SLAUGHTER AND MAY

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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

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.

Selected headlines

General

Banking and finance

General

1. UK parliament

1.1 **Financial Services and Markets Bill - House of Lords third reading -** *15 September 2026* - The UK Parliament has confirmed that the Financial Services and Markets Bill [HL] completed its third reading in the House of Lords on 15 September 2026 and was brought to the House of Commons, where it received its first reading (as Bill 152) on the same day. The Bill, which started in the House of Lords, now proceeds to detailed scrutiny by the House of Commons.

The Bill sets out a series of reforms to UK financial regulation, including reforms to the Financial Ombudsman Service; the abolition of the Payment Systems Regulator and the transfer of its functions to the Financial Conduct Authority; the introduction of a 'provisional licences' authorisation scheme; and reforms to the UK's bank ring-fencing regime. It completed committee stage between 22 June and 8 July 2026 and report stage between 7 and 9 September 2026.

Financial Services and Markets Bill [HL] (Bill 152)

House of Lords Hansard: Financial Services and Markets Bill third reading

Webpage

Press release

1.2 **Regulatory sandboxes in financial services - House of Lords Financial Services Regulation Committee launches inquiry -** *17 September 2026* - The UK Parliament has published a press release stating that the House of Lords Financial Services Regulation Committee, chaired by Baroness Noakes, launched an inquiry into regulatory sandboxes on 17 September 2026. The inquiry will examine how regulators and firms use regulatory sandboxes; the role of regulatory sandboxes in supporting innovation and the development of regulation; whether they represent value for money and public benefit; and the degree to which the selection of participating firms can influence the market. Parliament welcomes evidence and views from anyone with expertise or interest in this area, including from firms that both have and have not participated in a sandbox. The deadline for submitting written evidence is 5 pm on 23 October 2026.

Press release

Call for evidence

Webpage

Banking and finance

2. European Parliament (ECON)

2.1 **Competitiveness of the EU banking sector - European Parliament (ECON) publishes draft report -** *14 September 2026* - The European Parliament's Committee on Economic and Monetary Affairs (ECON) has published a draft report on the competitiveness of the banking sector in the European Union (2026/2112(INI)). The draft report responds to the European Commission's communication of 17 July 2026 entitled 'Competitiveness of the Banking Sector and the Single Market in Banking'.

The draft report calls for decisive progress towards the integration of the European banking market and completion of the Banking Union. It stresses the need to remove unjustified national barriers, simplify regulation and foster market-driven cross-border consolidation. Key proposals include: broadening the mandates of the European Supervisory Authorities to include an explicit competitiveness and innovation dimension as a secondary objective; simplifying the capital stack by reducing overlapping buffers and supervisory add-ons; exploring an optional, simpler prudential regime for small, non-systemic banks that do not operate across borders, separate from the current European banking rules; enhancing the SME supporting factor and raising the threshold for qualifying SME exposures; launching an omnibus legislative initiative to eliminate outdated, duplicative or excessively burdensome provisions; and clarifying the interaction between the AI Act and sectoral financial services legislation. The report also emphasises the potential of the tokenisation of money and assets to deliver real-time settlement and lower transaction costs.

European Parliament (ECON) draft report: Competitiveness of the banking sector in the European Union (2026/2112(INI))

3. EUROPEAN COMMISSION

3.1 **Market risk own funds requirements - European Commission adopts Delegated Regulation amending the Capital Requirements Regulation -** *11 September 2026* - The European Commission has adopted Commission Delegated Regulation (EU) 2026/1221 amending Regulation (EU) No 575/2013 (the Capital Requirements Regulation or CRR) as regards temporary targeted operational relief measures and targeted multipliers for the calculation of an institution's own funds requirements for market risk. The Delegated Regulation is made under Article 461a(2) of the CRR and was adopted on 4 June 2026.

