

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 FINANCIAL CONDUCT AUTHORITY

- 1.1 Regulatory Priorities reports - FCA launches new webpage - 24 February 2026** - The FCA has published a new webpage introducing nine new annual ‘Regulatory Priorities’ reports. These reports will replace the FCA’s portfolio letters, and provide specific key priorities for each sector, alongside further relevant work the FCA will be undertaking in the next year. Firms will need to consider which priorities and recommendations detailed in the reports apply to them, based on their business models.

The first report to be published relates to the insurance sector. Please see the ‘Insurance’ section below for more information. Reports relating to the following sectors will be published in March 2026: consumer investments, pensions, retail banking, mortgages, consumer finance, wholesale buy-side, wholesale markets and payments.

[FCA new webpage](#)

[Blog](#)

BANKING AND FINANCE //

2 SINGLE RESOLUTION BOARD

- 2.1 Separability and transferability for transfer tools - SRB updates guidance - 23 February 2026** - The Single Resolution Board (SRB) has published updated operational guidance for banks on separability and transferability for transfer tools, following its August 2025 consultation.

The updates simplify the guidance in several sections and seek to enhance the effectiveness of existing deliverables rather than introducing new ones. The guidance is complemented by operational guidance seeking to help banks develop their transfer playbook, and an annex on testing separability and transfer strategies. Both sets of operational guidance will be applicable from the 2026 resolution planning cycle.

[SRB updated guidance on separability and transferability for transfer tools](#)

[Press release](#)

3 FINANCIAL STABILITY BOARD

- 3.1 Public sector backstop funding mechanisms - FSB publishes request for feedback - 23 February 2026** - The Financial Stability Board (FSB) has published a request for feedback and summary terms of reference as part of its thematic peer review on the implementation of public

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sector backstop funding mechanisms for banks in resolution. The deadline for responses is 31 March 2026, and the FSB expects to publish its peer review report in October 2026.

[FSB summary terms of reference: Public sector backstop funding mechanism](#)

[Webpage](#)

4 EUROPEAN BANKING AUTHORITY

- 4.1 **Supervisory Review and Evaluation Process - EBA publishes follow up report on ICT risk assessment - 23 February 2026** - The European Banking Authority (EBA) has published a follow up to its 2022 report on ICT risk assessment under the supervisory review and evaluation process (SREP). The report shows that competent authorities have made notable progress in strengthening ICT risk assessment, driven largely by the implementation of the Digital Operational Resilience Act ((EU) 2022/2554). The EBA also flags, however, that further work and continued investment remain necessary to ensure consistent and effective ICT risk supervision across the European Union.

[EBA follow up peer review report: ICT risk assessment under SREP \(EBA/REP/2026/05\)](#)

[Press release](#)

5 HM TREASURY

- 5.1 **The Financial Services and Markets Act 2000 (Exemption) (Amendment) Order 2026 - 25 February 2026** - The Financial Services and Markets Act 2000 (FSMA) (Exemption) (Amendment) Order 2026 (SI 2026/157) has been published, together with an explanatory memorandum. The Order exempts British Business Bank and its relevant subsidiaries, defined therein, as well as the National Housing Bank Limited, from the general prohibition at section 19 of the Financial Services and Markets Act 2000, which provides that no person may carry out a regulated activity in the UK unless they are authorised or exempt. In both cases, this exemption is in respect of all regulated activities under the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544). The Order comes into force on 27 March 2026.

[Statutory Instrument](#)

[Explanatory Memorandum](#)

- 5.2 **Payments Forward Plan - HM Treasury publishes policy paper - 26 February 2026** - HM Treasury's Payments Vision Delivery Committee, comprised of representatives from the Bank of England, the FCA, the Payment Systems Regulator (PSR), alongside HM Treasury itself, has published a policy paper on its Payments Forward Plan.

The plan, which builds on the strategic direction established by the government's National Payments Vision, sets out a clear and coordinated regulatory roadmap for the payments sector over the next three years. The initiatives relate to: the modernisation of the regulatory framework; innovation in retail payments; innovation in wholesale payments; protecting users and the system; and access to cash including wholesale cash.

