

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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General

1. UK Parliament

1.1 UK regulation of stablecoins - House of Lords Financial Services Regulation Committee publishes report - 3 June 2026 -

The House of Lords Financial Services Regulation Committee has published a report entitled “Stablecoins: waiting for regulation” (HL Paper 6). It examines the growth and proposed regulation of stablecoins in the UK and follows the Committee’s inquiry into proposals published by the Bank of England and the FCA in January 2026, as previously reported in this Bulletin.

The Committee finds that the UK is lagging behind in developing its regulatory regime compared to the USA and EU and identifies aspects of the UK’s proposed regime that would diverge from international equivalents (including in relation to requirements for systemic issuers to hold unremunerated backing assets and proposed stablecoin holding limits). In particular, the report comments that the PRA’s restrictions on deposit-takers issuing stablecoins are unduly restrictive and risk inhibiting innovation unnecessarily. It also urges the Government and regulators to adhere to existing timelines so that the FCA’s application gateway can open on 30 September 2026 and the cryptoasset regime, including for stablecoins, can come into force on 25 October 2027.

[House of Lords Financial Services Regulation Committee report: Stablecoins: waiting for regulation \(HL Paper 6\)](#)

[Press release](#)

2. The Cross Market Operational Resilience Group

2.1 Frontier AI - CMORG publishes guidance for firms - 4 June 2026 - The Cross Market Operational Resilience Group (CMORG), which was established to improve the operational resilience of the UK financial sector, has published guidance for firms on the use of frontier AI (defined as the most advanced artificial intelligence systems in development). The guidance is intended to consolidate a broad and growing body of industry and public authority thinking into a single reference point, enabling firms of different sizes and levels of maturity to assess their current capabilities. Among other things, the guidance warns firms that the window to strengthen resilience ahead of further acceleration in threat capability is limited and time-sensitive and urges them to act with urgency to ensure readiness for these changes in the landscape.

[Firm Guidance for Frontier AI](#)

[Webpage](#)

3. European Securities and Markets Authority

3.1 Prioritising 2026 ESMA deliverables - letter sent to European Commission - 2 June 2026 - The European Securities and Markets Authority (ESMA) has published a letter from its Chair, Verena Ross, to John Berrigan, the European Commission’s Directorate-General for Financial Stability, Financial Services, and Capital Markets Union (DG FISMA), setting out the outcome of its 2026 Annual Work Programme prioritisation exercise (ESMA22-50751485-1604). The letter refers to the publication of the Market Integration and Supervision Package (MISP) proposal and the political priority of simplification and burden reduction, which have prompted ESMA to postpone, cancel, or deprioritise a number of planned deliverables. Freed resources will be redirected to other initiatives, including the direct supervision of consolidated tape providers and ESG rating providers, the implementation of EMIR 3 (Regulation (EU) 2024/2987), and the Retail Investment Strategy.

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4. Joint Committee of the European Supervisory Authorities

- 4.1 2025 major ICT-related incidents - ESAs publish first joint report under DORA - 3 June 2026** - The European Supervisory Authorities (ESAs) (that is, the EBA, EIOPA, and ESMA) have published their first joint report (JC 2026 16) on major incidents relating to information and communication technology (ICT), as required under the Regulation on digital operational resilience for the financial sector ((EU) 2022/2554) (DORA). The report covers ICT incidents that occurred in 2025 that had a high adverse impact on the network and information systems that support critical or important functions of financial entities.

The report refers to the borderless nature of ICT risks, noting that one third of reported major incidents had a cross-border impact. In addition, almost a third of major incidents originated from failures attributable to third parties. The low incidence of cybersecurity incidents suggests that existing safeguards were broadly effective.

[Joint Committee of the European Supervisory Authorities report: 2025 major ICT-related incidents under Article 22 of DORA \(JC 2026 16\)](#)

[Press release](#)

Banking and finance

5. European Commission

- 5.1 Prudential framework for market risk under CRR - European Commission adopts Delegated Regulation and publishes FAQs - 4 June 2026** - The European Commission has adopted a Commission Delegated Regulation on temporary targeted operational relief measures and targeted multipliers for the calculation of own funds requirements for market risk (C(2026)3647) by inserting new Articles 495i to 495v into the Capital Requirements Regulation (575/2013) (CRR). In short, the Delegated Regulation contains transitional provisions that are intended to address issues arising from partial delays and adaptations to the implementation of the Basel Committee on Banking Supervision's fundamental review of the trading book in the US and the UK.

