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

1. Financial Conduct Authority

1.1 **Clarifications and streamlined requirements for UK bond and derivatives transparency regime - FCA Handbook Notice No.142** - *26 June 2026* - The FCA has published Handbook Notice No. 142, setting out the changes to the Handbook made by the FCA Board on 25 June 2026 under four instruments, together with feedback on the related consultations.

The Markets in Financial Instruments (Equity Transparency) Instrument 2026 and the related Technical Standards (Equity Transparency) (Amendment) Instrument 2026 (FCA 2026/30 and FCA 2026/31) "lift and shift" equity transparency calculation requirements from MiFID RTS 1 into the FCA Handbook in MAR 11A. They also clarify provisions on private rights of action in MAR and amend the CFI codes used to identify overnight index swaps. These changes come into force on 28 September 2026.

The Collective Investment Schemes Sourcebook (Statement of Recommended Practice) Instrument 2026 (FCA 2026/32) updates COLL to reflect the Investment Association's revised Statement of Recommended Practice for authorised funds. Finally, the Targeted Clarifications of Handbook Materials Instrument 2026 (FCA 2026/33), streamlines rules across PRIN, COBS, ICOBS, CASS and other sourcebooks. Both came into force on 26 June 2026, with changes effective from 27 July and 25 September 2026.

FCA Handbook Notice No 142

1.2 **UK cryptoasset regime - FCA publishes final rules** - *30 June 2026* - The FCA has published a package of five policy statements and additional finalised guidance establishing the UK's regulatory framework for cryptoasset firms. From 25 October 2027, cryptoasset firms, including trading platforms, intermediaries, custodians, stablecoin issuers, and firms arranging staking must obtain FCA authorisation to operate in the UK. Firms will need to meet clear standards, including financial resilience requirements covering capital and stress testing, and new market integrity rules covering areas such as insider trading and market manipulation. The new framework also sets out specific rules for stablecoins.

On admissions and disclosures and market abuse (PS26/9), retail UK qualifying cryptoasset trading platforms (UK QCATPs) will act as admission gatekeepers, undertaking due diligence and ensuring a qualifying cryptoasset disclosure document (QCDD) is published to the FCA's centralised repository before a qualifying cryptoasset is admitted to trading. The Market Abuse Regime for Cryptoassets (MARC), also laid out in this policy statement, will prohibit insider dealing, unlawful disclosure of inside information and market manipulation.

On stablecoin issuance (PS26/10), the FCA has finalised rules for non-systemic UK-issued qualifying stablecoins covering issuance, backing assets, redemption, safeguarding and disclosures. Issuers recognised as systemic by HM Treasury will be subject to joint FCA and Bank of England regulation, attracting stricter requirements (as discussed below).

On regulated cryptoasset activities (PS26/11), the FCA has set out final rules and guidance for the regulated cryptoasset activities defined by the RAO, including operating a qualifying cryptoasset trading platform (QCATP), dealing, arranging, lending, borrowing, staking, safeguarding and its current approach to decentralised finance (DeFi).

On prudential requirements (PS26/12), the FCA has established the CRYPTOPRU sourcebook alongside COREPRU, which set out the final prudential framework for regulated cryptoasset firms, covering capital, liquidity, risk management and public disclosure requirements. In response to industry requests for further guidance, the FCA is also consulting on non-handbook guidance to help firms complete the overall risk assessment under COREPRU and CRYPTOPRU.

Finally, the FCA has confirmed (in PS26/13) how cross-cutting obligations apply to cryptoasset firms, including the Consumer Duty, COBS, DISP, SYSC, SM&CR, ESG, CASS and regulatory reporting. Solo-regulated firms will generally be expected to have a UK legal entity, whereas dual-regulated firms may carry on cryptoasset activities through a UK branch, subject to PRA approval and meeting FCA threshold conditions on a case-by-case basis.

FCA policy statement: Admissions and disclosures/MARC (PS26/9)

FCA policy statement: Stablecoin issuance (PS26/10)

FCA policy statement: Regulated cryptoasset activities (PS26/11)

FCA policy statement: Prudential regime for cryptoasset firms (PS26/12)

FCA policy statement: Application of FCA Handbook for regulated cryptoasset activities (PS26/13)

Webpage

Press release

2. Bank of England and Financial Conduct Authority

2.1 **Joint regulation of systemic stablecoin issuers** - **Bank of England and FCA set out approach** - *30 June 2026* - The Bank of England (the Bank) and the FCA have published a joint approach document explaining how they will work together to regulate systemic stablecoin issuers, aiming to provide regulatory clarity and certainty to firms issuing stablecoins in the UK. The document sets out how responsibilities will be split between the authorities and how UK stablecoin issuers may move from FCA supervision to joint regulation once recognised as systemic by HM Treasury.

