

FINANCIAL REGULATION WEEKLY BULLETIN

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

QUICK LINKS

Selected Headlines

General

Banking and Finance

Securities and Markets

Financial Crime

Enforcement

SELECTED HEADLINES //

GENERAL

Appointed representatives regime - HM Treasury publishes consultation paper 1.1

Banking and Finance

Single banking market - European Commission publishes call for evidence and targeted consultation on competitiveness 2.1

Simplification of credit risk framework - EBA publishes discussion paper 3.1

Interplay between PSD2 and MiCA - EBA publishes opinion regarding transition period 3.2

Buy Now Pay Later - FCA publishes final rules 4.1

Securities and Markets

Work programme 2026 - published by IOSCO 5.1

Shareholder Rights Directive - European Commission publishes call for evidence and consultation 6.1

Financial Crime

MLD6 and AML Regulation - AMLA publishes draft RTS for harmonised supervision 7.1

Enforcement

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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:
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Selected Headlines

General	Financial Crime
Banking and Finance	Enforcement
Securities and Markets	

Financial sanctions enforcement and monetary penalties - OFSI publishes updated guidance	8.1
Illegal financial promotions - FCA commences civil proceedings against global crypto exchange	9.1

Selected Headlines[General](#)[Financial Crime](#)[Banking and Finance](#)[Enforcement](#)[Securities and Markets](#)

GENERAL //

1 HM TREASURY

1.1 **Appointed representatives regime - HM Treasury publishes consultation paper - 12 February 2026** - HM Treasury has published a consultation paper on proposed changes to the legislative framework for the appointed representatives (ARs) regime. These changes aim to address concerns that poor oversight of ARs is putting some consumers at risk, while ensuring that the current broad scope of the AR regime is preserved.

Significantly, the proposals include introducing a new regulatory gateway for authorised firms wishing to act as principal, providing the FCA with a specific mechanism to scrutinise prospective principals and ensure they are suitable (alongside the ability to vary or withdraw permission to act as principal). The government intends to model this new permission regime on section 55NA of the Financial Services and Markets Act 2000, which establishes the permission regime for authorised persons wishing to approve the financial promotions of non-authorised persons. Existing principal firms will be deemed to have permission from the FCA, although this permission can be varied or withdrawn.

The government also intends to implement a targeted extension of the compulsory jurisdiction of the Financial Ombudsman Service (FOS), to ensure that all consumers of regulated financial services, whether dealing with an authorised firm or an AR, have access to the FOS on a consistent basis. As is the case now, the FOS would continue to handle a complaint involving an AR by investigating the principal firm which has responsibility for the AR. But in cases where the FOS determines that a principal firm cannot be held responsible for its AR's acts or omissions, the FOS would be able to directly consider the complaint against the AR itself. If the FOS upholds a complaint against such an AR, the FOS would then be able to direct any appropriate redress measures to the AR (with possible implications for the Financial Services Compensation Scheme). HM Treasury clarifies that the proposed reform is not intended to affect or diminish the control and oversight duties principal firms have with regards to their ARs.

Finally, other proposed changes include setting out all of the detailed requirements applying to the contractual relationship between principals and their ARs, as well as requirements relating to the Financial Services Register, in FCA rules, and bringing ARs within scope of the Senior Managers & Certification Regime. The deadline for feedback is 9 April 2026.

[HM Treasury consultation paper: Changes to the appointed representatives scheme](#)

[Webpage](#)

Selected Headlines[General](#)[Financial Crime](#)[Banking and Finance](#)[Enforcement](#)[Securities and Markets](#)

BANKING AND FINANCE //

2 EUROPEAN COMMISSION

2.1 **Single banking market - European Commission publishes call for evidence and targeted consultation on competitiveness - 11 February 2026** - The European Commission has published a call for evidence on competitiveness of the single market in banking. This aims to assess how the EU banking sector supports the competitiveness of the EU economy and to identify targeted actions to address competitiveness issues. It will evaluate whether the current prudential, supervisory and crisis-management frameworks remain fit for purpose in light of evolving market dynamics, digitalisation and global competitive pressures. The deadline for responses is 11 March 2026.

In parallel, the Commission has published a targeted consultation for expert stakeholders – including financial institutions and their clients – on the same subject, with more detailed questions. These include questions on whether current credit demand is adequately met by banks, reasons why EU banks might be undervalued by investors when compared to international peers, and why EU banks have generally relied more on subsidiaries rather than branches and the free provision of services for cross-border activities within the banking union. The deadline for responses is 19 April 2026.

In both cases, feedback will inform the Commission's 2026 report on competitiveness in the single banking market, which is expected in Q3 2026.

[Call for evidence: Competitiveness in the single banking market](#)

[Consultation document: Targeted consultation on the competitiveness of the EU banking sector](#)

3 EUROPEAN BANKING AUTHORITY

3.1 **Simplification of credit risk framework - EBA publishes discussion paper - 9 February 2026** - The European Banking Authority (EBA) has published a discussion paper (EBA/DP/2026/01) on the simplification and assessment of the credit risk framework.