The Council of the EU and the European Parliament will now scrutinise the Delegated Regulation, which would apply from 1 January 2027. The transitional provisions would cease to apply after 31 December 2029. The European Commission has also published a related press release and Q&As which refer to the importance of an international level playing field.

[Delegated Regulation text](#)[Press release](#)[Q&As](#)

6. Basel Committee on Banking Supervision

- 6.1 ICT risk management - BCBS publishes report - 2 June 2026** - The Basel Committee on Banking Supervision (BCBS) has published a range of practices report on information and communication technology (ICT) risk management, noting that operational resilience to ICT incidents has become increasingly important in an evolving and digitalised technology

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landscape. The report is designed to complement the BCBS' report on cyber resilience by focusing on non-malicious ICT incidents in banks that affect the delivery of critical operations and services. It aims to identify and compare risk management practices and supervisory approaches across jurisdictions.

[BCBS report: Information and communication technology \(ICT\) risk management: range of practices](#)

[Webpage](#)

[Press release](#)

7. Financial Conduct Authority

7.1 Retail banking business models data - FCA publishes Policy Statement PS26/8 - 29 May 2026 - The FCA has published a policy statement (PS26/8) on the introduction of a single annual regulatory reporting return for retail banks and building societies to replace the existing ad hoc data collections process. The new return will ask for core financial data (with product-level, wholesale funding, and whole business measures sections) as well as certain off-the-shelf documents. The latter request will cover details on UK customers, internal financial reporting, and business plans.

The FCA estimates that 36 banks and building societies will be required to submit the new return for 2026. The first submission is due at the end of November 2026.

[FCA Policy Statement PS26/8: Retail banking business models data \(R2B2\)](#)

[Webpage](#)

8. UK Payments Initiative and Financial Conduct Authority

8.1 New UK payments scheme - announced by UK Payments Initiative and welcomed by FCA - 29 May 2026 - The UK Payments Initiative, an independent, industry-owned body, has announced the launch of a new payment scheme designed for the next-generation of open banking payments. The scheme will enable widespread adoption of account-to-account payments under the government's National Payments Vision. The FCA has separately published a statement (dated 2 June 2026) on the announcement, noting that it signals a major step forward for open banking and commercial Variable Recurring Payments.

[UK Payments Initiative press release: UK banks and fintechs join forces to launch new payments scheme](#)

[FCA statement: Open banking and UK Payments Initiative scheme](#)

9. HM Treasury

9.1 Implementation of UK cryptoasset regime - HM Treasury publishes correspondence - 5 May 2026 - HM Treasury has published a letter from Lucy Rigby MP, Economic Secretary to the Treasury, responding to questions from the Crypto & Digital Assets All Party Parliamentary Group (APPG) on the implementation of the cryptoasset regulatory regime under the Financial Services and Markets Act 2000. HM Treasury's response confirms that the FCA expects to finalise its rules by the middle of 2026 and open the application period for authorisation from 30 September 2026. This will give firms time to secure authorisation before the regime goes live on 25 October 2027. The letter also comments that the FCA has put in place a range of provisions to encourage high quality applications and efficient processing and that it has increased its resources to ensure that it has the right expertise to deliver its cryptoasset roadmap.

[HM Treasury correspondence: Transition and implementation of the UK cryptoasset regulatory regime](#)

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Securities and markets

10. HM Treasury

10.1 Financial Services and Markets Act 2023 (Commencement No. 14) Regulations 2026 - 3 June 2026 - The Financial Services and Markets Act 2023 (Commencement No. 14) Regulations 2026 (SI 2026/587) have been made and published on legislation.gov.uk. These Regulations use powers under the Financial Services and Markets Act 2023 (FSMA 2023) to revoke retained EU law relating to short selling, namely the UK Short Selling Regulation (236/2012) (UK SSR), the Financial Services and Markets Act 2000 (Short Selling) Regulations 2012 (SI 2012/2554), as well as retained EU law versions of Delegated and Implementing Regulations supplementing the UK SSR, including some containing binding technical standards.

The new UK regulatory framework for short selling will come into force on 13 July 2026.