The Delegated Regulation introduces temporary, targeted amendments to the market risk framework based on the Fundamental Review of the Trading Book (FRTB), applying for a three-year period, to avoid competitive disadvantages for Union credit institutions while uncertainty persists over the implementation timelines and final rules for market risk in other jurisdictions with many internationally active banks. The relief includes measures relating to the profit and loss attribution test that trading desks must pass to use the alternative internal model approach, together with targeted multipliers for the calculation of own funds requirements for market risk. The Delegated Regulation was published in the Official Journal of the European Union on 11 September 2026 and entered into force the following day.

Commission Delegated Regulation on temporary operational relief measures and multipliers for market risk own funds requirements (C (2026) 3647)

3.2 **Third-country branch booking arrangements - European Commission adopts Delegated Regulation -** *17 September 2026* - The European Commission has adopted a Delegated Regulation (C(2026) 6463) supplementing Directive 2013/36/EU of the European Parliament and of the Council (the Capital Requirements Directive or CRD) with regard to regulatory technical standards (RTS) specifying the booking arrangements that third-country branches are to apply for the purposes of Article 48h CRD. The instrument will now be subject to scrutiny by the European Parliament and the Council of the EU before it can enter into force.

Commission Delegated Regulation on booking arrangements for third-country branches under Article 48h CRD (C(2026) 6463)

4. Single Resolution Board

4.1 **Bank communication in resolution - SRB publishes operational guidance -** *17 September 2026* - The Single Resolution Board (SRB) has published its Operational Guidance for banks on communication in resolution, together with a Communication Testing Supplement to its Operational Guidance for resolvability testing for banks. The guidance follows a public consultation held between 17 October and 12 December 2025.

The guidance does not set new requirements for banks. Instead, it provides additional operational clarity on the communication dimension of the SRB's Expectations for Banks (EfB) and on the testing of communication capabilities as part of banks' resolution preparedness. The SRB states that the guidance is fully aligned with the European Banking Authority's (EBA) Guidance on Resolvability and supports the consistent and proportionate implementation of existing resolvability expectations across the Banking Union. Banks will have until April 2028 to take these operational considerations into account and reflect them, where needed, in their communication plans.

SRB operational guidance: Bank communication in resolution

Press release

5. HM Treasury

5.1 **QCCP transitional regime for overseas CCPs - HM Treasury makes extension and amendment regulations -** *14 September 2026* - The Treasury has made the Central Counterparties (Transitional Provision) (Extension and Amendment) Regulations 2026 (SI 2026/1010), a statutory instrument that extends the transitional regime for overseas qualifying central counterparties (QCCPs) under Article 497 of the UK Capital Requirements Regulation (UK CRR). The Regulations come into force on 1 December 2026. They also make a consequential amendment to the Financial Services and Markets Act 2023 (Commencement No. 15 and Saving and Transitional Provisions) Regulations 2026.

The QCCP transitional regime allows certain overseas CCPs that have applied for UK recognition to be treated as QCCPs while the relevant equivalence and recognition assessments are completed, so that UK firms with indirect exposures to those CCPs do not face a sudden increase in their capital requirements. Regulation 2 extends the transitional period in Article 497(1)(b)(ii) UK CRR by 12 months for the fifth time, so that it now ends seven years after the date on which the CCP submitted its application for recognition.

The Treasury intends to lay the statutory instruments implementing the UK's updated permanent CCP framework, including a new Overseas CCP Regime and permanent routes to QCCP status, later in 2026, subject to Parliamentary time.

HM Treasury statutory instrument: Central Counterparties (Transitional Provision) (Extension and Amendment) Regulations 2026

Explanatory memorandum

Webpage

6. HM Treasury

6.1 **Cryptoassets: UK qualifying stablecoin and financial promotion perimeter - HM Treasury lays draft amending Regulations -** *15 September 2026* - The Treasury has laid before Parliament, in draft, the Financial Services and Markets Act 2000 (Cryptoassets) (Miscellaneous Amendments) Regulations 2026, together with a draft explanatory memorandum. The draft statutory instrument makes targeted amendments to the cryptoasset regulatory framework established by the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102), principally by amending the Regulated Activities Order 2001 and the Financial Promotion Order 2005 with effect from 25 October 2027.

