23 July 2026
ISSUE 1361

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

1. Financial Conduct Authority

1.1 **Fourth wider implications framework annual report - published by the FCA** - *21 July 2026* - The FCA has published its wider implications framework (WIF) annual report for 2025/2026, which sets out how the framework's five members (the FCA, the Financial Ombudsman Service (FOS), the Financial Services Compensation Scheme, the Money and Pensions Service and The Pensions Regulator) collaborated during the year to 31 March 2026.

The report describes joint work on issues with wider implications, including the advice and guidance boundary review, motor finance commission redress and the continued embedding of the Consumer Duty, the pensions Value for Money Framework and authorised push payment fraud. It also highlights information and data-sharing between members, joint engagement with the FCA's statutory panels, and joint FCA and FOS work to modernise the redress system.

The report also sets out changes to streamline the framework, including an annual executive and chair meeting to set engagement priorities and working-level tracking of engagement overseen by WIF directors, with implementation underway ahead of the new WIF cycle in November 2026. Updated terms of reference reflecting these changes have been published on the WIF webpage.

FCA report: Wider Implications Framework Annual Report 2025/26

Minutes

Updated terms of reference

Updated webpage

Banking and finance

2. European Banking Authority

2.1 **CRD - EBA consults on data collection for the 2027 market risk benchmarking exercise** - *17 July 2026* - The European Banking Authority (EBA) has published a consultation paper on draft implementing technical standards (ITS) amending Commission Implementing Regulation (EU) 2016/2070, which lays down ITS on the benchmarking of internal approaches and the standardised approach used to calculate own funds requirements for market risk in accordance with the Capital Requirements Directive (2013/36/EU) (CRD). The draft ITS update the information to be collected for the 2027 market risk benchmarking exercise. The proposed amendments, which are primarily technical, include:

- updating the framework for the expanding scope of the benchmarking exercise to institutions applying the CRR3 Alternative Standardised Approach, whether or not they use an internal model, increasing the expected population from around 40 to approximately 100 institutions;
- resuming the collection of data under the CRR2 internal model approach;
- postponing the 2027 exercise to the second half of 2027 and postponing data collection under the CRR3 alternative internal model approach; and

- reorganising and rationalising the market risk reporting templates.

The consultation closes on 3 September 2026. The EBA will submit the final version of the draft ITS to the European Commission for endorsement, before publication in the Official Journal of the EU. The ITS will apply 20 days after publication in the Official Journal of the European Union.

EBA: Consultation paper on the 2027 market risk benchmarking exercise (EBA/CP/2026/11)

Press release

2.2 **CRD - EBA publishes final draft technical standards on material acquisitions, transfers, mergers and divisions -** *17 July 2026* - The European Banking Authority (EBA) has published a final report containing draft regulatory technical standards (RTS) and implementing technical standards (ITS) on material acquisitions, transfers of assets or liabilities, mergers and divisions involving credit institutions and (mixed) financial holding companies under the Capital Requirements Directive (2013/36/EU) (CRD4), as amended by Directive (EU) 2024/1619 (CRD6). The standards support the new supervisory tools introduced by CRD6 for these material operations.

The draft RTS, developed under Article 27b(7) of the CRD and amending Commission Delegated Regulation (EU) 2022/2580, set out streamlined minimum information requirements for notifications, a common assessment methodology and the process applicable to the supervisory scrutiny of these operations. The draft ITS, developed under Articles 27c and 27k of the CRD and merged into a single instrument, establish common procedures, forms and templates for the consultation process between the competent authorities involved.

The final draft RTS and ITS have been submitted to the European Commission for endorsement.

EBA: Final draft technical standards on material acquisitions, transfers, mergers and divisions (EBA/ITS/2026/03 and EBA/RTS/2026/06)

Press release

3. European Banking Authority

3.1 **Depositor protection under the revised DGSD - EBA consults -** *23 July 2026* - The European Banking Authority (EBA) has launched four public consultations on proposed rules to further strengthen depositor protection, preserve financial stability and further harmonise depositor protection standards across the EU under the revised Deposit Guarantee Schemes Directive (DGSD3):

- The draft ITS on depositor information set out harmonised content and formats for the depositor information sheet provided at account opening and on a regular basis, and establish requirements for communications to depositors in specific situations such as mergers of banks or failures.
- The draft ITS on information exchange introduce minimum requirements for information exchange between credit institutions, depositor guarantee schemes (DGSs), designated authorities and the EBA.
- The draft RTS on client funds establish rules to ensure that DGSs receive the data needed to identify and reimburse clients whose funds are held in intermediary accounts, clarifying when reimbursement should be made directly to clients or via the account holder and how to prevent duplicate payouts.

- The draft guidelines on the investment of available financial means set out how DGSs should invest their funds to ensure diversification and sufficient liquidity for purposes of payouts or other DGS interventions.

