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

Securities and Markets

Asset Management

GENERAL //

1 FINANCIAL CONDUCT AUTHORITY

1.1 **FCA lifts cryptoasset ETN ban** - *6 June 2025* - The FCA has published quarterly consultation paper No. 48 (CP25/16), in which it proposes a range of amendments to its Handbook. Most notably, the FCA proposes to lift the ban on the retail sale, marketing and distribution of cryptoasset exchange traded notes (cETNs) where admitted to a UK recognised investment exchange, and to categorise these cETNs as restricted mass market investments. This proposal seeks to support the growth and competitiveness of the UK's crypto industry. The FCA's ban on retail access to cryptoasset derivatives will remain in place.

The FCA also proposes to remove and amend certain data collection requirements, which follows its April 2025 consultation paper (CP25/8) on proposals to remove three regulatory returns, as reported previously in this Bulletin.

FCA: Quarterly consultation paper No. 48 (CP25/16)

Press release: FCA to lift ban on crypto ETNs to support UK growth and competitiveness

Press release: FCA removes further regulatory returns no longer needed

1.2 **AI innovation - FCA launches Supercharged Sandbox and AI Spotlight digital repository** - *9 June 2025* - The FCA has announced the launch of a Supercharged Sandbox to help firms experiment safely with AI to support innovative, early-stage AI projects in financial services. Through a new collaboration, firms will have the opportunity to experiment with AI using NVIDIA accelerated computing and NVIDIA AI Enterprise Software. The Supercharged Sandbox will be open between 30 September 2025 and 9 January 2026, and applications are open to any financial services firm and will close on 11 August 2025.

Separately, the FCA has published a speech delivered by Jessica Rusu, FCA chief data, information and intelligence officer, at London Tech Week 2025 in which she announces the FCA's collaboration with NVIDIA. She also unveils the FCA's AI Spotlight digital repository, an interactive platform, where users can explore real-world AI solutions in financial services (filtered by themes or use cases).

Speech

Press release

1.3 **Manage a growing remit, support growth and drive reform - FCA appoints deputy chief executive** - *10 June 2025* - The FCA has announced that it has appointed Sarah Pritchard as its deputy chief executive to manage its growing remit, support growth and drive reform. The FCA explains that this "*new role has been created to reflect the FCA's expanding remit, with the integration of the Payment Systems Regulator, regulation of stablecoin and crypto firms as well as Buy Now Pay Later activities*". Alongside this, the FCA highlights that Pritchard will also support its increasingly international focus. Pritchard has already taken up the new role and there will be no immediate changes to her areas of responsibility.

Press release

BANKING AND FINANCE //

2 EUROPEAN COMMISSION

2.1 **Basel III - European Commission adopts Delegated Regulation further postponing date of application of FRTB** - *12 June 2025* - The European Commission has adopted a Delegated Regulation amending Regulation (EU) No 575/2013 with regard to the date of application of the new own funds requirement for market risk, postponing by one additional year (until 1 January 2027) the date of application of the fundamental review of the trading book (FRTB). The Commission had previously, in July 2024, postponed the application of the FRTB by one year (until 1 January 2026) to align implementation with other major global jurisdictions.

The Commission explains that it considers this postponement necessary given that there remains uncertainty around the implementation by some major jurisdictions of the final Basel III standards, which raises level playing field concerns in terms of own funds requirements. The Commission also notes that the delay will enable it to carry out further work on the next steps for the FRTB implementation in the EU. The Delegated Regulation will now be scrutinised by the Council of the EU and the European Parliament. It would apply from 1 January 2026.

Commission Delegated Regulation (EU) .../... amending CRR with regard to the date of application of the own funds requirements for market risk (C(2025)3643)

Press release

3 OFFICIAL JOURNAL OF THE EUROPEAN UNION

3.1 **Non-bank PSPs access to central bank operated payment systems - ECB decision postponing timing published in Official Journal** - *10 June 2025* - Decision (EU) 2025/1148 of the European Central Bank (ECB) amending Decision (EU) 2025/222 on access by non-bank payment service providers (PSPs) to Eurosystem central bank operated payment systems and central bank accounts has been published in the Official Journal of the EU. This decision defers the date on which non-bank PSPs may request access to the EU Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) system from 16 June 2025 to 6 October 2025.