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Initiatives of particular interest include an HM Treasury consultation paper on review of assimilated payment services law, including the approach to open banking and stablecoin payments (expected in Q2 2026), and a planned CMA consultation paper on potential interventions in relation to digital wallets (expected H1 2026 onwards).

[HM Treasury policy paper: Payments Forward Plan](#)[Webpage](#)

6 BANK OF ENGLAND

- 6.1 RTGS and CHAPS settlement hours extension - Bank of England publishes policy statement - 24 February 2026** - The Bank of England has published a policy statement on extending the settlement hours of RT2 (the Bank's renewed real-time gross settlement (RTGS) system) and the clearing house automated payment system (CHAPS), following its July 2025 consultation.

The Bank confirms its decision to extend CHAPS settlement hours by moving the start of settlement from 06:00 to 01:30. The Bank intends to put this early morning extension (EME) in place in September 2027, subject to final confirmation of the planned timelines with impacted CHAPS direct participants. Participation in the EME will be optional.

The Bank also confirms that, based on the feedback received, it will not progress the proposal for an extension to the evening contingency window further at this stage. Work on other extension phases will continue, and in particular:

- the Bank will explore a refined proposal with relevant stakeholders to assess the demand, benefits and feasibility of enabling both CHAPS and net settlement on certain bank holiday Mondays; and
- in spring 2026, the Bank aims to publish a consultation paper that will explore further the potential for the near 24x7 extension of RTGS/CHAPS settlement hours, discussing the opportunities, challenges and use cases of near-24x7 settlement and the steps needed to achieve it.

[Bank of England policy statement: Early morning extension of settlement hours for RTGS and CHAPS](#)

7 PRUDENTIAL REGULATION AUTHORITY

- 7.1 Credit Union Service Organisations - PRA publishes policy statement - 20 February 2026** - The PRA has published a policy statement (PS5/26) on reforms to its rules and expectations for credit unions that invest in, or wish to invest in, credit union service organisations (CUSOs), following a consultation paper published in June 2025 (CP13/25). CUSOs are entities that are owned by

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credit unions and provide shared services to them, thereby providing economies of scale benefits.

The PRA will proceed with its proposal to amend the credit union investment rules to make it clear that credit union investments in CUSOs are permitted. It will also proceed with a new chapter of its supervisory statement on supervising credit unions (SS2/23) which sets out the PRA's expectations of credit unions that invest in or use CUSOs to manage associated prudential risks. The PRA has, however, also made changes to its policy in response to its consultation, including:

- amending the credit union investment rules to provide that credit unions may invest in CUSOs that serve other UK-regulated mutuals (those with a Part 4A permission);
- clarifying that a credit union may partner with non-credit unions to own a CUSO; and
- raising the maximum investment that a credit union can make in a CUSO from 5% to 7.5% of its capital, together with clarifications on the practical application of the limit.

The PRA explains that its decision to expand the scope of CUSOs in which credit unions may invest reflects a strategic effort to support sector growth. Nonetheless, the PRA remains mindful of the need to protect the interests of credit union members. It has therefore set a number of safeguards, including an expectation that credit unions consider introducing a conflict of interests policy. The rules will take effect from 20 February 2026 and the revisions to SS2/23 will take effect on 20 August 2026.

[PRA policy statement: Credit Union Service Organisations \(PS5/26\)](#)**8 FINANCIAL CONDUCT AUTHORITY****8.1 FCA publishes consultation paper on credit information market study remedies - 25 February 2026** - The FCA has published a consultation paper (CP26/7) on its approach to implementing remedies to improve the coverage and quality of consumer credit information, following publication of its Credit Information Market Study final report in December 2023 (MS19/1).

The FCA is consulting on designating certain credit reference agencies (DCCRAs) via its rule making powers under the Financial Services and Markets Act 2000. The CRA designation framework, and the identity of the CRAs the FCA proposes to designate, would be set out in a new 'DCCRA Sourcebook' in the FCA Handbook. Having considered the proposed designation factors and statutory objectives, the FCA proposes to designate Equifax Ltd, Experian Ltd, and TransUnion International UK Ltd.