Within the UK regime, the FCA will regulate the issuance and admission to trading of UK-issued qualifying stablecoins and, in due course, their use in payments. Issuers of systemic stablecoins, i.e. stablecoins that are widely used in payments and that may pose risks to UK financial stability, will be regulated jointly by the Bank and the FCA once recognised as systemic by HM Treasury. The FCA will continue to supervise issuers after they are recognised as systemic, including during any transition period set by the Bank.

Bank of England/FCA approach document: Joint regulation of systemic stablecoin issuers

FCA statement

Banking and finance

3. European Banking Authority

3.1 **SREP and supervisory testing under CRD - EBA publishes revised guidelines -** *26 June 2026* - The European Banking Authority (EBA) has published its final report on revised guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP) and supervisory stress testing under Directive 2013/36/EU (CRD).

The revisions consolidate all SREP provisions, including the ICT risk assessment, into a single framework and integrate new aspects such as ESG risk factors, operational resilience, third-country branches and the interaction between the revised Pillar 1 requirements and Pillar 2, including the output floor. It also introduces a high-level supervisory escalation framework and strengthens the communication of SREP outcomes.

The revised Guidelines will apply from 1 January 2027 (with Title 12 on third-country branches applying from 11 January 2027), replacing the 2022 SREP Guidelines and the 2017 ICT risk assessment Guidelines.

EBA Final Report: Revised guidelines on common procedures and methodologies for the SREP and supervisory stress testing under Directive 2013/36/EU

Press release

3.2 **Supervisory convergence - EBA publishes 2025 Report -** *29 June 2026* - The European Banking Authority (EBA) has published its 2025 Report on supervisory convergence, as part of its efforts to promote a consistent and effective EU supervisory framework.

The Report assesses convergence in prudential supervision (including the implementation of the 2025 European Supervisory Examination Programme); resolution and crisis management; digital finance; consumer protection, payments and conduct; AML and countering terrorism financing; ESG risk and cross-cutting activities.

EBA Report: Supervisory convergence 2025

Press release

3.3 **Product oversight and governance for retail banking products with ESG features - EBA publishes final report on amending guidelines -** *30 June 2026* - The European Banking Authority (EBA) has published its final report on guidelines amending its 2015 Guidelines on product oversight and governance (POG) arrangements for retail banking products to take into account products with environmental, social and governance (ESG) features and greenwashing risks. The amending guidelines follow its July 2025 consultation, and make targeted, principally clarifying changes to a limited number of existing POG requirements.

The amending guidelines will apply from 11 January 2027, aligned with the application date of the EBA Guidelines on the management of ESG risks.

EBA final report: Amending guidelines on product oversight and governance for products with ESG features and greenwashing risks (EBA/GL/2026/07)

EBA guidelines: Consolidated product oversight and governance guidelines (EBA/GL/2015/18)

Press release

3.4 **Taxonomy KPIs and other aspects of the Disclosures Delegated Act - EBA publishes discussion paper -** *1 July 2026* - The European Banking Authority (EBA) has published a discussion paper on certain taxonomy key performance indicators (KPIs) and other aspects of the Disclosures Delegated Act under Article 8 of the Taxonomy Regulation. The discussion paper responds to the European Commission's March 2026 call for the European Supervisory Authorities (ESAs) to develop technical advice and sets out preliminary assessments and proposals to improve the usability, relevance and proportionality of the taxonomy disclosures framework. It addresses issues specific to the EBA's remit as well as the horizontal issues relevant to all ESAs, on which the EBA will provide advice in coordination with the other ESAs. Stakeholders are invited to share their feedback on the analysis presented.

The deadline for responses is 12 August 2026, and the EBA expects to respond to the Commission's call for advice in October 2026.

