

# 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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# General

## 1. Council of the European Union

**1.1 SFDR 2.0 - Council agrees negotiating position - 24 June 2026** - The Council of the EU has announced that it has agreed its negotiating position on the proposed Regulation amending Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs Regulation) and repealing Commission Delegated Regulation (EU) 2022/1288 (SFDR RTS) (SFDR 2.0) (2025/0361 (COD)).

A Council press release outlines certain proposed amendments, including (among others) the disapplication of categorisation provisions for alternative investment funds offered exclusively to professional investors.

This agreement on the negotiating mandate allows the Presidency of the Council to start negotiations with the European Parliament once it agrees its own position.

[Press release](#)

## 2. Digital Regulation Cooperation Forum

**2.1 Authentication and trust - DRCF launches call for input - 25 June 2026** - The Digital Regulation Cooperation Forum (DRCF) has launched a call for input on developments, opportunities and challenges associated with two sub-themes that it considers each have a bearing on authentication and trust: digital verification and synthetic media/deepfakes. The DRCF is also inviting views on the key considerations for regulators in helping to ensure good outcomes in each of these areas.

Its stated aim is to gather information rather than to provide advice or guidance in response to questions that may be raised in this call for input.

Respondents should submit their views by the end of 14 August 2026.

[DRCF call for input: Authentication and trust](#)

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## Banking and finance

### 3. HM Treasury

#### 3.1 The Financial Services and Markets Act 2023 (Commencement No. 15 and Saving and Transitional Provisions)

**Regulations 2026 - 24 June 2026** - The Financial Services and Markets Act 2023 (Commencement No. 15 and Saving and Transitional Provisions) Regulations 2026 (SI 2026/682) have been published on legislation.gov.uk. The Regulations use powers under the Financial Services and Markets Act 2023 (FSMA 2023) to repeal, on 1 January 2027, retained EU law relating to the equivalence regimes currently set out in the UK Capital Requirements Regulation (575/2013) (UK CRR). Among other things, the Regulations will repeal certain articles of the UK CRR as well as make saving and transitional provisions relating to Article 497 of the UK CRR in relation to the treatment of qualifying central counterparties.

The Regulations came into force on 25 June 2026, except for regulation 3, which will come into force on 1 January 2027.

[Statutory Instrument](#)

### 4. Bank of England

#### 4.1 Design of Future Retail Payments Infrastructure - Retail Payments Infrastructure Board, chaired by Bank of England, consults - 25 June 2026

The Retail Payments Infrastructure Board (RPIB) has launched a consultation on the future design of the UK's next-generation retail payments infrastructure. The RPIB is a senior advisory group, chaired by the Bank of England, bringing together representatives from across the payments ecosystem, including banks, payment service providers, fintechs and merchants. Its core role is to translate the strategy of the Payments Vision Delivery Committee (PVDC) (comprising HM Treasury, the Bank of England, the FCA and the Payment Systems Regulator (PSR)) into a high-level design for the future retail payments infrastructure following publication of the National Payments Vision in 2024.

The new infrastructure outlined in the consultation is intended to help inform a "blueprint" to be delivered by a new industry-led "delivery company". The consultation focuses on the different types of payments that the new infrastructure should support. Alongside existing functionality, it would enable new payment methods such as account-to-account payments at the point of sale (as an additional option to card payments) and enhanced cross-border payments, delivering greater choice for users and faster and smoother payment experiences.

[Consultation](#)

[Press release](#)

#### 4.2 Private markets SWES - Bank of England publishes details on scenario phase - 19 June 2026

The Bank of England has published details of the scenario phase of its second system-wide exploratory scenario (SWES) exercise, focused on the private markets ecosystem. Launched in December 2025, and as previously reported in this Bulletin, this SWES is a voluntary exercise involving participants active in private markets and related credit markets, including banks, pension funds, insurers and alternative asset managers.

The scenario phase of the SWES has now begun and comprises two rounds: in round 1, participants will model the impact of the relevant stress scenario on their portfolios and their intended actions over the stress period. In round 2, participants will be given aggregated feedback on how other participating firms responded, including any potential implications for the financial system and the real economy. The hypothetical stress scenario to be used in the private

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markets SWES sets out a severe but plausible global aggregate supply and geopolitical shock that leads to a deep global recession over a five-year period.