The paper sets out preliminary ideas to support efficiency and simplicity in the design of the rules relating to Pillar 1 requirements, aiming to stimulate a broader discussion on how to better structure the EBA's future work in this area. To this end, the paper focuses on simplification in the standardised approach and simplification in the internal ratings-based approach. Based on the comments received, the EBA will assess potential simplifications as part of its future policy work. The consultation closes on 10 May 2026.

[EBA discussion paper: simplification and assessment of credit risk framework \(EBA/DP/2026/01\)](#)

[Press release](#)

Selected Headlines[General](#)[Financial Crime](#)[Banking and Finance](#)[Enforcement](#)[Securities and Markets](#)

3.2 Interplay between PSD2 and MiCA - EBA publishes opinion regarding transition period - 12 February 2026 - The European Banking Authority (EBA) has published an opinion (EBA/OP/2026/01) on the actions for national competent authorities to take once the transition period under the EBA's No-Action letter on the interplay of the revised Payment Services Directive ((EU) 2015/2366) (PSD2) and the Markets in Cryptoassets Regulation ((EU) 2023/1114)(MiCA) comes to an end on 2 March 2026. The transition period allows cryptoasset service providers (CASPs) nine months to continue carrying out transactions using electronic money tokens (EMT) that qualify as payment services while submitting, and awaiting the response to, their application for authorisation under PSD2.

The opinion outlines the conditions under which national competent authorities are advised to allow CASPs to continue carrying out EMT transactions that qualify as payment services after 2 March 2026, while they do not (yet) hold a licence under PSD2.

[EBA opinion: Supervisory priorities post-transition period between PSD2 and MiCA \(EBA/OP/2026/01\)](#)

[Press release](#)

4 FINANCIAL CONDUCT AUTHORITY

4.1 Buy Now Pay Later - FCA publishes final rules - 11 February 2026 - The FCA has published a policy statement (PS26/1) containing its final rules on the regulation of deferred payment credit (DPC), more commonly known as 'buy now pay later'.

The FCA confirms that it is broadly making the rules and guidance it consulted on in July 2025 (CP25/23). From 15 July 2026, lenders who offer a DPC agreement to finance the purchase of goods or services from a merchant will come within FCA regulation. Merchants that offer their own DPC agreements directly will not, nor will the broking of DPC agreements. In-scope firms will be able to take advantage of a temporary permissions regime, where registration will be open between 15 May 2026 and 1 July 2026.

The FCA's final rules require DPC lenders to provide certain information before a consumer takes out a DPC agreement, as well as throughout the life of an agreement. The FCA has also: (i) applied the existing rules and guidance on creditworthiness to DPC; (ii) applied the Senior Managers and Certification Regime to DPC firms; and (iii) expanded the compulsory jurisdiction of the Financial Ombudsman Service to DPC activities.

[FCA policy statement: Final rules on the regulation of deferred payment credit \(PS26/1\)](#)

[Webpage](#)

[Press release](#)

Selected Headlines[General](#)[Financial Crime](#)[Banking and Finance](#)[Enforcement](#)[Securities and Markets](#)

SECURITIES AND MARKETS //

5 INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS

5.1 **Work programme 2026 - published by IOSCO - 9 February 2026** - The International Organization of Securities Commissions (IOSCO) has published its annual work programme for 2026, detailing its objectives and priorities for the coming year. Its key strategic priorities are: (i) strengthening financial resilience and market effectiveness, (ii) protecting investors, (iii) the evolution of public and private markets; (iv) technological transformation, and (v) promoting regulatory cooperation and effectiveness.

Key initiatives within these workstreams include work on the impact of market microstructures on liquidity and of extended trading hours on equity trading venues; exploration of novel products such as cryptoasset funds, private credit vehicles and retail-facing derivatives; and contributing to the Financial Stability Board's deep dive on private credit.

[IOSCO work programme 2026](#)

[Press release](#)

6 EUROPEAN COMMISSION

6.1 **Shareholder Rights Directive - European Commission publishes call for evidence and consultation - 11 February 2026** - The European Commission has launched a call for evidence and public consultation on updating the Shareholder Rights Directive (2007/36/EC). The update would aim to reduce fragmentation across capital markets and improve cross-border investment by making it easier and cheaper for investors, intermediaries, and issuers to operate across member states. The Commission explains that a key part of achieving this is ensuring that shareholders can exercise their rights easily and efficiently, especially across borders, and ensuring a smooth interaction between listed companies and their shareholders.

The deadline for feedback on both the call for evidence and consultation is 6 May 2026. The Commission will use this feedback to assess the necessity to simplify shareholder rights across the EU.