The FCA further proposes to introduce a mandatory reporting requirement under which firms that share consumer credit information on any in scope agreement with at least one DCCRA must share all available consumer credit information on that agreement with all DCCRAs. Firms would be required to have systems and processes in place to ensure the information they share with DCCRAs is as accurate as possible and that it is tested for accuracy prior to submission. Where inaccuracies are identified (through any method) in consumer credit information already shared

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with DCCRAs, the FCA wants firms to take prompt action to correct any error across all DCCRAs. The FCA explains that the changes aim to close gaps in consumers' credit files and ensure these more accurately reflect people's financial circumstances.

The FCA proposes that the new regime is commenced, including provisions on the designation of CRAs, 12 months after its policy statement is published. The consultation closes on 1 May 2026.

[FCA consultation paper: Remedies approach for consumer credit information \(CP26/7\)](#)

[Webpage](#)

[Press release](#)

- 8.2 Stablecoin regulatory sandbox cohort selected - FCA publishes press release - 25 February 2026** - The FCA has published a press release detailing the four firms chosen to test how their stablecoin services work in its regulatory sandbox. The selected firms are Monee Financial Technologies, ReStabilise, Revolut, and VVTX, and their proposals represent a range of stablecoin use case including payments, wholesale settlement and crypto trading. The sandbox programme enables firms to trial stablecoin products in real world conditions to help the FCA assess its proposed policy in a live environment.

Testing, which will focus on stablecoin issuance, begins in Q1 2026 and the findings will help shape the UK's final stablecoin rules later in 2026.

[Press release](#)

SECURITIES AND MARKETS //

9 EUROPEAN PARLIAMENT

- 9.1 Digital assets - ECON publishes draft report on challenges for the competitiveness and integrity of the EU's financial system - 23 February 2026** - The European Parliament's Committee on Economic and Monetary Affairs (ECON) has published a draft report dated 19 February 2026 on challenges for the competitiveness and integrity of the EU's financial system relating to digital assets. The report explores the impact of the emergence of digital assets on the financial services sector and what that means for the regulatory framework.

Of particular interest, ECON calls on the European Commission to come forward with a legislative proposal to clarify the treatment of a multi-issuance of stablecoins by an EU and non-EU entity as a matter of urgency. ECON also welcomes the potential benefits of tokenisation for trading financial assets, and highlights that, from a macroprudential perspective, data capabilities need to be strengthened to get a better sense of leverage in the crypto industry and interlinkages with the non-banking financial institutions sector.

[ECON draft report on digital assets \(2025/2208\(INI\)\)](#)

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10 EUROPEAN SECURITIES AND MARKETS AUTHORITY

10.1 EMIR - ESMA publishes supervisory briefing on AAR representativeness obligation - 20 February 2026

The European Securities and Markets Authority (ESMA) has published a supervisory briefing on the representativeness obligation linked to the active account requirement (AAR). This AAR representativeness obligation stems from Article 7a of EMIR (648/2012), as amended by EMIR 3 ((EU) 2024/2987) and requires relevant counterparties to clear a number of trades in their active accounts open at EU central counterparties (CCPs).

The briefing aims to clarify and provide examples as to how compliance with the representativeness obligation should be performed and reported by counterparties in accordance with Article 7b of EMIR and Annex III of Commission Delegated Regulation (EU) 2026/305.

[ESMA supervisory briefing: AAR representativeness obligation \(ESMA91-1505572268-4558\)](#)

[Press release](#)

10.2 EMIR 3 - ESMA publishes consultation on draft RTS on guarantees as CCP collateral and CCP investment policy - 23 February 2026

The European Securities and Markets Authority (ESMA) has published a consultation paper containing draft regulatory technical standards (RTS) on the relevant conditions under which public guarantees, public bank guarantees and commercial bank guarantees may be accepted as CCP collateral under the Regulation amending EMIR ((EU) 2024/2987) (EMIR 3).

The RTS further make targeted changes to EMIR (648/2012) to amend: (i) the conditions under which debt instruments can be considered highly liquid, bearing minimal credit and market risk and hence can be considered as eligible financial instruments for the purpose of CCP investment policy; and (ii) the highly secured arrangements in which financial instruments posted as margins or as default fund contributions can be deposited.

