveness and its budget for 2026/27.

The PRA's 2026 priorities for banks and investment firms note that it expects firms to maintain strategic risk management, operational and financial resilience and data risk management; they also highlight the PRA's efforts to streamline regulatory reporting. The PRA's insurance supervision priorities focus on maintaining strong risk discipline amid competitive pressures, with a particular emphasis on the life sector's rapid growth in bulk purchase annuities and increased use of funded reinsurance.

[PRA: Business plan 2025/26](#)

## 3 FINANCIAL CONDUCT AUTHORITY

- 3.1 **Inactive appointed representatives - FCA publishes review findings - 21 April 2026** - The FCA has published the findings from its review of the management of risks arising from inactive appointed representatives (ARs), based on regulatory return data submitted by 14 principal firms. The FCA comments that principals still need to have effective oversight of their ARs even where ARs do not carry out regulated activities; they should not rely on transaction oversight as a source of information. It notes that an unexplained lack of reported regulated activity is an indicator of weaknesses in principals' governance, monitoring and oversight and risk management of their ARs. The review prompted positive change at seven of the 14 principal firms reviewed, with 11 ARs offboarded and principals strengthening their monitoring arrangements.

[FCA review: Managing potential risks from inactive appointed representatives](#)

- 3.2 **Innovation insights for 2025 - FCA publishes report - 20 April 2025** - The FCA has published its Innovation Insights report in which it outlines what it is learning from fintech market developments and from firms' engagement with the FCA's innovation services. The report explains "where innovation is accelerating, where risks and constraints are shifting, and what this means for safe testing and responsible scaling".

Looking ahead to 2026-27, the FCA states that it intends to make greater use of cohort-based testing (including for fund tokenisation); it also plans to encourage greater engagement from incumbents in wholesale markets and general insurance.

[FCA report: Innovation insights 2025](#)

[Webpage](#)

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### 3.3 [Supporting fintech in the next phase of innovation - FCA publishes speech - 21 April 2026 -](#)

The FCA has published a speech delivered by Jessica Rusu, FCA chief data, information and intelligence officer, on supporting fintech in the next phase of innovation. Among other things, Rusu announces the next phase of the FCA's AI Lab and confirms that the FCA does not intend to introduce new AI rules; instead, it will use learnings from the AI Lab to publish examples of good and poor practice later this year. Rusu also announces that the FCA's Scale-Up Unit has opened for expressions of interest from FCA-authorized firms.

In a related press release, the FCA confirms the names of eight firms that will comprise the second cohort for AI Live Testing.

[Speech](#)[Press release](#)

## 4 EUROPEAN COMMISSION

### 4.1 [Separation of activities and disclosures under ESG Ratings Regulation - European Commission adopts Delegated Regulations - 21 April 2026 -](#) The European Commission (the Commission) has adopted two Delegated Regulations supplementing Regulation (EU) 2024/3005 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities (the ESG Rating Regulation).

The first Delegated Regulation (C(2026) 2495) contains regulatory technical standards (RTS) specifying measures and safeguards to be implemented by ESG rating providers to separate their ESG rating activities from their other activities. These measures are designed to avoid conflicts of interest that could arise where an ESG rating provider's employees who are directly involved in assessing rated items are also involved in other activities. The second Delegated Regulation (C(2026) 2503) contains RTS specifying the elements of ESG rating products to be disclosed (which includes, among other things, details of general methodology used and any data limitations).

Both Delegated Regulations will now be scrutinised by the Council of the EU and the European Parliament. They will apply from 2 July 2026, in line with the date of application of the ESG Rating Regulation.

[Commission Delegated Regulation supplementing Regulation 2024/3005 with regard to RTS specifying the measures and safeguards to be implemented by ESG rating providers to separate their ESG rating activities from their other activities \(C\(2026\) 2495\)](#)

[Commission Delegated Regulation supplementing Regulation \(EU\) 2024/3005 with regard to RTS specifying the elements of ESG rating products to be disclosed to the public and to users of ESG ratings, rated items and issuers of rated items \(C\(2026\) 2503\)](#)

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## BANKING AND FINANCE //

### 5 EUROPEAN BANKING AUTHORITY

- 5.1 **Competitiveness of the EU banking sector - EBA publishes response to European Commission consultation - 17 April 2026** - The European Banking Authority (EBA) has published its response to the European Commission's targeted consultation, published last month, on strengthening the competitiveness of the EU banking sector. The response addresses 43 of the 95 consultation questions posed in the consultation.

The response deals with varied topics related to the banking sector, from the effects of digitalisation to the impact of market fragmentation. Among other things, the EBA refers to arguments that the EU's prudential and resolution framework is more complex than those of other jurisdictions, notably the UK and the US.

The EBA's input will feed into a European Commission report that considers the state of the banking sector in the single market, including its competitiveness.

