

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 FINANCIAL CONDUCT AUTHORITY

- 1.1 CMC market and poor practices in motor finance claims - FCA launches review and announces joint regulatory taskforce - 6 May 2026** - The FCA has published a statement announcing the launch of a review, in collaboration with the Solicitors Regulation Authority (SRA) and other regulatory partners, of the claims management market. The review will look at the root causes of poor practices by claims management companies (CMCs), including aggressive marketing, misleading advertising, unfair exit fees, and customers being signed up without their consent or without clear information. The FCA will publish more information on the review by mid-May 2026.

The FCA has also separately announced the establishment of a joint regulatory taskforce to tackle poor practices in the handling of motor finance claims by some claims management companies and law firms. The taskforce comprises the FCA, the SRA, the Information Commissioner's Office and the Advertising Standards Authority. It will run for a minimum of six months.

[FCA statement](#)

[Webpage](#)

BANKING AND FINANCE //

2 FINANCIAL STABILITY BOARD

- 2.1 Vulnerabilities in private credit - FSB publishes report - 6 May 2026** - The Financial Stability Board (FSB) has published a report on vulnerabilities in private credit, as part of its work to enhance resilience in non-bank financial intermediation (NBF). Among other things, the report describes potential vulnerabilities arising from interconnections between asset managers, banks, insurers, and private equity firms; borrower credit risk and opacity in valuation practices; concentration, leverage and liquidity issues; and data challenges faced by regulators when monitoring exposures. The FSB intends to continue to assess these vulnerabilities and to explore the potential to address the related data challenges.

[Report on Vulnerabilities in Private Credit](#)

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3 EUROPEAN CENTRAL BANK

- 3.1 Macroprudential proposals for NBFIs - ECB publishes report - 5 May 2026** - The European Central Bank (ECB) has published a Eurosystem report (that is, a report of the ECB and the national central banks of member states in the eurozone) on macroprudential policy proposals for non-bank financial intermediaries (NBFIs). Among other things, the report supports the implementation of internationally agreed reforms to the NBFIs regulatory framework, such as the Financial Stability Board's (FSB) proposed reforms relating to money market funds (MMFs), open-ended fund resilience, liquidity preparedness of non-bank market participants, and non-bank leverage. The report also suggests introducing an explicit macroprudential tool to mitigate exposure to liquidity risk as well as system-wide stress testing in the EU. A range of other recommendations are explained more fully in the report.

[ECB report: Strengthening the macroprudential lens in the regulation of non-bank financial intermediation](#)

4 HM TREASURY

- 4.1 Capital Requirements Regulation (Market Risk Transitional Provision) Regulations 2026 published - 29 April 2026** - The Capital Requirements Regulation (Market Risk Transitional Provision) Regulations 2026 (SI 2026/491) (made on 29 April 2026) have been published on legislation.gov.uk, alongside an explanatory memorandum.

In short, the Regulations will insert a new Article 465A into the UK Capital Requirements Regulation (575/2013) so that, between 1 January 2027 and 31 December 2027 (the transitional period), banks and other CRR firms should not apply certain provisions in the new Market Risk: Internal Model Approach (CRR) Part of the PRA Rulebook. This means that the UK implementation of the Basel 3.1 internal model requirements for market risk will be delayed until 1 January 2028. Firms may continue using their existing internal models under the current approach until that date.

The Regulations will come into force on 30 December 2026.

[Statutory Instrument](#)

[Explanatory Memorandum](#)

5 FINANCIAL CONDUCT AUTHORITY

- 5.1 Payment services and e-money - FCA publishes updated approach document - 7 May 2026** - The FCA has published version 8 of its Payment Services and Electronic Money approach document, which sets out its approach to its role under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011.

Changes have been made to reflect rules and guidance on safeguarding and resolution packs in CASS 15 and CASS 10A, and safeguarding audits and monthly returns in SUP.

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The revised document also now aligns with new rules introduced by the Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025 (SI 2025/688) on terminating framework contracts, including in relation to the minimum notice period for contract terminations.

The FCA has also updated its webpage on safeguarding requirements for payment institutions and electronic money institutions to reflect the changes.