[European Commission call for evidence/consultation: Update of the Shareholder Rights Directive](#)

[Press release](#)

FINANCIAL CRIME //

7 ANTI-MONEY LAUNDERING AUTHORITY

7.1 **MLD6 and AML Regulation - AMLA publishes draft RTS for harmonised supervision - 9 February 2026** - The Anti-Money Laundering Authority (AMLA) has published three consultation papers on

Selected Headlines[General](#)[Financial Crime](#)[Banking and Finance](#)[Enforcement](#)[Securities and Markets](#)

draft regulatory technical standards (RTS) under the Sixth Money Laundering Directive ((EU) 2024/1640) (MLD6) and the anti-money laundering (AML) Regulation ((EU) 2024/1624). These seek to develop harmonised standards for the financial and non-financial sector, while ensuring consistent application and enforcement across the EU. More specifically, AMLA is consulting on:

- draft RTS on pecuniary sanctions, administrative measures and periodic penalty payments under Article 53(10) of MLD6. These seek to establish a common supervisory approach to assessing, categorising and responding to breaches of institutions' AML/counter-terrorist financing (CFT) obligations. This approach includes supervisors classifying the level of gravity of a breach into one of four categories by order of severity. Comments can be made until 9 March 2026;
- draft RTS proposing proportionate, risk-based customer due diligence (CDD) measures under Article 28(1) of the AML Regulation. These promote simplification and enable relevant entities to determine the most effective and proportionate measures to be applied. Comments can be made until 8 May 2026; and
- draft RTS specifying, under Article 19(9) of the AML Regulation: (a) criteria for business relationships, occasional transactions and linked transactions; and (b) high-risk entities, sectors or transactions to which a lower threshold for CDD measures should apply. AMLA states that the draft RTS demonstrate a commitment to simplification by not introducing additional lower thresholds at this point in time. Comments can be made until 8 May 2026.

[Draft RTS on pecuniary sanctions, administrative measures and periodic penalty payments](#)

[Draft RTS on Customer Due Diligence](#)

[Draft RTS on Business Relationships](#)

[Press release](#)

ENFORCEMENT //

8 OFFICE OF FINANCIAL SANCTIONS IMPLEMENTATION

8.1 Financial sanctions enforcement and monetary penalties - OFSI publishes updated guidance - 9 February 2026 - The Office of Financial Sanctions Implementation (OFSI) has published an updated version of its guidance on financial sanctions enforcement and monetary penalties, which takes effect immediately. The changes to the guidance include:

- the introduction of a new early account scheme, where if OFSI decides to impose a monetary penalty following the production of an early account, the subject may be eligible for a discount of up to 20%;
- the introduction of a settlement scheme, where OFSI and the subject of an enforcement action agree to resolve a monetary penalty case following a time-limited negotiation. Here, the subject can waive their rights to a ministerial review and an appeal to the Upper

Selected Headlines[General](#)[Financial Crime](#)[Banking and Finance](#)[Enforcement](#)[Securities and Markets](#)

Tribunal, and in return have the opportunity to input into the summary of the case that will be published, and be entitled to a 20% discount; and

- a formalised financial hardship policy where, in exceptional circumstances, OFSI may reduce a monetary penalty if a subject is unable to pay due to their financial position.

On 29 January 2026, responding to an earlier Ofsi consultation paper, Ofsi also confirmed changes to the statutory maximum amount for civil monetary penalties. This requires legislative change, and so will be brought forward when parliamentary time allows.

[OFSI updated guidance](#)

9 FINANCIAL CONDUCT AUTHORITY

9.1 **[Illegal financial promotions - FCA commences civil proceedings against global crypto exchange - 10 February 2026](#)** - The FCA has published a press release stating that it has commenced civil proceedings in the High Court against global crypto exchange HTX (formerly Huobi) for illegally promoting cryptoasset services to UK customers in breach of the Financial Services and Markets Act 2000 (FSMA). The FCA has also published its particulars of claim in relation to these proceedings.

The FCA explains that it warned HTX about the restriction on the financial promotion of qualifying cryptoassets under section 21 of FSMA before it came into force on 8 October 2023, and on 8 October 2023 HTX was placed on the FCA's warning list as a firm which may be unlawfully making financial promotions. HTX continued, however, to publish financial promotions in breach of the FCA's rules on its website and on social media platforms. The FCA further states that repeated attempts to engage with HTX have been ignored and that, while HTX has taken steps to restrict new UK customers from registering an account since the issue of proceedings, existing UK users can still log in and access unlawful financial promotions, and HTX has given no assurance that the changes will be permanent.

The FCA therefore remains concerned that the risk of ongoing breaches is continuing. To protect consumers, the FCA requested that social media companies block HTX's social media accounts to UK-based consumers and requested the removal of HTX applications from the Google Play and Apple stores in the UK. The FCA is seeking injunctive relief restraining the defendants from communicating financial promotions in breach of section 21 of FSMA, as well as declaratory relief from the defendants stating that they are in breach of section 21.

[Particulars of claim](#)**[Press release](#)**

Selected Headlines**General****Financial Crime****Banking and Finance****Enforcement****Securities and Markets**

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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