

Financial Regulation Weekly Bulletin

Major UK and European regulatory developments of interest to banks
insurers and reinsurers, asset managers and other market participants

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If you have any
comments or
questions, please
contact:
Selmin Hakki.

Slaughter and May
also produces a
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Beth Dobson.

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General

1. Financial Conduct Authority

1.1 Review of financial promotion approvers - FCA publishes findings of review - 27 May 2026 - The FCA has published the findings of its review of authorised firms that approve financial promotions for unauthorised businesses under section 21 of the Financial Services and Markets Act 2000 (FSMA). The current rules on authorised firms approving promotions for unauthorised firms came into force on 7 February 2024. The FCA's review focused on ten firms approving promotions for 'Buy Now Pay Later', crowdfunding and corporate finance firms.

The FCA found that the strongest firms applied the FCA's Consumer Duty from the start of their processes, ensuring that every promotion approved was accurate, clear and reached the right audience. However, the FCA also found that some firms approved adverts with unsubstantiated claims or allowed retail investors to see promotions intended for professional clients. In some cases, firms relied on third-party templates instead of conducting proper checks themselves.

As a result of the FCA's work, one firm has had to conduct a remediation exercise, and some websites have been blocked to retail customers. The FCA has indicated that it will continue to monitor compliance and will hold firms that fall short to account.

[Press release](#)

Banking and finance

2. Prudential Regulation Authority

2.1 Restatement of UK CRR definitions - PRA publishes policy statement - 27 May 2026 - The PRA has published a policy statement (PS14/26) setting out its final rules for restating definitions from the UK Capital Requirements Regulation (575/2013) (CRR) into the PRA Rulebook. The policy statement provides feedback to responses received to the PRA's July 2025 consultation paper (CP19/25), which contained proposed PRA Rulebook Glossary definitions that would replace definitions in Articles 4, 4A, 4B and 5 of the CRR for the purposes of the PRA Rulebook. The PRA also proposed to expressly define certain terms in the PRA Rulebook Glossary that were implicitly defined in other provisions of the CRR, alongside consequential amendments across the PRA Rulebook. The PRA proposed to restate the vast majority of the CRR definitions in the PRA Rulebook without changes in substance, although in a few areas proposed targeted improvements to enhance the clarity of the definitions, with no material change to policy.

Respondents generally supported the objective of transferring definitions into the PRA's Rulebook and simplifying definitions where possible. The PRA has made a number of changes since CP19/25 but considers that the changes made to the draft rules and related policy materials do not substantially amend the substance of the proposals. These changes include those to the definitions of 'branch', 'recognised exchange' and 'securitisation', as well as amendments to certain definitions relating to regulatory capital instruments to clarify that these definitions capture all relevant provisions in the Own Funds (CRR) Part of the PRA Rulebook.

These changes will become effective, alongside the Basel 3.1 package, on Friday 1 January 2027.

[PRA policy statement: CRR definitions restatement in PRA Rulebook \(PS14/26\)](#)

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2.2 Pillar 2A review - PRA publishes policy statement on phase 1 - 28 May 2026 - The PRA has published a policy statement (PS15/26) setting out its final policy on the first phase of proposed updates to Pillar 2A methodologies and guidance, following its May 2025 consultation paper (CP12/25). CP12/25 marked the beginning of a programme of work to modernise the PRA's approach to Pillar 2A capital by improving the information, guidance and transparency around the setting of Pillar 2A capital over time. It also outlined the PRA's proposals to address the consequential impacts of the PRA rules that would implement the Basel 3.1 standards. In particular, the Pillar 2A credit risk proposals were to: (i) address areas of undercapitalisation that remained in the Standardised Approach framework, and (ii) update the approach to idiosyncratic risk given the improvement in risk capture under the Basel 3.1 standards. Other proposals were intended to be the first steps in improving information, guidance and transparency for firms, including about the methodologies used by the PRA to inform the setting of Pillar 2A capital.

Having considered the responses to CP12/25, the PRA has made changes to the draft policy materials for the purpose of providing greater detail and increasing clarity where the PRA considers it appropriate, alongside minor editorial amendments to refresh obsolete references and improve consistency in its policy materials. The more material changes include excluding exposures to SMEs from the systematic methodology for unconditionally cancellable commitments in the retail exposure class and providing greater flexibility in how firms are expected to assess their idiosyncratic credit risks.

The implementation date has changed, and the amended Reporting Pillar 2 Part of the PRA Rulebook, reporting templates, reporting instructions and schedule, supervisory statements and statements of policy will now come into force on 1 January 2027.