[FCA finalised guidance: Payment services and electronic money - our approach \(Version 8\)](#)

- 5.2 Legal challenges to motor finance scheme - FCA publishes statement - 1 May 2026** - The FCA has published a statement on legal challenges to its compensation scheme for motor finance complaints. The statement confirms that the FCA has received legal challenges to the scheme from Consumer Voice and three lenders: Volkswagen Financial Services, Mercedes-Benz Financial Services, and Crédit Agricole Auto Finance.

The FCA states that it intends to “*defend the scheme robustly as lawful and the best way to resolve such a widespread, long-running and complex issue*”. It is engaging with lenders and consumer groups to understand the range of perspectives as it considers next steps for the scheme, including contingency planning. It will provide further advice to firms next week.

[FCA statement](#)

6 EUROPEAN BANKING AUTHORITY

- 6.1 Definition of default under CRR - EBA publishes amended Guidelines - 7 May 2026** - The European Banking Authority (EBA) has published a final report (EBA/GL/2026/05) on amendments to its guidelines on the application of the definition of default required under Article 178 of the Capital Requirements Regulation (575/2013) (CRR), as amended by the CRR III Regulation ((EU) 2024/1623). The amendments are designed to address technical aspects of the past-due treatment of non-recourse factoring and to align with amendments introduced by the CRR III Regulation.

The amendments will apply from three months after the date of publication on the EBA website.

[EBA final report: Guidelines on the application of the definition of default under Article 178 of Regulation \(EU\) No 575/2013 \(CRR\) \(EBA/GL/2026/05\)](#)

[Webpage](#)

[Press release](#)

- 6.2 Risk weights for specialised lending exposures under CRR - EBA consults on draft RTS - 7 May 2026** - The European Banking Authority (EBA) has published a consultation paper setting out draft regulatory technical standards (RTS) amending Commission Delegated Regulation (EU) 2021/598, which supplements Regulation (EU) No 575/2013 (CRR) by specifying how institutions assign risk weights to specialised lending exposures.

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The draft RTS align the existing framework with the CRR III Regulation.

Comments on the consultation paper are invited until 7 August 2026. The EBA will then finalise the draft RTS for submission to the European Commission for endorsement.

[EBA consultation paper: Draft RTS amending the assignment of risk weights to specialised lending exposures \(EBA/CP/2026/09\)](#)

[Webpage](#)

[Press release](#)

SECURITIES AND MARKETS //

7 BANK FOR INTERNATIONAL SETTLEMENTS

- 7.1 **CCP resilience and initial margin disclosures - CPMI and IOSCO publish joint consultation - 6 May 2026** - The Bank for International Settlements (BIS) Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) have jointly published a consultation paper on changes to guidance and public quantitative disclosure requirements relating to resilience of central counterparties (CCPs).

They have also published revised versions of the July 2017 final report on the resilience of CCPs and the February 2025 report on public quantitative disclosure standards for CCPs. The changes reflect proposals from the Basel Committee on Banking Supervision (BCBS)-CPMI-IOSCO final report, dated January 2025, on transparency and responsiveness of initial margin in centrally cleared markets.

The consultation closes on 30 June 2026.

[CPMI-IOSCO consultation paper: CCP resilience guidance and public quantitative disclosures](#)

[Updated guidance](#)

[Updated public quantitative disclosures](#)

[Webpage](#)

[Press release](#)

8 EUROPEAN SECURITIES AND MARKETS AUTHORITY

- 8.1 **Simplification of transaction reporting and final reports on data under MiFIR II - ESMA publishes interim report - 4 May 2026** - The European Securities and Markets Authority (ESMA) has published an interim report (ESMA12-1406959660-3175) on the call for evidence on a comprehensive approach for the simplification of financial transaction reporting under the Markets in Financial Instruments Regulation (600/2014) (MiFIR), EMIR (648/2012), the Securities Financing Transactions Regulation ((EU) 2015/2365) (SFTR) and sectoral regulation.

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This follows ESMA's June 2025 call for evidence on transaction reporting, as previously reported in this Bulletin. ESMA has conducted a more detailed analysis on two of its proposed simplification options, namely scenario 1a (delineation by type of instrument) and scenario 2a (report once model). The interim report has been published to provide stakeholders with additional information and does not contain policy recommendations. ESMA intends to publish its final report, which will contain recommendations and a cost-benefit analysis, by July 2026.