The instrument excludes activities involving UK qualifying stablecoins from the regulated activities of dealing in qualifying cryptoassets as principal, dealing as agent, and arranging deals in qualifying cryptoassets. Lending and borrowing involving such stablecoins remain within the perimeter on a "same risk, same regulatory outcome" basis, as do collateral and repurchase arrangements where the original holder is a consumer or a person specified by FCA rules.

The instrument introduces further targeted exclusions for: certain proprietary trading and market making; for unregulated providers of mere technical services; and for safeguarding arrangements operated by recognised or third-country central securities depositories (including through nominee companies). Corresponding amendments are made to the financial promotions regime.

HM Treasury draft statutory instrument: Cryptoassets (Miscellaneous Amendments) Regulations 2026

HM Treasury draft explanatory memorandum: Cryptoassets (Miscellaneous Amendments) Regulations 2026

Webpage

7. FINANCIAL CONDUCT AUTHORITY

7.1 **Tokenisation in wholesale markets - FCA publishes feedback statement -** *14 September 2026* - The FCA has published a Feedback Statement (FS26/1) summarising the responses to the joint Call for Input by the FCA and the Bank of England on the future of tokenisation in UK wholesale financial markets, published in May 2026. The FCA received 123 responses from across the industry, and reports that firms were generally very supportive of the commitments in the Call for Input.

Respondents' most frequently raised points include the following.

- a desire for faster progress and clear timelines and milestones, for example on the prudential treatment of tokenised assets, client asset (CASS) rules, synchronisation and tokenised deposits;
- support for moving from sandboxes and pilots towards full production and scale;
- calls for clarity on the eligibility of tokenised collateral;
- a desire to ensure blockchain-settled transactions can access settlement finality protections, and for stablecoins to be allowed as settlement assets; and
- prioritisation of work on legal, regulatory and cross-jurisdictional interoperability.

The FCA will use the feedback to develop a joint Tokenisation Roadmap with the Bank of England, and set out target dates, which it expects to publish later this year. Alongside this Feedback Statement the FCA has published a Call for Input on tokenised gold (covered below), and it plans to consult on the custody of relevant specified investment cryptoassets in the first half of 2027.

FCA feedback statement: Tokenisation in wholesale financial markets

Webpage

7.2 **Tokenised gold - FCA publishes call for input -** *14 September 2026* - The FCA has published a call for input seeking evidence on whether tokenisation could improve the way gold is traded, transferred, pledged and held in UK wholesale markets, while maintaining high standards of market integrity and consumer protection. It follows the joint FCA and Bank of England Call for Input on the future of tokenisation published in May 2026, to which several respondents raised the prospect of tokenised gold given the strength of the London spot gold market. It also seeks views on whether uncertainty around the collective investment scheme (CIS) and alternative investment fund (AIF) regulatory perimeters may affect certain use cases. Comments are invited by 23 October 2026.

FCA call for input: Tokenised gold

Webpage

7.3 **Supporting SME access to finance - FCA publishes feedback statement -** *17 September 2026* - The FCA has published a feedback statement (FS26/2) summarising responses to its call for input on how its regulation affects small and medium-sized enterprises' (SMEs) access to finance. The review focused on business lending of £25,000 or less to sole traders and small partnerships, which falls within the consumer credit regulatory perimeter.

The FCA found no evidence that its regulation is a major barrier to SMEs' access to finance, although SMEs face demand-side and supply-side challenges, including some smaller regulatory frictions. It notes that challenges are often greatest for microbusinesses, which make up 95.5% of all SMEs and are less likely to use external finance. The FCA will focus its next steps on three areas: monitoring industry work on whether digital verification could reduce duplication in customer checks while maintaining effective financial crime controls; delivering a more proportionate regulatory regime as part of Consumer Credit Act reforms; and enabling open finance to develop by prioritising high-impact use cases, including SME lending. Following reform of the Consumer Credit Act, the FCA intends to consult on the future regulatory framework and set out options for the first open finance scheme in a forthcoming discussion paper, with SME lending as one of two prioritised use cases.