[PRA policy statement: Pillar 2A review - Phase 1 \(PS15/26\)](#)

3. Financial Conduct Authority

3.1 Financing climate solutions - FCA publishes findings of its Transition Finance Pilot - 21 May 2026 - The FCA has published a research note setting out the findings of its Transition Finance Pilot, a market engagement exercise supported by the PRA and the Green Finance Institute (GFI). The Pilot was announced as part of the government's Financial Services Growth and Competitiveness Strategy in July 2025 and sought to understand how effectively the UK financial system supports climate solutions projects and companies. After engaging with capital providers, climate solutions companies and project developers over several months, the FCA found a set of system-level challenges that affect how efficiently capital is matched to opportunity.

In particular, the FCA identified three main challenges: (i) some climate solutions struggle to reach a commercial maturity sufficient to attract private capital; (ii) capital is not always well-matched to opportunity, despite strong appetite; and (iii) information and capacity gaps create frictions that increase costs and reduce confidence, especially for small and medium-sized enterprises (SMEs).

As the FCA did not find material barriers within its regulatory remit, it does not consider there to be a need for new rules or changes to existing rules as a result of this work. The FCA is sharing its findings with UK and international stakeholders to inform policy development and market coordination, and exploring how its regulatory framework can better support SME access to finance.

[FCA research note: Financing Climate Solutions](#)

[Webpage](#)

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3.2 Regulatory guide for credit brokers - FCA publishes new webpage - 20 May 2026 - The FCA has published a new webpage providing a regulatory guide for credit brokers. The guide is part of a pilot to support smaller credit brokers (generally, firms with fewer than 10 people), aimed at helping them understand and implement the FCA's requirements in a way that is proportionate to their business.

[Webpage](#)

Securities and markets

4. International Organization of Securities Commissions

4.1 Supervisory toolkit for AI use in capital markets - IOSCO publishes final report - 25 May 2026 - The International Organization of Securities Commissions (IOSCO) has published a final report providing a supervisory toolkit for AI use in capital markets, alongside a standalone extract of the toolkit. The report supports IOSCO member authorities in their oversight of the use of AI systems by supervised firms through practical, non-binding, non-prescriptive supervisory tools that apply across regulatory models.

IOSCO welcomes feedback by 26 June 2026. IOSCO will take responses into account as it continues to develop its work on AI, including in the next phase of its review of emerging industry practices.

[IOSCO final report: Supervisory Toolkit for AI Use in Capital Markets \(FR/02/2026\)](#)[Standalone Toolkit \(OR/07/2026\)](#)

5. European Commission

5.1 MiFID II - European Commission publishes report on commodity derivatives and emission allowances - 26 May 2026 - The European Commission has published a report on its assessment of the markets for commodity derivatives, emission allowances and derivatives of emission allowances, as required under Article 90(5) of the Markets in Financial Instruments Directive (2014/65/EU) (MiFID II). The report also takes account of the Draghi report on EU competitiveness, published in September 2024, which made certain proposals for changes to the regulatory framework governing commodity derivatives markets.

The report assesses the position limit and position management controls regimes, the functioning of the ancillary activity exemption, and multiple points concerning commodity derivative data, including whether the European Securities and Markets Authority (ESMA) has sufficient access to transaction data and whether information-sharing could be improved or streamlined. The Commission concludes that responses from stakeholders, coupled with its assessment based on an analysis of market trends, do not point to an urgent need to make substantive changes to the reviewed elements of the commodity derivatives framework, although certain targeted amendments could be considered in the future.

[European Commission report: Commodity derivatives and emission allowances under MiFID II \(COM\(2026\) 251\)](#)

6. European Securities and Markets Authority

6.1 CSDR - ESMA consults on amendments to guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients - 26 May 2026 - The European Securities and Markets Authority (ESMA) has published a consultation paper proposing amendments to its guidelines on standardised procedures and

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messaging protocols used between investment firms and their professional clients under the Central Securities Depositories Regulation (909/2014) (CSDR). These amendments are designed to enhance settlement efficiency and support a smooth transition to a T+1 settlement cycle in the EU, which will take effect on 11 October 2027.

Comments are invited by 7 July 2026. ESMA intends to finalise the guidelines by October 2026, and the revised guidelines should apply from 7 December 2026.

[ESMA consultation paper: Settlement efficiency and standardised procedures under CSDR \(ESMA74-2119945926-3513\)](#)

[Press release](#)

7. Financial Conduct Authority

7.1 Quality controls in benchmarks sector - FCA updates findings of multi-firm review - 27 May 2026 - The FCA has updated its webpage on its multi-firm review of how benchmark administrators manage data risks. The update adds the FCA's findings from a multi-firm project looking at the quality of calculation controls in the benchmarks sector and updates the FCA's next steps.

