

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

[Selected Headlines](#)

[General](#)

[Banking and Finance](#)

[Securities and Markets](#)

[Asset Management](#)

[Financial Crime](#)

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

Financial Services Growth and Competitiveness Strategy - HM Treasury publishes consultation response on cross-cutting reforms **1.1**

Enhancing Financial Services Bill announced in the King's Speech **2.1**

Banking and Finance

SME finance - HM Treasury publishes consultation responses on the Commercial Credit Data Sharing scheme and Bank Referral Scheme **4.1**

Motor finance compensation scheme legal challenges - FCA publishes update for firms and consumers **5.1**

Securities and Markets

CCPRRR - ESMA publishes CCP resolution briefing on operationalisation of the WDCI tool **6.1**

Asset Management

MMF Regulation - European Commission publishes report **7.1**

FCA announces multi-firm review into how consumer investment firms support bereaved customers **9.1**

Financial Crime

Home-host AML/CFT supervisory cooperation - AMLA publishes consultation paper on draft RTS **10.1**

[Selected Headlines](#)

[General](#)

[Banking and Finance](#)

[Securities and Markets](#)

[Asset Management](#)

[Financial Crime](#)

Selection of obliged entities for direct supervision - 10.2
AMLA publishes reporting package

[Selected Headlines](#)[General](#)[Banking and Finance](#)[Securities and Markets](#)[Asset Management](#)[Financial Crime](#)

GENERAL //

1 HM TREASURY

- 1.1 Financial Services Growth and Competitiveness Strategy - HM Treasury publishes consultation response on cross-cutting reforms - 12 May 2026** - HM Treasury has published its response to its July 2025 'Regulatory Environment - Cross Cutting Reforms' consultation paper, which focused on changes to the legislative framework around how the FCA and PRA operate. Respondents were broadly supportive of the government's aims and proposed reforms.

Having considered this feedback, the government intends to legislate to set new, shorter statutory deadlines for determining applications for new firm authorisations, variation of permissions and approvals under the Senior Managers and Certification Regime (SMCR). Through the consultation process the government identified a number of other statutory applications related to those consulted on which it also thinks should be shortened, which are applications for insurance distribution activities, requirements imposed by the regulators, financial promotion approvals and SMCR variations. The government is committed to keeping these statutory deadlines under review, and will take a power to enable it to amend these statutory deadlines through secondary legislation in the future.

The government will also legislate to:

- require the FCA and PRA to produce new long-term strategies, at least once every five years;
- require the regulators to have regard to regulatory and supervisory principles, as well as remit letters (containing recommendations from HM Treasury) when producing their new long-term strategies, and remove the requirement for the regulators to consider these when making day-to-day decisions; and
- remove a range of reporting and other procedural requirements from the regulators which are of lower value to stakeholders, including removing obligations to consult on guidance and minor rule changes.

Delivery of these reforms requires primary legislation, which the government will bring forward when parliamentary time allows.

[HM Treasury consultation response: Regulatory environment cross-cutting reforms](#)

[Updated webpage](#)

2 UK GOVERNMENT

- 2.1 Enhancing Financial Services Bill announced in the King's Speech - 13 May 2026** - The Prime Minister's Office has published the King's Speech for 2026 delivered to both Houses of Parliament, together with background briefing notes setting out the UK government's legislative programme for the new session. The programme includes the Enhancing Financial Services Bill

[Selected Headlines](#)[General](#)[Asset Management](#)[Banking and Finance](#)[Financial Crime](#)[Securities and Markets](#)

(the “Bill”), an HM Treasury-led bill that will deliver key parts of the Leeds Reforms set out by the Chancellor in July 2025. The briefing notes explain that the Bill will:

- **modernise consumer protections and redress arrangements to reflect today’s markets and maintain confidence.** It will ensure consumers are appropriately protected when something goes wrong, making sure protections are fit for the digital age. Reforms to the Financial Ombudsman Service will increase consistency and clarity of decision-making, helping people resolve disputes more quickly and with greater certainty;
- **consolidate the regulatory framework to enable stronger coordination and clearer responsibilities, reduce fragmentation of the regulators and support innovation.** By streamlining the regulatory architecture and consolidating the Payment Systems Regulator within the FCA, firms will deal with fewer overlapping regulators, providing clearer accountability and faster decision-making;
- **ensure that the administrative burden on firms is proportionate without compromising on core consumer, prudential and market protections.** This includes reducing the overall burden of the Senior Managers and Certification Regime by 50 per cent with a focus on accountability of the most senior figures in financial services, and freeing up firms to focus on serving customers and invest in growth, rather than dealing with overly burdensome compliance processes;
- **enable credit unions to expand** by improving the rules on who can become a member. This will allow credit unions to serve more people and communities, widening access to affordable finance and supporting the government’s aim to double the size of the mutual and co-operative sector; and
- **support lending and investment including by updating the statutory framework underpinning the ring-fencing regime,** which requires major banks to separate their UK retail banking services from investment banking activities. The reforms will unlock more finance for UK businesses. Improved competition in SME lending will help small businesses access finance.

Finally, the briefing notes state that the majority of measures will extend and apply to the whole of the UK.

[The King’s Speech 2026](#)[Briefing notes](#)

BANKING AND FINANCE //

3 SINGLE RESOLUTION BOARD

- 3.1 **Operational guidance on liquidity and funding in resolution - SRB launches consultation on update - 11 May 2026** - The Single Resolution Board (SRB) has published a consultation paper on an updated version of its operational guidance for banks on liquidity and funding in resolution.