The Bank of England plans to publish interim findings from round 1 later in 2026 and the final report in 2027.

[Bank of England webpage: Publication of the stress scenario for the private markets system-wide exploratory scenario Hypothetical scenario](#)

- 4.3 Regulating sterling-denominated systemic stablecoins - Bank of England publishes policy statement and draft Code of Practice for issuers - 22 June 2026** - The Bank of England has published a policy statement for the regulation of systemic stablecoin issuers, reflecting feedback received on proposals set out in its November 2025 consultation paper. It also includes a consultation on a draft Code of Practice for sterling-denominated systemic stablecoin issuers, which can be found in Appendix 4.

Following engagement with industry and stakeholders, several targeted revisions have been made to the proposals consulted on last year. The maximum share held in interest-bearing assets (short-term UK government debt) has been increased from 60% to 70%, with the remainder in central bank deposits. This change is designed to support more viable business models while still allowing issuers to deal with outflows. In addition, the Bank of England does not intend to introduce the temporary holding limits it consulted on last year. Instead, a temporary issuance guardrail will apply to each systemic stablecoin, initially set at £40 billion. This guardrail will be reviewed regularly and removed once risks to credit provision have been addressed.

The Bank of England will finalise the Code of Practice by the end of 2026, after which it can be applied to recognised systemic stablecoin issuers. Looking ahead, it expects to consult in 2027 on further materials to support the regime, including draft guidance on the Code of Practice as well as updates to the Bank's existing Recognised Payment Systems Code of Practice. It will also release a joint publication with the FCA, setting out how the two parts of the UK's stablecoin regime will operate in an integrated, end-to-end manner - including the approach to firms transitioning between them.

[Bank of England policy statement: Sterling-denominated systemic stablecoins](#)

[Code of Practice](#)

[Press release](#)

## 5. Prudential Regulation Authority

- 5.1 Basel 3.1 adjustments to the internal model approach for market risk - PRA publishes consultation paper - 19 June 2026** - The PRA has published a consultation paper (CP9/26) on proposed adjustments to the Basel 3.1 internal model approach (IMA) rules for market risk (often referred to as the Fundamental Review of the Trading Book).

The consultation proposes several targeted changes to the rules to support international alignment and proportionality, including an extension to the monitoring period for the profit and loss attribution test from one year to three, to provide enough time for the PRA to gather data to confirm the appropriate calibration of the test before it could apply to calculating capital. The PRA also proposes to adjust the treatment of activity that has limited trading data to include a more targeted approach to identifying risks that cannot be modelled, as well as reduce barriers to transitioning to full IMA approval. Certain other operational simplifications and amendments are also proposed.

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The deadline for responses is 18 September 2026. The PRA intends to implement its adjustments to the IMA on its previously-announced implementation date of 1 January 2028; no other changes are being proposed and all other rules come into force in January 2027, as previously planned.

[PRA consultation paper: Basel 3.1 adjustments to the IMA for market risk \(CP9/26\)](#)

[Press release](#)

## 6. Financial Conduct Authority

**6.1 Motor finance redress scheme - FCA relaxes certain requirements pending legal challenges - 24 June 2026** - The FCA has updated its webpage containing information for firms on motor finance complaints to note that it is temporarily relaxing certain obligations for firms under the motor finance compensation scheme while legal challenges to the scheme are ongoing.

In particular, the FCA comments that it is engaging with the Upper Tribunal and those challenging the scheme on the possibility of suspending some elements of it. In the meantime, it will take a pragmatic approach in relation to the scheme requirements. It will not currently require firms to communicate with customers or make payments as required by the scheme timetable nor will it enforce compliance with the requirement for firms to provide monthly reports.

The FCA states that it will keep this position under review as the Tribunal timetable becomes clearer.

[FCA updated webpage](#)

## 7. European Banking Authority

**7.1 Amended Pillar 3 disclosures - EBA publishes final report on ITS - 22 June 2026** - The European Banking Authority (EBA) has published a final report (EBA/ITS/2026/02) setting out a final draft implementing technical standards (ITS) which amend the Commission Implementing Regulation (EU) 2024/3172 and the EBA's Pillar 3 disclosure framework. In short, the draft ITS incorporate requirements under the CRR III Regulation ((EU) 2024/1623) relating to ESG-related risks, equity exposures and the aggregate exposure to shadow banking entities. The ITS are expected to apply with a reference date of 31 December 2026, except for small and non-complex institutions, where the first reference date is 31 December 2027.