The deadline for the submission of comments on all four consultation papers is 23 October 2026.

EBA consultation paper: RTS on DGS payouts of client funds deposits under Article 8b(4) of Directive 2014/49/EU (EBA/CP/2026/15)

EBA consultation paper: ITS on information by credit institutions to DGSs, and by DGSs and designated authorities to the EBA under Directive 2026/804/EU (EBA/CP/2026/14)

EBA consultation paper: ITS on depositor information under Directive 2026/804/EU on deposit guarantee schemes (EBA/CP/2026/13)

EBA consultation paper: Guidelines on investment of available financial means under Directive 2014/49/EU on deposit guarantee schemes (EBA/CP/2026/12)

Press release

4. European Commission

4.1 **Banking sector competitiveness - European Commission publishes communication** - *17 July 2026* - The European Commission has published a communication on the competitiveness of the banking sector and the single market in banking. The Commission identifies three main challenges limiting the sector: fragmentation along national lines, the transposition of Basel III standards without sufficient regard to EU specificities and proportionality, and undue complexity in parts of the framework. To address these, the communication sets out measures organised around three objectives:

- removing barriers to cross-border banking activity, including allowing cross-border groups to use capital and liquidity more efficiently across the EU and proposing a simpler deposit insurance framework;
- implementing international standards while reflecting EU specificities and proportionality, including re-assessing the approach to implementation of Basel III; and
- simplifying the regulatory framework to reduce administrative burden, including by simplifying or harmonising the capital stack, macroprudential buffers and resolution capital requirements.

The Commission intends to propose a package of measures to amend the banking regulatory framework in the first quarter of 2027.

European Commission Communication: Competitiveness of the banking sector and the single market in banking (COM(2026) 615 final)

Webpage

Press release

Summary report: Targeted consultation on the competitiveness of the EU banking sector

Selected Headlines

General | Securities and Markets | Financial Crime
Beyond Brexit | Asset Management | Enforcement
Banking and Finance | Insurance

Securities and markets

5. European Securities and Markets Authority

5.1 **Preparing for the EU T+1 settlement cycle - ESMA publishes statement** - *20 July 2026* - The European Securities and Markets Authority (ESMA) has published a statement highlighting the key deadlines and action points for market participants ahead of the EU's move to a T+1 settlement cycle under the Central Securities Depositories Regulation (*909/2014*) (CSDR).

Market participants will have to be fully compliant by two deadlines: a first deadline of 7 December 2026, covering improvements to the first post-trade step in terms of timing and the default use of international communication standards; and a final deadline of 11 October 2027, covering the optimisation of the settlement layer, including sending instructions early enough to securities settlement systems.

ESMA warns that a failure to meet T+1 settlement deadlines could reduce the willingness of counterparties to trade due to late settlement risk and associated settlement discipline measures, and states that firms should check whether their entire trading and settlement chains are prepared and should start testing as soon as possible to identify issues and reduce disruption.

ESMA statement: Statement on T+1 preparations (ESMA74-2119945926-3773)

Press release

Insurance

6. European Commission

Group supervision under Solvency II - European Commission adopts Delegated Regulation containing RTS - *16 July 2026* - The European Commission has adopted a Delegated Regulation (C(2026) 4973) containing regulatory technical standards (RTS) supplementing Directive 2009/138/EC (Solvency II). The RTS specify the factors to be considered to identify undertakings that are under dominant or significant influence and undertakings that are managed on a unified basis, and the conditions and criteria to determine which activities carried out under the right of establishment or the freedom to provide services are of relevance to the host Member State's market. The Commission explains that the first set of factors is intended to help supervisory authorities identify insurance and reinsurance undertakings that form part of a group for the purposes of group supervision.

The Delegated Regulation will now be scrutinised by the Council of the EU and the European Parliament.

European Commission: Delegated Regulation on undertakings under dominant or significant influence and managed on a unified basis under Solvency II (C(2026) 4973)

7. Prudential Regulation Authority

7.1 **Amalgamations and transfers of insurance friendly societies - PRA consults on updated guidance** - *22 July 2026* - The PRA has published a consultation paper (CP12/26) on amalgamations and transfers of engagements by friendly societies under Part VIII of the Friendly Societies Act 1992. The proposals, which update Chapter 4 of the PRA's statement of policy on its approach to insurance business transfers (SoP3/15), are intended to give firms greater detail and transparency when navigating the existing legislative framework and to support the efficient execution of Part VIII transfers, delivering on a commitment made in the PRA/FCA Mutuals Landscape Report.