EBA discussion paper: Selected Taxonomy KPIs under the Disclosures Delegated Act (EBA/DP/2026/03)

4. Prudential Regulation Authority

4.1 **FSCS protected deposit reporting requirements - PRA publishes reminder to firms -** *1 July 2026* - The PRA has published a webpage reminding all firms of their obligations under the depositor protection part of the PRA Rulebook in relation to the identification, marking and reporting of Financial Services Compensation Scheme (FSCS) protected deposits. The reminder responds to a number of queries the PRA has received from firms relating to the identification, marking and reporting of FSCS protected deposits.

The PRA expects firms to prepare their year-end reporting in line with these requirements and to ensure that any necessary corrections are made prior to year-end reporting for 2026.

Webpage

Securities and markets

5. European Banking Authority

5.1 **MiCA - EBA consults on a methodology for setting fines -** *26 June 2026* - The European Banking Authority (EBA) has published a consultation paper on a draft methodology for setting fines in its role as supervisor under the Markets in Crypto-Assets Regulation (Regulation (EU) 2023/1114) (MiCA). Under MiCA, the EBA supervises issuers of asset-referenced tokens (ARTs) and e-money tokens (EMTs) that it has classified as significant and may impose fines under Article 131 where an issuer has negligently or intentionally committed an infringement. The draft methodology sets out a two-step approach to make fines more consistent, proportionate and transparent.

The deadline for comments is 28 September 2026, and the EBA will hold a virtual public hearing on 16 July 2026.

EBA Consultation Paper on a Methodology for setting fines under Regulation (EU) 2023/1114 (MiCA)

Webpage

Press release

6. European Securities and Markets Authority

6.1 **Technical advice on selected KPIs under the Taxonomy Disclosures Delegated Act - ESMA publishes consultation paper -** *1 July 2026* - The European Securities and Markets Authority (ESMA) has published a consultation paper seeking views on targeted proposals to improve the usability, relevance and proportionality of the EU Taxonomy reporting framework. The consultation supports the European Commission's review of the Disclosures Delegated Act (DDA) under Article 8 of the Taxonomy Regulation, requested of the European Supervisory Authorities in March 2026, and follows earlier simplifications made through the Omnibus Delegated Act.

Comments are welcome until 12 August 2026. ESMA intends to publish its final technical advice to the European Commission by the end of October 2026.

ESMA consultation paper: Selected KPIs under the Taxonomy Disclosures Delegated Act (ESMA32-846262651-5826)

Webpage

Press release

Asset management

7. Financial Conduct Authority

7.1 **Closed-ended investment funds - FCA consults on changes to the UK Listing Rules** - *26 June 2026* - The FCA has published a consultation paper (CP26/21), proposing targeted changes to the UK Listing Rules (UKLR 11) for closed-ended investment funds (investment trusts) to strengthen the management of conflicts of interest and protect shareholders.

The proposals include:

- bringing a proposed (new) investment manager within the scope of the relevant related party transaction provisions so that protections on manager fees apply consistently before and after appointment;
- amending the glossary definition of "associate" to recognise the association between a director and a substantial shareholder that proposed them for appointment, reinforcing board independence; and
- where a substantial shareholder is also the investment manager, preventing that shareholder from voting on material changes to the fund's investment policy.

The FCA is also seeking views on alternative options and is publishing guidance to support retail investors in exercising their voting rights.

Comments are requested by 14 August 2026, with the FCA aiming to finalise rules and publish a policy statement before the end of the year.

FCA Consultation Paper: Proposed changes to the UK Listing Rules for closed-ended investment funds (CP26/21)

Webpage

Press Release

7.2 **Simplifying consumer investment disclosures - FCA launches consultation** - *2 July 2026* - The FCA has published a consultation paper (CP26/24) on simplifying consumer investment disclosures, proposing to align investment cost disclosures with its consumer composite investments (CCI) regime, which applies to packaged retail investment products. The FCA is proposing to reform the MiFID-derived cost disclosure rules and to consolidate the disclosure regimes for MiFID, Insurance Distribution Directive (IDD) and non-MiFID investment business. Alongside the consultation, the FCA has published the findings of a review of current pre-sale investment disclosure documents, which found that only 6% of the 132 documents assessed for readability were written in plain English.

The deadline for responses to the consultation is 21 August 2026, and the FCA intends to publish a policy statement with final rules by the end of 2026.