In addition, the transition period enabling the migration of non-bank PSPs currently registered as addressable business identifier code holders or reachable parties on the Eurosystem central banks' own account in order for these non-bank PSPs to become participants in TARGET has been extended from 31 December 2025 to 31 March 2026.

Decision (EU) 2025/1148 was made on 2 June 2025 and came into force on 11 June 2025.

Decision (EU) 2025/1148 of the ECB amending Decision (EU) 2025/222 on access by non-bank PSPs to Eurosystem central bank operated payment systems and central bank accounts

4 EUROPEAN BANKING AUTHORITY

4.1 **Interplay between PSD2 and MiCA - EBA publishes opinion** - *10 June 2025* - The European Banking Authority (EBA) has published an opinion (which it refers to as a 'No Action Letter') in response to the European Commission's December 2024 written request for clarification regarding the interplay between the Payment Services Directive (EU) 2015/2366 (PSD2) and the Regulation on markets in cryptoassets (EU) 2023/1114 (MiCA), in relation to cryptoasset service providers (CASPs) that transact electronic money tokens (EMTs).

The EBA advises that, in the long term, EU law needs to avoid dual authorisation under PSD2 and MiCA for the activity of transacting EMTs, and suggests making use of the ongoing legislative process for the Directive on payment services and electronic money services (PSD3) and the Regulation on payment services (PSR) to this end. Meanwhile, while PSD2 still applies, the letter advises national regulators in member states to enforce authorisation of PSD2 for a specified subset only of CASPs that transact EMTs, to do so only after a transition period that ends on 2 March 2026, and then to deprioritise specified PSD2 provisions.

The EBA acknowledges that its advice will result in a large number of EMT transactions not being subject to PSD2 requirements during the period in which it still applies. However, it considers any alternative advice would require a much larger number of CASPs to obtain a second authorisation, which it notes is undesirable given the burden that it would impose on CASPs.

EBA opinion on the interplay between PSD2 and MiCA (EBA/Op/2025/08)

Press release

5 HM TREASURY

5.1 **Draft Financial Services and Markets Act 2023 (Capital Buffers and Macro-prudential Measures) (Consequential Amendments) Regulations 2025** - *10 June 2025* - A draft version of the Financial Services and Markets Act 2023 (Capital Buffers and Macro-prudential Measures) (Consequential Amendments) Regulations 2025 (the Regulations) has been published, together with an explanatory memorandum. This follows the publication of the Capital Buffers and Macro-prudential Measures Regulations 2025 (SI 2025/653), which will restate relevant provisions of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014 (SI 2014/894) (the 2014 Capital Buffers Regulations) on 31 July 2025 (the date on which the instrument will be revoked), as reported in last week's issue of this Bulletin.

The draft Regulations update existing references to the 2014 Capital Buffers Regulations in other legislation, such as the Bank of England Act 1998 and retained EU technical standards, to ensure that the amended legislation will continue to operate effectively after the revocation and restatement of the 2014 Capital Buffers Regulations. The draft Regulations state that they will come into force on 30 November 2025.

Draft statutory instrument

Explanatory memorandum

SECURITIES AND MARKETS //

6 EUROPEAN COMMISSION

6.1 **EU blueprint for savings and investment accounts - European Commission publishes call for evidence** - *11 June 2025* - The European Commission has published a call for evidence on the development of an EU blueprint for savings and investments accounts, which forms part of its strategy on the savings and investments union. The Commission explains that the initiative aims to facilitate retail investors' participation in capital markets across the EU, with a view to enhancing long-term returns on retail savings and, at the same time, contributing to greater liquidity of EU capital markets and fostering the supply of capital to EU companies. The call for evidence seeks input on the features which could make savings and investments accounts an easy and convenient entry point to capital markets for retail investors, which would foster competition among the providers of such accounts.

Feedback is welcomed by 8 July 2025. Contributions will be taken into account by the Commission when drafting its recommendation on establishing savings and investment accounts, which it expects to publish in Q3 2025.