FCA feedback statement: Supporting SME access to finance (FS26/2)

Webpage

Press release

7.4 **Payments firms and consumers in vulnerable circumstances - FCA publishes review findings -** *17 September 2026* - The FCA has published the findings of its review of how a sample of payments firms support consumers in vulnerable circumstances and whether they are delivering good outcomes under the Consumer Duty (the Duty). The publication sets out good practice and areas for improvement and does not introduce new requirements.

The findings highlight that firms delivering the strongest outcomes had a clear understanding of the characteristics of vulnerability in their customer base, taking account of the four drivers of vulnerability of health, life events, financial resilience and financial capability, and could show that their policies and processes were working effectively. Firms delivering good outcomes identified and recorded vulnerability consistently across customer journeys; designed support around identified needs while offering flexibility; communicated in clear and accessible ways; and used management information (MI) and governance to monitor and improve outcomes. The FCA also identified areas for improvement, including: enhanced testing and assurance that policies operate effectively; more developed MI and outcomes monitoring; greater consistency in the delivery of support; and stronger oversight of intermediaries. It notes that smaller firms may take a proportionate approach that does not require complex systems.

FCA review: Payments firms and consumers in vulnerable circumstances

FCA blog

7.5 **Cryptoasset perimeter guidance - FCA publishes policy statement -** *16 September 2026* - The FCA has published a policy statement (PS26/18) setting out its final guidance on when cryptoasset activities require FCA authorisation under the UK's forthcoming cryptoasset regime. The guidance follows the FCA's April 2026 consultation (CP26/13), to which it received 78 responses, and forms part of the FCA's work to prepare firms for the new regime.

The guidance explains how the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 will bring a range of cryptoasset activities within the FCA's regulatory perimeter, meaning that anyone carrying on those activities by way of business in the UK will need to be authorised unless an exemption or transitional provision applies. The activities covered include: issuing qualifying stablecoins; operating a cryptoasset trading platform; dealing in, and arranging deals in, cryptoassets; safeguarding cryptoassets; and arranging cryptoasset staking. The FCA reminds firms that existing registrations under the Money Laundering Regulations and existing permissions will not convert automatically, so firms should assess whether they need to apply for authorisation or a variation of permission.

The new regime comes into force on 25 October 2027, with the authorisation gateway opening on 30 September 2026 and closing on 28 February 2027 for firms wishing to use the transitional arrangements. The FCA intends to consult on targeted updates to the guidance to reflect recent Government amendments to the underlying legislation (including limited exclusions and clarifications for certain technology providers) in October 2026, with updated guidance expected in early 2027.

FCA PS26/18: Cryptoasset perimeter guidance

Perimeter guidance (Regulated Cryptoasset Activities) Instrument 2026 (2026/55)

8. European Parliament

8.1 **Sustainability-related disclosures (SFDR) reform - European Parliament committee publishes report** - *15 September 2026* - The European Parliament's Committee on Economic and Monetary Affairs (ECON) has published its report (A10-0234/2026) on the European Commission's proposal to amend the Sustainable Finance Disclosure Regulation (SFDR) and the PRIIPs Regulation and to repeal the SFDR delegated regulation ((EU) 2022/1288). The report sets out the committee's position ahead of the Parliament's first reading under the ordinary legislative procedure.

As reported by ECON, the proposal would replace the current Article 8 and Article 9 disclosure approach with a formal product categorisation regime for financial products making sustainability-related claims, comprising three categories:

- 'sustainable', for products investing in companies, assets or activities that are already sustainable or that pursue a sustainability objective;
- 'transition', for products investing in companies or activities on a credible path to sustainability; and
- 'ESG basics', for products integrating other sustainability considerations beyond sustainability risks.

Each category would need to invest a minimum of 70% of its assets in line with its sustainability claim. The existing definition of 'sustainable investment' in Article 2(17) of the SFDR would be deleted, with the underlying concepts embedded in the criteria for the relevant categories, and investment advice and portfolio management would be carved out of the SFDR's scope. The file remains subject to the ordinary legislative procedure, including negotiations with the Council, before it can be adopted.