[Amended ITS on disclosures of ESG risks, equity exposures and shadow banking under CRR3 \(EBA/ITS/2026/02\)](#)

# Securities and markets

## 8. Bank of England

**8.1 CCP global fire drill 2025 - Bank of England publishes key findings and observations - 19 June 2026** - The Bank of England, alongside the Federal Financial Supervisory Authority (known as BaFin), the Bundesbank, the Commodity Futures Trading Commission and ESMA, have published a summary of the 2025 Central Counterparties (CCP) Global International Default Simulation (2025 CIDS).

The CIDS, also referred to as a "fire drill", involved 38 global CCPs simulating their default management processes to test their response to the simultaneous default of a hypothetical major clearing member. Overall, CIDS 2025 demonstrated the ability of CCPs and market participants to execute default management processes in a multi-CCP setting where operational frictions and capacity constraints are more likely to surface. However, some firms (particularly those with

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numerous responsibilities or memberships at multiple CCPs) reported challenges in meeting all these responsibilities at the same time.

The next CIDS fire drill exercise is expected to take place in 2027.

[Bank of England webpage: 2025 CCP Global International Default Simulation](#)

## 9. European Securities and Markets Authority

**9.1 End of MiCA transitional period - ESMA issues statement on winding down of cryptoasset service providers - 23 June 2026** - The European Securities and Markets Authority (ESMA) has published a statement (ESMA75-113276571-1710) clarifying its expectations on the wind down activities of unauthorised cryptoasset service providers (CASPs) after the end of the transitional period under the Regulation on markets in cryptoassets ((EU) 2023/1114) (MiCA or MiCAR).

In particular, ESMA expects unauthorised CASPs to stop onboarding new clients and to cease marketing activities. They should also limit the provision of services to actions necessary to sell or transfer cryptoassets, reallocate assets or close positions. Custody of clients' cryptoassets should only continue for the period necessary to complete an orderly exit. The statement also sets out ESMA's expectations regarding communications with clients and the maintenance of anti-money laundering (AML) and counter-terrorism financing (CTF) controls. The statement reminds CASPs established outside the EU that they cannot provide MiCA services to EU clients or solicit EU clients (except where services are strictly provided at the client's own exclusive initiative).

[ESMA public statement](#)

# Asset management

## 10. Financial Conduct Authority

**10.1 New rules for SIPPs - FCA consults - 22 June 2026** - The FCA has published a consultation paper (CP26/20) on new rules for firms operating self-invested personal pensions (SIPPs), having previously identified weaknesses in some SIPP firms' due diligence processes and record-keeping.

The consultation applies to SIPPs that give consumers flexibility and choice over their underlying investments: it does not apply to schemes offering pre-selected investments. Under the proposals, SIPP operators would be required to carry out initial and ongoing due diligence on relevant third parties (including introducers, advisers and discretionary investment managers) and on investments accepted into schemes. Additional checks would be required for higher-risk assets. The FCA also proposes to introduce a Pension Scheme Money and Assets (PSM&A) regime within COBS 19B to address gaps in requirements due to differences in how personal pension schemes are structured and operated. In particular, the consultation notes that there are currently no detailed requirements on a SIPP operator for handling money and assets held by unauthorised trustees and third parties (who make or hold investments for the scheme in the name of those trustees).

The due diligence rules would have a 12-month implementation period, while the PSM&A regime would have a two-year implementation period, with an additional year available for operators with significant existing third-party dependencies. If implemented, the FCA would retire its non-Handbook guidance for SIPP operators in FG13/08.

The consultation closes on 24 August 2026. The FCA intends to publish a policy statement and final Handbook text in H1 2027.

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[FCA consultation paper: Adapting our rules for a changing market: self-invested personal pensions \(CP26/20\)](#)

[Webpage](#)

[Press release](#)

## Insurance

### 11. Financial Conduct Authority

**11.1 Insurance financial crime controls - FCA publishes multi-firm review - 23 June 2026** - The FCA has published the findings of a multi-firm review of the design of financial crime systems and controls across a selection of large insurance firms. The FCA found that life insurance firms generally had stronger controls than retail and wholesale general insurance firms, possibly reflecting differences in the relevant regulations and products in each sector.