European Commission call for evidence: Recommendation on savings and investment accounts (Ares(2025)4631519)

Press release

7 EUROPEAN SECURITIES AND MARKETS AUTHORITY

7.1 **Third-party risk supervision - ESMA publishes principles** - *12 June 2025* - The European Securities and Markets Authority (ESMA) has published principles on third-party risk supervision, which aim to provide guidance to supervisory authorities to identify, assess and supervise third-party risks of EU entities operating in securities markets. ESMA explains that the 14 principles have been developed to address the growing risks it has observed over recent years in the outsourcing, delegation or other types of third-party services by supervised firms. ESMA intends to support the progressive implementation of these principles through supervisory discussions and case studies among national regulators in member states.

ESMA: Principles on third-party risks supervision (ESMA42-1710566791-6103)

Press release

8 BANK OF ENGLAND AND FINANCIAL CONDUCT AUTHORITY

8.1 Trade repository reporting under UK EMIR - Bank of England and FCA consult on amendments - *6 June 2025* - The Bank of England and the FCA have published a joint consultation paper on minor amendments to the trade repository reporting requirements under UK EMIR (648/2012), which would amend their respective technical standards on reporting. The proposed changes will be implemented using a single standards instrument (which can be found in the appendix to the paper). The Bank and the FCA intend to implement the amendments on 1 December 2025.

Comments on the proposals are welcomed by 30 June 2025. The final technical standards are expected to be published on 1 August 2025 (subject to approval by HM Treasury).

Bank of England and FCA consultation paper: Amendments to the UK EMIR Trade Repository reporting requirements

9 FINANCIAL CONDUCT AUTHORITY

9.1 PISCES - FCA publishes policy statement containing final rules - *10 June 2025* - The FCA has published a policy statement (PS25/6) setting out final rules and guidance for the Private Intermittent Securities and Capital Exchange System (PISCES) sandbox. PISCES is a new type of private share trading platform, which will allow the intermittent trading of private company shares. For an overview of the key features and benefits of PISCES, see our briefing **here**.

PS25/6 follows the FCA's December 2024 consultation paper (CP24/29), in which it consulted on proposed rules and guidance for PISCES operators, as well as its approach to operating the PISCES sandbox and application requirements. Whilst the FCA has not made material changes to the proposals it consulted on in CP24/29, it has made various technical changes intended to align PISCES more closely with private market practice (consistent with the direction of travel indicated in the FCA's interim statement published in April 2025).

The PISCES sandbox is now open and will run until June 2030 with shares likely to be traded later in 2025. The FCA will gather data during this period to inform any necessary changes to the regulatory framework for PISCES. The data will also support any consultations the FCA publishes on making its rules permanent.

The FCA will consult on fees for PISCES operators in its annual fees policy consultation paper in November 2025, and these fees will come into effect from 2026/27. This does not affect PISCES operators' ability to launch trading events before then.

FCA policy statement: PISCES: Sandbox arrangements (PS25/6)

PS25/6 webpage

Press release

ASSET MANAGEMENT //

10 HM TREASURY

10.1 The Pension Fund Clearing Obligation Exemption (Amendment) Regulations 2025 - *11 June 2025* - The Pension Fund Clearing Obligation Exemption (Amendment) Regulations 2025 (SI 2025/670) (the Regulations) have been published, together with an explanatory memorandum. The Regulations relate to the temporary exemption which pension schemes currently have from the obligation to clear certain derivative contracts through a central counterparty, known as the clearing obligation. The Regulations establish the pension fund clearing exemption on an indefinite basis by removing the current expiry date of 18 June 2025. The Regulations also bring to an end HM Treasury's ability to extend the exemption by two years at a time (as this will no longer be necessary when the exemption has no expiry date).

UK and EEA-based pension funds will therefore continue to be exempt from the UK clearing obligation. This follows HM Treasury's January 2025 response to its 2023 call for evidence on the exemption, in which it confirmed that the government would take forward secondary legislation to prevent the exemption from expiring. The Regulations were made on 10 June 2025 and will come into force on 11 June 2025.

Statutory instrument

Explanatory memorandum

11 FINANCIAL CONDUCT AUTHORITY

11.1 Updated Investment Advice Tool - published by FCA - *11 June 2025* - The FCA has published an updated Investment Advice Tool (IAAT), which seeks to help personal investment firms understand how the FCA assesses the suitability of their investment advice and disclosures to customers. This excludes retirement income or defined benefit transfer advice. Firms can use the updated IAAT to assess the suitability of investment advice and the adequacy of client disclosure for advice given after 3 January 2018.