FCA consultation paper: Simplifying Consumer Investment Disclosures (CP26/24)

FCA review: Pre-sale investment disclosure documents

Webpage

Press release

Insurance

8. Financial Conduct Authority

8.1 **Consumer duty and insurance rules - FCA consults on scope, proportionality and simplification -** *29 June 2026* - The FCA has published two consultation papers on simplifying the insurance rules and the scope and proportionality of the consumer duty (CP26/22 and CP26/23 respectively). Both consultations form part of a wider plan to streamline FCA rules and reduce complexity for firms.

In CP26/22, the FCA proposes to narrow the territorial scope of ICOBS and PROD 4 to businesses with a clear UK connection, which will be based on the customer's habitual residence and the location of the risk. It also proposes to remove or simplify prescriptive disclosure and advised-sales requirements, and to redenominate intermediaries' minimum professional indemnity insurance limits from euros into pounds sterling.

In CP26/23, the FCA proposes to limit the consumer duty to retail market business where the retail customer is usually resident in the UK. It also proposes clarifications on which activities and distribution-chain roles fall within scope, including the concepts of "retail market business" and "material influence", which anchor the scope of the consumer duty rules. A policy statement is expected to be published in Q1 2027.

Feedback is requested by 4 September 2026 for CP26/22 and by 18 September 2026 for CP26/23.

FCA consultation paper: Simplifying the insurance rules (CP26/22)

Consultation paper: Consumer Duty: scope and proportionality (CP26/23)

Press release

Financial crime

9. Payment Systems Regulator

9.1 **Independent evaluation of APP scam policies - PSR publishes independent evaluation by Frontier Economics -** *1 July 2026* - The Payment Systems Regulator (PSR) has published an independent evaluation, carried out by Frontier Economics, of the short-term impact of its two authorised push payment (APP) scam policies: the reimbursement requirement, in force since October 2024, and the publication of APP fraud performance data, first published in October 2023. The evaluation assesses the effect of these policies on payment service provider (PSP) behaviour, fraud levels, consumer outcomes and wider markets over the first year of the reimbursement requirement.

The evaluation finds that the policies have broadly delivered against their objectives in the short term, with consumer protection improving, and the proportion by value of APP scam losses reimbursed rising from 54% before the policy to 65% afterwards. However, outcomes remain uneven across PSPs in areas such as the Consumer Standard of Caution, vulnerability assessments and the voluntary excess.

Alongside the evaluation, the PSR has published an updated APP scams policy roadmap setting out its next steps.

Frontier Economics technical report: Independent evaluation of APP scam policies

Frontier Economics summary report: Independent evaluation of APP scam policies

Press release

10. Office of Financial Sanctions Implementation

10.1 **Ownership and control - OFSI publishes summary of responses from call for evidence** - *30 June 2026* - The Office of Financial Sanctions Implementation (OFSI) has published insights from its call for evidence on the ownership and control test in the UK financial sanctions regulations, which closed on 20 April 2026. The publication summarises responses received and focuses on "hypothetical control", reflecting industry feedback that the control element of the test poses greater implementation challenges than the ownership element.

OFSI publication: Ownership and control: insights from the call for evidence

Enforcement

11. Financial Conduct Authority

11.1 **Motor finance scheme partially suspended - FCA publishes statement** - *2 July 2026* - The FCA has published a statement on the partial suspension of its motor finance redress scheme. The statement confirms that the Upper Tribunal has made an order suspending parts of the scheme on terms which have been agreed with the four challenging parties (Consumer Voice (represented by Courmacs Legal), Volkswagen Financial Services, Mercedes Benz Financial Services, and Crédit Agricole Auto Finance).

The FCA states that the partial suspension means firms are not required to calculate or pay redress, or send communications about compensation owed under the scheme in line with the scheme timetable until the Upper Tribunal process concludes. However, firms are still required to respond to complainants who are not owed compensation under the scheme, with limited exceptions. Firms are also required to update complainants to explain when the legal challenge will be heard, what the partial suspension means, and the likely impact on the timetable for dealing with complaints and paying any compensation owed. The FCA has said it will provide further resources to assist with this. The challenges will be heard from 14 to 18 December 2026 or 16 to 26 February 2027, and if the scheme is upheld and not appealed the FCA expects payments to begin in 2027. Alternatively, if the FCA were to consult on an updated scheme that could face further challenge, the FCA expects compensation could be delayed until 2028 or beyond.

FCA statement

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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