The benchmark calculations review looked at error handling arrangements, including error identification, classification, prioritisation and notification. The FCA will carry out further work later in 2026 on other risks set out in its benchmarks portfolio letter, published in December 2024, including corporate governance.

[FCA updated webpage](#)

Insurance

8. Official Journal of the European Union

8.1 Solvency II - Commission Implementing Regulation published in Official Journal - 22 May 2026 - Commission Implementing Regulation (EU) 2026/1094 laying down rules for the application of Directive 2009/138/EC (Solvency II) as regards technical information for the calculation of technical provisions and basic own funds for reporting with reference dates from 31 March 2026 until 29 June 2026, has been published in the Official Journal of the EU. The Implementing Regulation entered into force on the day following its publication in the Official Journal and has applied since 31 March 2026.

[Commission Implementing Regulation \(EU\) 2026/1094 on the application of Directive 2009/138/EC as regards technical information for the calculation of technical provisions and basic own funds for reporting](#)

Financial Crime

9. Financial Conduct Authority

9.1 Sanctions systems and controls - FCA publishes findings on good and poor practice - 28 May 2026 - The FCA has published the findings of its review of sanctions systems and controls in regulated firms, highlighting examples of good and poor practice to support better compliance with sanctions rules. The FCA has also published a Memorandum of Understanding (MoU) between the FCA and HM Treasury's Office of Trade Sanctions Implementation (OTSI), setting out the arrangements for cooperation and the sharing of intelligence between the two organisations.

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The FCA's findings highlight that firms have improved but must do more to prevent sanctions breaches. Reports from firms continue to relate primarily to the Russian sanctions regime, but the FCA also saw reports relating to Libya and, increasingly, Iran and North Korea. The majority of sanctions reporting is from firms in the payments, retail banking and wholesale financial markets sectors, with more limited reporting from other sectors such as insurance and digital assets.

Other points of interest include that the most common root causes of reported sanctions breaches were weaknesses in due diligence, alert management, transaction and name screening, as well as the management of frozen assets and compliance with specific and general licences. The FCA found a mixed standard of governance, oversight and control frameworks among the firms it observed. Some had outdated, inaccurate or inconsistent policies and procedures that did not reflect restrictions such as sectoral sanctions or focused overly on asset freezes alone. Finally, the FCA noted the challenges FCA-supervised firms face in detecting and preventing specific breaches of trade sanctions, particularly for customers using open book financing or where maritime insurance policies cover vessels that transport a wide variety of goods across the globe.

The FCA is working with the firms in which it identified weaknesses to ensure appropriate remedial action is taken, and will continue to liaise with HM Government partners such as the Office of Financial Sanctions Implementation (OFSI) and OTSI to enhance the FCA's work.

[FCA review: Sanctions systems and controls in firms](#)

[Memorandum of Understanding](#)

[Press release](#)

Enforcement

10. Recent Cases

10.1 *FCA v Argento Wealth Limited and another* [2026] EWHC 1093 (Ch), 19 May 2026

Distribution order for recovered funds - section 382(3) FSMA

The High Court (Chancery Division) has handed down a judgment in *FCA v Argento Wealth Limited and another* [2026] EWHC 1093 (Ch), on an application by the FCA for a distribution order in respect of monies it had recovered from the defendants following unlawful investment schemes. The underlying claims alleged that Argento Wealth Limited (AWL) was in breach of various provisions of the Financial Services and Markets Act 2000 following engagement in two investment schemes without permission, and that AWL's sole director and shareholder, Mr Daniel Willis, was knowingly concerned in those breaches, and also unlawfully promoted the schemes. The judgment confirms that the recovered funds, totalling £1.9 million, will be distributed to affected investors in AWL on a pro-rata basis by reference to their respective investment amounts.

[FCA v Argento Wealth Limited and another \[2026\] EWHC 1093 \(Ch\)](#)

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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](#).

If you would like to find out more about our Financial Regulation Group or require advice on a financial regulation matter, please contact one of the following or your usual Slaughter and May contact:

Jan Putnis	jan.putnis@slaughterandmay.com
Nick Bonsall	nick.bonsall@slaughterandmay.com
David Shone	david.shone@slaughterandmay.com
Kristina Locmele	kristina.locmele@slaughterandmay.com
Carla Edney	carla.edney@slaughterandmay.com

London
T +44 (0)20 7600 1200
F +44 (0)20 7090 5000

Brussels
T +32 (0)2 737 94 00
F +32 (0)2 737 94 01

Hong Kong
T +852 2521 0551
F +852 2845 2125

Beijing
T +86 10 5965 0600
F +86 10 5965 0650

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