Webpage

11.2 Retirement income advice - FCA publishes examples of good practice and areas for improvement - *11 June 2025* - The FCA has published an article providing examples of good practice and potential areas for improvement for firms providing retirement income advice (RIA), which follows its January 2023 thematic review on RIA and subsequent March 2024 final report (TR24/1). The FCA highlights three areas from its review that it sees as fundamental to the provision of good outcomes for clients in decumulation, namely (i) the quality of firms' information collection and record-keeping; (ii) the appropriateness of client risk profiling; and (iii) the sustainability of clients' income withdrawals.

The FCA has provided all firms involved in the review with feedback. It encourages all firms providing RIA to clients in, or nearing decumulation, to read the article alongside TR24/1 and its article on cashflow modelling and take any relevant action. The FCA intends to issue further ‘bite-sized’ articles on other key issues affecting the financial advice and wealth management sectors and will share these at interactive events across the country.

FCA: Retirement income advice: good practice and areas for improvement

INSURANCE //

12 EUROPEAN COMMISSION

12.1 **Equivalence of Brazil, Japan, and Mexico under Solvency II - European Commission consults on Delegated Decision** - *6 June 2025* - The European Commission has published a consultation on a draft Delegated Decision on the renewal of its equivalence determination on the solvency regime in force in Brazil, Japan, and Mexico for the purposes of the Solvency II Directive (2009/138/EC) (Solvency II).

The Commission adopted Delegated Decisions granting provisional equivalence under Article 227 of Solvency II to Brazil, Mexico, and Japan in June 2015 and November 2015 (Commission Delegated Decisions (EU) 2015/2290 and (EU) 2016/310), which will expire on 1 January 2026. Article 227 of Solvency II relates to equivalence for third-country insurers that are part of groups headquartered in the EU, allowing such groups to take into account the calculation of capital requirements and available capital (own funds) under the rules of the third country (rather than calculating them on the basis of Solvency II) when calculating the group solvency requirement and eligible own funds.

The draft Delegated Decision will renew the provisional equivalence for the Brazil, Japan and Mexico solvency regimes for 10 years starting from 1 January 2026. Responses to the consultation are welcomed by 3 July 2025.

Webpage

FINANCIAL CRIME //

13 EUROPEAN COMMISSION

13.1 **MLD4 - European Commission adopts Delegated Regulation amending list of high-risk third countries** - *10 June 2025* - The European Commission has adopted a Delegated Regulation amending the list in Delegated Regulation (EU) 2016/1675 of high-risk third countries with strategic anti-money laundering (AML) and counter-terrorist financing (CTF) deficiencies under the Fourth Money Laundering Directive ((EU) 2015/849) (MLD4).

The list of high-risk third countries will be amended to add Algeria, Angola, Côte d’Ivoire, Kenya, Laos, Lebanon, Monaco, Namibia, Nepal and Venezuela, as they are considered to have strategic deficiencies in their respective AML and CTF regimes. The Delegated Regulation will also remove Barbados, Gibraltar, Jamaica, Panama, the Philippines, Senegal, Uganda, and the United Arab

Emirates from the list as they are considered to have strengthened the effectiveness of their AML and CFT regimes and addressed technical deficiencies to meet the commitments in their action plans on the strategic deficiencies identified by the Financial Action Task Force.

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

Commission Delegated Regulation (EU) .../... amending the list in Delegated Regulation (EU) 2016/1675 of high-risk third countries

Press release

ENFORCEMENT //

14 FINANCIAL CONDUCT AUTHORITY

14.1 **Illegal financial promotions - FCA announces it led an international campaign against finfluencers** - *6 June 2025* - The FCA has published a press release announcing that it has led an international campaign against finfluencers that use illegal financial promotions. It explains that it led and took part in a week of action, which began on 2 June 2025, with nine regulators from Australia, Canada, Hong Kong, Italy and the United Arab Emirates. Among other things, the FCA has made three arrests with the support of the City of London Police, authorised criminal proceedings against three individuals and issued 50 warning alerts. It comments that the warning alerts will result in over 650 take down requests on social media platforms and more than 50 websites operated by unauthorised finfluencers.

Press release

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:

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