[EBA: Response to European Commission consultation on EU banking sector competitiveness Press release](#)

### 6 EUROPEAN BANKING AUTHORITY

- 6.1 **Operational risk requirements under CRR - EBA publishes opinion - 22 April 2026** - The European Banking Authority (EBA) has published an opinion (EBA/Op/2026/04) on the European Commission's proposed amendments to the EBA's draft Regulatory Technical Standards (RTS) on operational risk requirements under the Capital Requirements Regulation ((EU) 575/2013) (CRR), as amended by the CRR III Regulation ((EU) 2024/1623).

The EBA asks the Commission to reconsider its proposal to allow the combined use of the accounting approach (AA) and the prudential boundary approach (PBA) for the calculation of the financial component of the business indicator. As indicated in the accompanying press release, the combined use of both approaches is not envisaged in the Basel standard and may increase complexity, create inconsistencies across risk frameworks and facilitate regulatory arbitrage, while benefiting only a limited number of firms. The EBA also objects to the European Commission's proposal to limit notification obligations to material changes in the scope of the PBA when used in combination with the AA. The EBA comments that this could weaken supervisory effectiveness by introducing institution-specific materiality judgments making supervisory reviews more complex.

Annex 1 to the opinion reflects the EBA's recommended drafting adjustments.

[EBA opinion: Commission's amendments to RTS on operational risk \(EBA/Op/2026/04\) Press release](#)

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## 7 COUNCIL OF THE EU

- 7.1 **Proposed compromise texts on PSD3 and PSR - published by the EU Council - 23 April 2026 -** The Council of the EU has published notes from its General Secretariat to the Permanent Representatives Committee (COREPER) setting out final compromise texts for the legislative proposals on the Directive on payment services and electronic money services in the internal market (PSD3) (2023/0209 (COD)) and the Regulation on payment services in the internal market (PSR) (2023/0210 (COD)).

The Council has also published an "I" item note (8220/26) from the General Secretariat of the Council, suggesting that COREPER approves the text of the draft Directive and draft Regulation with a view to reaching an agreement at second reading with the European Parliament.

### [‘I’ Item Note](#)

[Confirmation of the final compromise text for Directive](#)

[Confirmation of the final compromise text for Regulation](#)

## 8 EUROPEAN COMMISSION

- 8.1 **Market risks under CRR - European Commission publishes draft delegated act for feedback - 22 April 2026 -** The European Commission has published a consultation paper on a draft Delegated Regulation on the capital requirements for market risk under the Capital Requirements Regulation (575/2013) (CRR) (Ares(2026)4118736).

The transitional provisions aim to address issues arising from partial delays to and adaptations of the implementation of the Basel Committee on Banking Supervision's fundamental review of the trading book in the US and the UK. They relate to, among others, the profit and loss attribution test under the alternative internal model approach and multipliers for capital requirements.

The amendments made by the Delegated Regulation will apply from 1 January 2027. The transitional provisions will cease to apply after 31 December 2029. The deadline for responses is 19 May 2026. The Commission is considering adopting the Delegated Regulation by the end of Q2 2026.

[European Commission consultation: Market risks for EU banks' own fund requirements](#)

[Press release](#)

# SECURITIES AND MARKETS //

## 9 FINANCIAL CONDUCT AUTHORITY

- 9.1 **Market soundings in UK equity capital markets - FCA publishes multi-firm review - 20 April 2026 -** The FCA has published the findings from a multi-firm review on market soundings in UK equity capital market (ECM) transactions in UK listed shares in wholesale banks. The FCA asked five banks active in ECM about their UK equity and equity-linked transactions over £50 million

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between January 2023 and June 2025 where they acted as a bookrunner. It then combined information about these transactions with order book data and transaction reporting data.

The FCA comments that its review follows the identification of some transactions where a relatively large number of investors were involved in the market sounding. Among the findings, the FCA notes that trading volumes fell by an average of 13% during the market sounding period and that firms completed transactions across a wide range of sizes, indicating that the UK equity markets have the liquidity to absorb substantial transactions. During the course of the review, some banks proposed improvements to Article 11 of the UK Market Abuse Regulation (UK MAR), including greater alignment with the EU market sounding regime.

[FCA market study: Market soundings in UK equity capital markets - wholesale banks](#)

## 10 HM TREASURY

- 10.1 **Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 - HM Treasury publishes draft SI and policy note - 21 April 2026** - HM Treasury has published a draft statutory instrument amending the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (the Cryptoassets Regulations) alongside a policy note summarising the measures.