[ESMA interim report: Transaction reporting simplification under MiFIR II \(ESMA12-1406959660-3175\)](#)

[Press release](#)

- 8.2 MMF stress testing guidelines - ESMA consults - 5 May 2026** - ESMA has published a consultation paper (ESMA34-1240783630-648) on guidelines on stress test scenarios under the Regulation on money market funds ((EU) 2017/1131) (MMF Regulation). In particular, ESMA is proposing to replace the annual update of the parameters included in the guidelines with an annual update published on a dedicated page on the ESMA website.

Comments are invited by 6 August 2026. ESMA expects to publish a final report in H2 2026, with the new procedure for updating the parameters expected to apply at the end of 2026.

[ESMA consultation paper: Guidelines on stress test scenarios under the MMF Regulation \(ESMA34-1240783630-648\)](#)

[Webpage](#)[Press release](#)

- 8.3 MiFID II and sustainability - ESMA announces results of common supervisory action - 6 May 2026** - ESMA has published a statement presenting the results of the common supervisory action (CSA) on the integration of sustainability in firms' suitability assessment and product governance processes and procedures under the MiFID II Directive (2014/65/EU). The CSA was launched in 2024 with a view to assessing the progress made by intermediaries in the application of certain sustainability requirements which have applied since 2022 following amendments to the MiFID II Delegated Acts. In short, ESMA finds that practices remain uneven across firms and jurisdictions and reaffirms the importance it attaches to sustainability. That said, it notes that the wider sustainable finance framework is undergoing significant change and invites national regulators to adopt a proportionate supervisory approach.

[Statement](#)

ASSET MANAGEMENT //

9 EUROPEAN SECURITIES AND MARKETS AUTHORITY

- 9.1 Integrated collection of fund data under AIFMD II - ESMA publishes final report - 4 May 2026** - The European Securities and Markets Authority (ESMA) has published a final report (ESMA12-

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2121844265-5150) on the integrated collection of funds' data in light of changes to the Alternative Investment Fund Managers Directive (2011/61/EU) (AIFMD) and the UCITS Directive (2009/65/EC) ((EU) 2024/927) (AIFMD II) as well as ESMA's simplification and burden reduction initiative.

In short, ESMA supports the development of an integrated reporting system which would include a modular and layered horizontal reporting structure, with dynamic reporting templates. ESMA also recommends developing a regulatory data dictionary to avoid inconsistencies in definitions and validation rules. The conclusions in the report will be taken forward by ESMA as part of its work on technical standards under AIFMD II.

[ESMA Final Report: Integrated collection of funds' data under AIFMD II \(ESMA12-2121844265-5150\)](#)

[Press release](#)

INSURANCE //

10 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

10.1 Minimum common standards for insurance guarantee schemes - EIOPA consults on technical advice - 5 May 2026 - The European Insurance and Occupational Pensions Authority (EIOPA) has launched a consultation (EIOPA-26/176) on its draft technical advice to the European Commission on minimum common standards for insurance guarantee schemes (IGSs) in the EU. The draft advice is structured across four main thematic policy areas: general questions about the impact of minimum harmonised IGSs; operational functioning; conditions for effective funding; and the interaction between the Insurance Recovery and Resolution Directive (IRR) and harmonised IGSs. EIOPA states that its *“approach focuses on targeted harmonisation in line with the minimum harmonisation principle, intervening where it matters most (coverage, triggers, funding, coordination) and preserving national flexibility where appropriately needed (institutional structures)”*.

The deadline for responses is 26 June 2026. EIOPA is required to submit its finalised technical advice package to the Commission by 31 August 2026.

EIOPA has also separately published a report setting out an analysis of how minimum common standards in IGS might influence consumer behaviour in the European insurance market.

[EIOPA consultation: Minimum common standards for insurance guarantee schemes \(EIOPA-26/176\)](#)

[Webpage](#)

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[EIOPA final report: Study into the effect of harmonised IGS standards on consumer perceptions and choice](#)

ENFORCEMENT //

11 FINANCIAL CONDUCT AUTHORITY

11.1 Competition Act 1998 investigations - announced by FCA - 6 May 2026 - The FCA has announced that it is investigating Mastercard, PayPal, and Visa under Chapter I of the Competition Act 1998, and Mastercard and Visa under Chapter II of the Competition Act, for suspected anti-competitive conduct linked to the funding and usage of PayPal's digital wallet.

The FCA is currently gathering evidence.

[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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