[HM Treasury statutory instrument: The Financial Services and Markets Act 2023 \(Commencement No. 14\) Regulations 2026 \(SI 2026/587\)](#)

11. European Commission

11.1 Taxonomy delegated acts - Platform on Sustainable Finance publishes consultation response - 27 May 2026 - The EU Platform on Sustainable Finance, an advisory body to the European Commission, has published its response to the European Commission's consultation on revisions to technical screening criteria (TSC) under the Taxonomy Regulation ((EU) 2020/852). The response contains a range of recommendations related to the Taxonomy Climate Delegated Act ((EU) 2021/2139) and the Taxonomy Environmental Delegated Act ((EU) 2023/2486), both of which set out the TSC for activities meeting the EU climate and environmental objectives. Among other things, the response suggests enhancing the existing taxonomy compass and navigator tools that were introduced by the European Commission in 2023. It also supports a comprehensive review of all taxonomy-related FAQs to ensure alignment with the updated Delegated Acts. All the recommendations made by the Platform on Sustainable Finance are set out in the annexes to the response.

[Platform on Sustainable Finance response: Climate and Environmental Delegated Acts](#)

[Annex I: Climate Delegated Act recommendations](#)

[Annex II: Environmental Delegated Act recommendations](#)

[Webpage](#)

Asset management

12. International Organization of Securities Commissions

12.1 Valuation of collective investment schemes - IOSCO publishes final report - 1 June 2026 - The International Organization of Securities Commissions (IOSCO) has published a final report (FR/03/2026) containing updated recommendations for valuing collective investment schemes (CIS). The recommendations are designed to be applied in a flexible manner appropriate to various fund structures and reflect recent developments, including the growth in funds holding less liquid, harder-to-value assets (including private assets) and increasing retail participation in such funds. Chapter 2 explains the key updates, including a new recommendation on ensuring that assets are valued at fair value in line with applicable regulations, accounting standards, and rules and articles of incorporation of the CIS.

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Financial crime

13. EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism

13.1 Monitoring business relationships - AMLA consults - *3 June 2026* - The EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) has published a consultation paper on draft guidelines on ongoing monitoring of business relationships under Article 26(5) of the AML Regulation ((EU) 2024/1624) (AMLR).

The draft guidelines set out AMLA's expectations on keeping customer documents, data and information up to date and how relevant firms should design, implement and test monitoring frameworks to detect unusual or suspicious transactions and activities.

The deadline for responses is 3 September 2026. AMLA intends to publish the final version of the guidelines in Q4 2026.

[Consultation on the draft Guidelines](#)[Webpage](#)[Press release](#)

14. Financial Conduct Authority

14.1 AML regulations for cryptoasset firms - FCA responds to questions - *2 June 2026* - The FCA has published a set of responses to questions from firms on the requirements under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) (MLRs 2017) that will apply when firms provide cryptoasset services under the Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102) (Cryptoassets Regulations 2026).

The FCA explains that registration under the MLRs 2017 remains the route for firms that wish to provide relevant cryptoasset services before the new cryptoasset regime comes into effect. However, since there will be no automatic conversion for firms registered under the MLRs 2017, they will need to obtain FCA authorisation. Firms that are already authorised under the Financial Services and Markets Act 2000 (FSMA) for other regulated activities will need to vary their existing permissions if they wish to offer one of the new cryptoasset regulated activities. The FCA will start accepting applications for authorisation under FSMA from 30 September 2026.

Firms seeking FSMA authorisation will need to comply with the FCA's expectations on systems and controls, governance and leadership. They should take a risk-based approach to identifying and assessing ML/TF risks that are specific to their cryptoasset activities. Their business-wide risk assessment (BWRA) should be based on the firm's transaction flows and exposure points, rather than a generic list of crypto risks.

The Cryptoassets Regulations 2026 come into force on 25 October 2027.

[FCA Q&A: Introduction to anti-money laundering regulations](#)

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15. Joint Money Laundering Steering Group

15.1 Anti-money laundering guidance - JMLSG publishes consultation - 1 June 2026 - The Joint Money Laundering Steering Group (JMLSG) has published a consultation on proposed amendments to Part I of its anti-money laundering and counter-terrorist financing guidance for the UK financial services sector. The proposed changes take account of The Money Laundering and Terrorist Financing (Amendment) Regulations 2026, as laid and yet to be made. The text that will be affected is available in marked up format in the consultation. Comments on the proposed revisions are welcomed by 29 June 2026.

[JMLSG consultation: Part I \(June 2026\)](#)

[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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