The PRA proposes to describe the process in five parts: (i) planning and preparation; (ii) recording and analysing the transfer; (iii) member engagement and member vote(s); (iv) formal application, public notices and representations; and (v) Confirmation Assessment Meeting(s). The PRA also proposes to provide greater transparency on its decision-making considerations, including when it may waive the requirement for a member vote by the transferee and when it may require an independent actuary's report.

The consultation closes on 22 October 2026. The PRA intends to publish a policy statement on these proposals before April 2027, with the changes to SoP3/15 taking effect on the date the policy statement is published.

PRA consultation paper: Insurance friendly societies, amalgamations and transfers (CP12/26)

Press release

8. Financial Conduct Authority

8.1 **Conflicts of interest in vertically integrated general insurance - FCA publishes blog and webpage -** *23 July 2026* - The FCA has published a blog and a new webpage setting out its expectations for general insurance firms on managing conflicts of interest arising from vertically integrated business models. It notes that bringing together underwriting, distribution, intermediary activity, premium finance and other services within a single group, or through ownership or financing links, can create conflicts that influence consumer journeys or commercial incentives.

Chris Knight, the FCA's Director of Insurance, states in a blog post that having a conflict of interest does not automatically make a business model unacceptable, but firms must identify, manage and evidence conflicts through effective governance, clear senior management accountability and controls that work in practice, meeting their regulatory obligations. He stresses that firms should not rely on disclosure alone to manage conflicts. The FCA confirms that it has written directly to some firms whose business models may create heightened risks; that it is monitoring developments and may make ad hoc data requests; and that it expects firms with overly complex or hard to supervise models to consider simplifying them and to notify material changes promptly.

FCA blog

Webpage

Financial crime

9. The Wolfsberg Group

9.1 **Non-bank payment service providers - Wolfsberg Group publishes guidance -** *15 July 2026* - The Wolfsberg Group has published guidance on the provision of banking services to non-bank payment service providers (PSPs). The guidance provides a practical, risk-based framework to help financial institutions understand, assess and manage the financial crime risks associated with providing banking services to non-bank PSPs while continuing to support the sector.

The guidance notes that the high level of intermediation between originator and beneficiary, together with the lack of international alignment in financial crime regulation and licensing for the sector, makes it harder for banks to monitor and manage the associated risks. It sets out underlying principles including the application of a risk-based approach that tailors due diligence and monitoring to the specific risks of different non-bank PSP activities, as well as the primary obligation of non-bank PSPs to ensure payment messages contain complete and accurate information consistent with FATF Recommendation 16. It also stipulates the need for financial institutions to understand each PSP's business model, customer activities and financial crime controls. It is intended to complement the Group's existing guidance on correspondent banking and its 2023 Payment Transparency Standards.

Wolfsberg Group: Guidance on the provision of banking services to non-bank payment service providers

Press release

10. Financial Conduct Authority

10.1 **Asset management and alternative firms' financial crime controls - FCA publishes findings -** *22 July 2026* - The FCA has published its findings from engagement with asset management and alternatives firms on their financial crime controls, highlighting examples of good and poor practice. The review gathered information from 242 asset managers and alternatives firms, who were evaluated against the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (*SI 2017/692*) (MLRs), provisions in the FCA Handbook relating to financial crime (including SYSC), the Joint Money Laundering Steering Group guidance and Financial Action Task Force guidance.

On inherent risk, the FCA notes that firms active in private markets were particularly exposed to financial crime. On control risk, poor practices identified included 18% of firms having no formal customer risk assessment methodology and inadequate oversight of outsourced customer due diligence, with only 36% of firms that outsourced having full oversight. Half of firms reported no investment in their AML systems and controls in the previous 24 months.

The FCA reminds firms in its findings that they remain fully responsible for compliance with the MLRs even where activities are outsourced, and that they should maintain an up-to-date business-wide risk assessment, effective ongoing and transaction monitoring, appropriate screening, and adequate governance and resourcing.

FCA webpage: Asset management and alternative firms' financial crime controls: our findings

11. Financial Action Task Force

11.1 **Implementation of the FATF Standards on virtual assets and VASPs - FATF publishes seventh targeted update** - *16 July 2026* - The Financial Action Task Force (FATF) has published its seventh targeted update on the implementation of the FATF standards under Recommendation 15 (R.15) on virtual assets (VAs) and virtual asset service providers (VASPs), assessing progress and remaining gaps across the FATF global network.

Since the 2025 targeted update, jurisdictions have continued to make progress in implementing R.15, including by conducting VA/VASP risk assessments, developing regulatory approaches, licensing or registering VASPs, implementing the Travel Rule, and advancing supervisory and enforcement action. However, the FATF finds that significant gaps remain in translating risk assessments into effective risk mitigation measures, operationalising licensing or registration frameworks, identifying persons or entities conducting VASP activities, and ensuring effective risk-based supervision and enforcement. The report also highlights emerging risks, including the industrialisation of VA-enabled fraud by organised crime groups, the misuse of stablecoins, risks arising from peer-to-peer transactions through unhosted wallets, and offshore VASPs operating outside effective regulatory and supervisory oversight.