The FCA's findings are organised by headline comparative observations for each insurance sector. Areas for improvement included group-level policies and procedures that were not specific enough at business unit or jurisdictional level as well as limited evidence of structured risk-based monitoring and testing. Firms also had differing degrees of oversight of third parties.

[FCA multi-firm review: Insurance financial crime controls](#)

## Financial crime

### 12. Office of Financial Sanctions Implementation

**12.1 US and UK economic sanctions regimes - OFSI and OFAC jointly publish comparative overview - 23 June 2026** - HM Treasury's Office of Financial Sanctions Implementation (OFSI) and the US Office of Foreign Assets Control (OFAC) have jointly published guidance comparing certain key aspects of the UK and US sanctions regimes. It forms part of the OFAC-OFSI Enhanced Partnership, established in October 2022, and aims to help private sector organisations understand their compliance obligations under both regimes.

The comparison focuses on a range of topics, from terminology to licences to recordkeeping and reporting requirements. By way of example, the overview highlights differences in how ownership thresholds operate. Under OFAC's '50 Percent Rule', property interests owned 50% or more by one or more blocked persons individually or in aggregate are blocked, whereas OFSI's 50% threshold does not apply in aggregate.

An accompanying OFSI blog post describes the ways in which the authorities are working together to improve the efficacy of their respective sanctions regimes.

[Comparative overview](#)

[Webpage](#)

[Blog](#)

### 13. Financial Action Task Force

**13.1 Guidance to support Recommendation on payment transparency - FATF consults - 24 June 2026** - The Financial Action Task Force (FATF) has launched a public consultation on new guidance to support the implementation of strengthened

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FATF Standards on payment transparency when they come into effect. The revisions to FATF's Recommendation 16, agreed in June 2025, are intended to keep pace with changes in the payment landscape, and strengthen the safety and security of the international payment system by increasing the transparency of information that accompanies cross-border payments and requiring the introduction of tools to protect against fraud and error. All jurisdictions are expected to be ready to implement the changes by the end of 2030.

Feedback is invited on, among other things, whether the guidance gives sufficient clarity on detecting and preventing misdirected payments and how the recommendation applies to newer payment methods, such as digital wallets and mobile money.

The deadline for responses is 21 August 2026.

[FATF: Draft Recommendation 16 Guidance for consultation](#)

[Explanatory memorandum](#)

[Press release](#)

## Enforcement

### 14. Financial Conduct Authority

#### 14.1 Information sharing and co-ordination of trades - FCA consults on competition commitments offered by commodity

**futures traders** - *24 June 2026* - The FCA has published a consultation on its intention to accept, under section 31A of the Competition Act 1998, commitments offered by eleven day-traders who trade commodity futures for profit, in particular energy futures contracts. The commitments are intended to address competition concerns that, between 1 November 2019 and 30 May 2020, those traders exchanged potentially competitively sensitive information and co-ordinated their trading strategies. The FCA is consulting before it reaches a final decision on whether to close the investigation.

The traders have proposed commitments to change the way in which they handle sensitive information, undertake annual competition law training and arrange a £1m ex gratia payment which will be given to the Crisis and Resilience Fund. According to the press release, that payment is likely to exceed any penalty the FCA could impose on the individuals following any infringement finding. Offering commitments does not amount to an admission of competition law infringement and the traders have made no such admission in this case.

The FCA invites comments on the proposed commitments by 14 July 2026.

[FCA notice of intention](#)

[Press release](#)

#### 14.2 Financial crime control failings - FCA issues final notice to asset servicing bank - *25 June 2026* - The FCA has published a final notice (dated 19 June 2026) issued to CACEIS Bank (UK Branch), imposing a public censure under section 205 of the Financial Services and Markets Act 2000 (FSMA).

The bank provided custody services to clients and was required to put in place and implement suitably robust policies and procedures for the opening and ongoing monitoring of client accounts. These measures are intended to avoid an increased risk of misappropriation and money laundering in relation to those accounts. The FCA found that the bank failed to conduct its business with due skill, care and diligence, in breach of Principle 2 (Skill, care and diligence) of its

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Principles for Businesses. In particular, the bank failed to take sufficient action on three occasions where it checked the Financial Services Register and found that one of its clients was not authorised to hold certain client assets.

The bank has agreed to make a voluntary payment of £31,714,068 to be distributed among the clients of that firm.

**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](#).

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:

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