The Cryptoassets Regulations were made in February 2026 and establish a regulatory regime for cryptoassets that will come into force in October 2027. In short, the draft SI carves UK qualifying stablecoin (UKQS) out of the new activities of dealing in qualifying cryptoassets as principal, dealing in qualifying cryptoassets as agent and arranging deals in qualifying cryptoassets. This is intended to remove undue barriers for firms seeking to provide payment services with UKQS ahead of the government's planned payment services reforms. Lending and borrowing activities involving UKQS remain within the scope of the dealing activities; in addition, firms undertaking UKQS payments will still need to obtain permission for cryptoassets safeguarding where they safeguard (or arrange safeguarding of) cryptoassets, including UKQS, on a customer's behalf. The draft SI also makes certain other minor consequential changes, as explained in the policy note.

The draft SI has been published for technical engagement with industry, with written responses invited by 22 May 2026. A consultation on the broader payment services reforms, including the longer-term treatment of UKQS payments and safeguarding, is expected to follow in Q2 2026.

[Draft Statutory Instrument amending the Financial Services and Markets Act 2000 \(Cryptoassets\) Regulations 2026](#)

[Policy note](#)

[Webpage](#)

[Press release](#)

- 10.2 **A Streamlined Approach to Payment Systems Regulation - HM Treasury publishes consultation response - 21 April 2026** - HM Treasury has published a response to its consultation paper on a streamlined approach to payment systems regulation, published in September 2025, which set

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out a proposed approach to consolidating the Payment Systems Regulator's (PSR) functions within the FCA.

The response confirms that HM Treasury intends to proceed with its plans to integrate the PSR's functions within the FCA under the Financial Services and Markets Act 2000 (FSMA) as far as practicable. HM Treasury is considering different options for the design of the legislation to deliver this intended policy outcome. It will provide further details in due course on its plans to bring forward primary legislation to deliver the changes. It intends to continue using a designation regime to bring payment systems in and out of scope of FCA regulation.

Further details about the government's wider plans for reforming assimilated payment services law will be published in due course.

[HM Treasury consultation response: A Streamlined Approach to Payment Systems Regulation](#)

[Updated webpage](#)

[Press release](#)

## INSURANCE //

### 11 INTERNATIONAL ASSOCIATION OF INSURANCE SUPERVISORS

- 11.1 **Peer review of reinsurance and other forms of risk transfer - report published by IAIS - 21 April 2026** - The International Association of Insurance Supervisors (IAIS) has published a peer review report on reinsurance and other forms of risk transfer relative to the standards set out in Insurance Core Principle (ICP) 13, which requires supervisors to ensure that insurers "manage effectively their use of reinsurance and other forms of risk transfer".

The assessment showed a high overall level of observance for ICP 13, subject to several areas marked for improvement (such as members' approaches to the supervision of cross-border reinsurance). The report includes illustrative examples of what the IAIS considers to be the effective implementation of the standards.

[IAIS report: Peer review of reinsurance and other forms of risk transfer](#)

[Press release](#)

## FINANCIAL CRIME //

### 12 ANTI-MONEY LAUNDERING AUTHORITY

- 12.1 **Group-wide AML/CFT requirements and business-wide risk assessment - AMLA publishes draft RTS and draft Guidelines - 16 April 2026** - The EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) has published two consultation papers under the Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (AML Regulation).

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The first consultation paper contains draft guidelines on business-wide risk assessments, which requires relevant firms to take measures that are proportionate to the nature and size of their business. Comments can be made until 15 July 2026. AMLA is holding a public hearing on the draft guidelines on 28 May 2026 and intends to issue the final guidelines in Q4 2026.

The second consultation paper contains draft regulatory technical standards (RTS) on group-wide requirements and additional measures on branches and subsidiaries in third countries. Comments can be made until 15 June 2026. AMLA is holding a public hearing on the draft RTS on 20 May 2026 and will submit the final draft RTS to the European Commission by 30 September 2026.

[AMLA consultation paper: Draft Guidelines on business-wide risk assessment](#)

[AMLA consultation paper: Draft RTS on group-wide minimum requirements and additional measures for subsidiaries and branches in third countries](#)

[Webpage](#)

[Press release](#)

## ENFORCEMENT //

### 13 FINANCIAL CONDUCT AUTHORITY

- 13.1 **Client money failings involving AR - FCA issues final notice to investment firm - 23 April 2026**  
- The FCA has published a final notice (dated 20 April 2026) relating to Sapia Partners LLP (the firm), imposing a public censure under section 205 of the Financial Services and Markets Act 2000 (FSMA).

The firm was responsible for complying with regulatory obligations relating to client money it held for the clients of its network of appointed representatives (ARs). It held client money attributable to the activities of one of these ARs in accordance with CASS 7. In short, the FCA found that the firm breached Principle 10 (Clients' assets) of its Principles for Businesses, CASS 7.12.2R and CASS 7.3.2R, by failing to take sufficient steps to ensure adequate segregation between those persons who were making payments out of the client money accounts and those carrying out reconciliations in respect of them. The only persons who were involved in those tasks in practice held roles at the AR in question, with the same individuals involved in both processes.

[FCA final notice](#)

[Press release](#)

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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](#).

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