FATF report: Targeted Update on Implementation of the FATF Standards on Virtual Assets and Virtual Asset Service Providers

Webpage

Press release

11.2 **Regulatory challenges from decentralised finance - FATF publishes targeted report -** *21 July 2026* - The FATF has published a targeted report on the regulatory challenges arising from decentralised finance (DeFi), updating and complementing its 2021 updated guidance for a risk-based approach to virtual assets and virtual asset service providers (VASPs). The report highlights the rapid growth of DeFi and warns that features such as permissionless access, rapid execution through automated smart contracts, cross-border reach and the ability to transact without disclosing the user's identity are increasingly being exploited by illicit actors.

The report clarifies that DeFi arrangements fall within the scope of the FATF standard covering virtual assets (R.15) where a natural or legal person exercises control or sufficient influence over the arrangement, and it identifies on-chain and off-chain indicators of control. It notes that almost 93% of reporting jurisdictions have not yet implemented the FATF Standards in relation to qualifying DeFi arrangements, and that only two of 142 jurisdictions have licensed or registered a DeFi arrangement in practice. The FATF makes recommendations to help jurisdictions regulate and supervise DeFi arrangements on a functional, risk-based basis, and calls on financial institutions and VASPs interacting with such arrangements to comply with the relevant recommendations and to refrain from interacting where compliance cannot be achieved.

FATF report: Targeted Report on Regulatory Challenges from Decentralised Finance (DeFi)

Webpage

Press release

12. The Authority for Anti-Money Laundering and Countering the Financing of Terrorism

12.1 **Supervisory cooperation for direct AML/CFT supervision - AMLA publishes final report containing draft ITS -** *21 July 2026* - The Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) has published its final report on draft implementing technical standards (ITS) on cooperation within the AML/CFT supervisory system for the purposes of direct supervision under Article 15(3) of Regulation (EU) 2024/1620 (AMLAR).

From 2028, AMLA will directly supervise selected obliged entities in the financial sector that operate in at least six Member States and present a high money laundering and terrorist financing risk profile. The draft ITS set out how AMLA and national financial supervisors will cooperate, covering the conditions for assistance, a sequential selection process, the notification and publication of selected entities, the transfer of supervisory tasks and powers, and the composition and functioning of joint supervisory teams.

The draft ITS will be submitted to the European Commission for adoption before publication in the Official Journal.

AMLA final report: Draft ITS on cooperation within the AML/CFT supervisory system for direct supervision

Press release

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Asset Management
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Enforcement

Enforcement

13. Prudential Regulation Authority

13.1 **Inaccurate reporting of FSCS data - PRA fines insurance firm HDI Global SE** - *16 July 2026* - The PRA has published a final notice imposing a financial penalty of £4,165,000 on HDI Global SE for repeated failure to accurately calculate and report data about liabilities and fee tariffs under the Financial Services Compensation Scheme (FSCS). HDI Global SE, the UK branch of a global insurer headquartered in Hanover, Germany, submitted materially inaccurate FSCS Liabilities and FSCS Fee Tariff data to the PRA on multiple occasions during the period between 13 August 2021 and 31 August 2024.

The PRA found that the errors arose and persisted because the firm did not refer to the relevant PRA Rules or guidance and lacked effective processes, clear accountability and effective senior oversight to ensure that its calculations were accurate. Specific calculation errors included failure to include all compulsory insurance, including third party motor liability insurance and employers' liability insurance in FSCS liabilities calculations, and a failure to report net premium income figures net of reinsurance rather than on a gross basis.

The PRA applied a 30% settlement discount to its initial penalty of £5,950,000 because the firm agreed to resolve the matter during the discount stage of the investigation.

PRA final notice: HDI Global SE (FRN 230072)

Press release

14. Recent Cases

***Moorwand Ltd v Hamblin and others* [2026] EWCA Civ 942,** *21 July 2026*

The Court of Appeal has handed down its judgment in *Moorwand Ltd v Hamblin and others* [2026] EWCA Civ 942, allowing an appeal by Moorwand Ltd (Moorwand), an FCA-regulated e-money institution, in a claim arising out of an authorised push payment (APP) fraud. The claim concerned whether Moorwand was in breach of its Quincecare duty to exercise reasonable care and skill when executing transfer instructions procured by an APP fraudster. Allowing Moorwand's appeal, the Court of Appeal held that the high threshold for revisiting the trial judge's evaluative conclusion - namely, that Moorwand had not been put on notice that the transfer instructions were given without the customer's authority - was not met in this case.

Moorwand Ltd v Hamblin and others [2026] EWCA Civ 942

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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