European Parliament report: Sustainability-related disclosures (SFDR) reform (A10-0234/2026)

Insurance

9. EUROPEAN COMMISSION

9.1 **Solvency II technical information - European Commission adopts Implementing Regulation** - *11 September 2026* - The European Commission (the Commission) has adopted Implementing Regulation (EU) 2026/2041 laying down the technical information that insurance and reinsurance undertakings must use to calculate their technical provisions and basic own funds under the Solvency II Directive ((EU) 2009/138) for reporting reference dates from 30 June 2026 until 29 September 2026. The Regulation designates the relevant risk-free interest rate term structures, the fundamental spreads for calculating the matching adjustment, and the volatility adjustments for each relevant national insurance market.

The Regulation enters into force on 15 September 2026, the day following its publication in the Official Journal of the European Union and applies from 30 June 2026.

Commission Implementing Regulation (EU) 2026/2041 laying down rules for the application of Directive 2009/138/EC of the European Parliament and of the Council as regards technical information for the calculation of technical provisions and basic own funds for reporting with reference dates from 30 June 2026 until 29 September 2026.

10. FINANCIAL CONDUCT AUTHORITY

10.1 **General insurance value measures - FCA launches consultation and publishes post-implementation review -** *11 September 2026* - The FCA has published a consultation paper (CP26/33) on minor changes to the general insurance (GI) value measures reporting rules, alongside a post-implementation review of those rules. The consultation forms part of the FCA's wider work to improve the consistency and usefulness of value measures data, ahead of a further consultation on more substantive changes expected in the first half of 2027.

The FCA is proposing two minor standalone changes to reduce the reporting burden on firms without materially reducing the usefulness of the data: removing the requirement to report the amount by which the top 2% of claim pay-outs exceed the rest for each product; and removing the requirement to report the five largest distribution arrangements. The paper also reports the findings of the post-implementation review, which concludes that the value measures rules have improved transparency and encouraged firms to improve customer outcomes, but that their benefits are undermined by reporting consistency issues.

The deadline for responses to the consultation is 9 October 2026.

FCA consultation paper: General insurance value measures changes and post-implementation review (CP26/33)

Webpage

Financial crime

11. Upper Tribunal

11.1 **Lack of integrity in corporate governance – Upper Tribunal upholds FCA prohibition order and financial penalty against Crispin Odey -** *14 September 2026* - The Upper Tribunal (Tax and Chancery Chamber) has dismissed the reference brought by Robin Crispin Odey, upholding the FCA's prohibition order and imposing a financial penalty of £1,529,374 (reduced from the FCA's original penalty of £1,835,200). The FCA found that Mr Odey breached Individual Conduct Rule 1 (act with integrity) while he was the founder and majority owner of Odey Asset Management LLP (OAM) by deliberately frustrating OAM's disciplinary process against him in relation to allegations of misconduct towards female employees. The Tribunal found that he caused OAM to breach regulatory requirements, including that the firm be managed by at least two persons of good repute, and risked OAM not meeting the FCA's Threshold Conditions.

Upper Tribunal decision: Robin Crispin Odey v The Financial Conduct Authority [2026] UKUT 00351 (TCC)

Tax and Chancery tribunal decisions webpage

Press release

12. Home Office

12.1 **Anti-money laundering and asset recovery strategy 2026–2029 - Home Office publishes strategy** - *15 September 2026* - The Home Office has published its anti-money laundering and asset recovery strategy 2026–2029 (CP 1677), presented to Parliament jointly by the Chancellor of the Exchequer and the Home Secretary. The strategy sets the direction for the

UK's anti-money laundering and asset recovery system over the next three years and is backed by at least £550 million of investment between 2026 and 2029. The strategy aims to target resources on activities causing most harm; improve information sharing and intelligence capabilities; and improve efficiency and resourcing in order to disrupt laundering networks and recover more criminal assets, including through cross-border cryptoasset seizures. The strategy will sit alongside the forthcoming Economic Crime Plan 2026–29.

Home Office strategy: Anti-money laundering and asset recovery strategy 2026–2029 (CP 1677)

Webpage

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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