The deadline for responses is 30 April 2026 and ESMA will prepare the final report and submit the final draft RTS to the European Commission by the end of 2026.

[ESMA consultation: Guarantees as CCP collateral and CCP investment policy \(ESMA91-1505572268-4513\)](#)

[Press release](#)

10.3 CFD product intervention measures - ESMA publishes statement - 24 February 2026

The European Securities and Markets Authority (ESMA) has published a statement reminding firms of their obligation to assess whether newly offered products fall within the scope of existing product intervention measures on contracts for difference (CFDs). The statement responds to the increased offering of derivatives, often marketed as perpetual futures or perpetual contracts, that provide leveraged exposure to underlying values, including cryptoassets such as Bitcoin. These financial instruments are likely to fall within the scope of the existing national product intervention measures on CFDs adopted by national competent authorities.

[ESMA statement](#)

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INSURANCE //

11 PRUDENTIAL REGULATORY AUTHORITY

11.1 UK Solvency II own funds - PRA publishes consultation on updates and fixes to rules and expectations - 25 February 2026 - The PRA has published a consultation paper (CP4/26) on updates and fixes to rules and expectations for UK Solvency II own funds, now that these requirements are contained within the PRA Rulebook.

The proposals, which aim to address known issues and inconsistencies, include:

- removing the permission requirement for equity-accounted subordinated instruments to be classified into own funds tiers, alongside consequential updates to reporting templates and instructions;
- clarifying expectations regarding the sequencing of tender offers run concurrently with new issuances when refinancing own funds items;
- removing known inconsistencies in the original drafting of assimilated law which have been restated into the PRA Rulebook; and
- restating the remaining relevant EIOPA Guidelines on classification of own funds and ancillary own funds into PRA supervisory statements.

The PRA aims to align the implementation date for the removal of the permission requirement for equity-accounted subordinated instruments with the implementation of the proposed changes to Solvency II reporting and disclosure in CP22/25 (published in December 2025) to allow for the proposed changes in CP4/26 to be made for year-end 2026 reporting. All other proposed changes would become effective immediately following the publication of the PRA's policy statement expected in H2 2026.

The consultation closes on 24 April 2026.

[PRA consultation paper: Fixes and updates to the rules and expectations for UK Solvency II own funds \(CP4/26\)](#)

12 FINANCIAL CONDUCT AUTHORITY

12.1 Regulatory Priorities for insurance - FCA publishes report - 24 February 2026 - The FCA has published the first of its new 'Regulatory Priorities' reports—which replace the FCA's portfolio letters and act as a 'one-stop shop' for industry—covering the insurance sector. The report is aimed at retail and wholesale insurers, insurance intermediaries, price comparison websites and life insurers. The priorities outlined in the report include:

- improving consumer understanding, claims handling and service quality;
- increasing access to insurance;
- supporting growth and innovation; and

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- [simplifying regulation.](#)

Additionally, the report includes other key areas of focus, which include upcoming reviews of Child Trust Funds and the FCA's 'Funeral Plan: Conduct of Business' sourcebook.

For more information on the introduction of Regulatory Priorities reports, please see the 'General' section above.

[FCA regulatory priorities report: Insurance](#)

ENFORCEMENT //

13 EUROPEAN SECURITIES AND MARKETS AUTHORITY

13.1 EMIR and SFTR - ESMA issues fine to trade repository for breaches - 19 February 2026 - The European Securities and Markets Authority (ESMA) has fined trade repository REGIS-TR EUR 1,374,000 for seven infringements under the European Market Infrastructure Regulation (648/2012) (EMIR) and the Securities Financing Transactions Regulation (2015/2365) (SFTR).

ESMA found that REGIS-TR failed to comply with obligations laid down in EMIR and SFTR relating to adequate policies and procedures, organisational structure, and operational risk, as well as specific requirements related to confidentiality and misuse of the information.

ESMA found that the breaches resulted from negligence on the part of REGIS-TR. ESMA further comments that this is the first enforcement case involving SFTR breaches and the highest fine imposed by ESMA on a trading repository so far.

[Decision of the Board of Supervisors: Infringements committed under EMIR and SFTR by REGIS-TR](#)

[ESMA public 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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