[Selected Headlines](#)[General](#)[Asset Management](#)[Banking and Finance](#)[Financial Crime](#)[Securities and Markets](#)

The update, which does not introduce new deliverables for banks but rather clarifies existing expectations, incorporates lessons from the SRB's experience in resolution planning and from the 2023 banking turmoil.

Responses are welcome until 6 July 2026.

[SRB Operational Guidance: Liquidity and funding in resolution](#)

[Webpage](#)

[Press release](#)

4 HM TREASURY

4.1 SME finance - HM Treasury publishes consultation responses on the Commercial Credit Data Sharing scheme and Bank Referral Scheme - 11 May 2026 - HM Treasury has published its response to both its September 2025 consultation paper covering the Commercial Credit Data Sharing (CCDS) scheme and its October 2025 consultation paper covering the Bank Referral Scheme (BRS), which it describes as two key pillars of the UK's SME finance framework.

The CCDS consultation explored enhancements to the existing commercial credit data sharing regime, which requires designated banks to share SME credit information with designated credit reference agencies (CRAs). It also, in turn, imposes a duty on those designated CRAs to share that information with finance providers. HM Treasury confirms that it intends to proceed with reforms through changes to both primary legislation (the Small Business, Enterprise and Employment Act 2015) and secondary legislation (the Small and Medium Sized Business (Credit Information) Regulations 2015). The reforms, which will be taken forward when parliamentary time allows, include:

- expanding the regime so that non-bank finance providers can be designated and revising the designation criteria to ensure that the most significant providers of SME finance are always covered under the scheme;
- ensuring that voluntary participants' SME customer information is shared with all designated CRAs; and
- allowing individual entities to qualify for CCDS reporting and be treated separately if they are part of a wider corporate group, in determining their eligibility (ensuring that CCDS reporting is not determined by size of parent).

The BRS consultation reviewed how the BRS, which requires major lenders to refer SMEs rejected for finance to alternative finance platforms, could be enhanced. Here, respondents generally showed a desire for a more fundamental rethinking of the BRS, and a common theme across responses was that SMEs needed further help to understand and improve their readiness for credit. In view of the responses, HM Treasury does not believe it prudent at the current juncture to continue with proposals that require legislative change. Instead, it is calling on the private sector to deliver proposals by 18 December 2026 covering the volume and quality of referrals where credit is rejected, SME awareness and information at the point of application, and the

Selected Headlines

[General](#)[Asset Management](#)[Banking and Finance](#)[Financial Crime](#)[Securities and Markets](#)

type of decline explanations provided to SMEs. The government will keep the position under review and consider whether further action is needed if credible proposals do not emerge.

[HM Treasury consultation response: Commercial credit data sharing and bank referrals](#)

[Updated webpage](#)

5 FINANCIAL CONDUCT AUTHORITY

- 5.1 Motor finance compensation scheme legal challenges - FCA publishes update for firms and consumers - 8 May 2026** - The FCA has published a statement setting out further advice for firms and consumers following four legal challenges to its industry-wide motor finance consumer redress scheme, established under its March 2026 policy statement (PS26/3). The statement summarises the grounds of challenge before the Upper Tribunal, while also setting out the FCA's interim expectations of lenders.

The FCA suggests that the case is unlikely to be heard before October 2026, and states that it is engaging with the Tribunal and applicants on the possibility of suspending some elements while retaining those relating to preparatory work. Lenders should continue to prepare for the scheme until the FCA communicates otherwise, including identifying relevant complaints and agreements and gathering the data needed to identify commission arrangements and disclosure practices. Implementation plans should still be submitted by 12 May 2026, although formal attestations will not be required. The FCA will also not require firms to communicate with customers in line with the original scheme timetable and is considering whether firms should now progress non-scheme elements of mixed complaints which include elements unrelated to motor finance commission.

The FCA also states that if the scheme, or parts of it, were quashed, it would need to carefully consider all options including whether to proceed with a revised scheme. It sets out a number of indicative assumptions for a scenario in which there would be no scheme, which include that lenders should be ready to deal with complaints within the usual statutory timeframes when the Tribunal decision is made (on a precautionary basis, the FCA suggests lenders should prepare for mid-November 2026). The FCA confirms that there would be no further extension of the complaints pause that has been in place since 11 January 2024. Lenders would need to draw on the Supreme Court and High Court judgments and the reasoning in the decision of the Tribunal. There would not immediately be further FCA rules or guidance on redress methodology.

[Statement](#)

SECURITIES AND MARKETS //

6 EUROPEAN SECURITIES AND MARKETS AUTHORITY

- 6.1 CCPRRR - ESMA publishes CCP resolution briefing on operationalisation of the WDCI tool - 13 May 2026** - The European Securities and Markets Authority (ESMA) has published a resolution briefing for central counterparties, providing practical guidance to national resolution authorities on how to operationalise the write-down and conversion of instruments tool (WDCI)

[Selected Headlines](#)[General](#)[Asset Management](#)[Banking and Finance](#)[Financial Crime](#)[Securities and Markets](#)

under Regulation (EU) 2021/23 on the recovery and resolution of central counterparties in the EU (CCPRRR).

[ESMA briefing: Operationalisation of the WDCI tool in CCP resolution \(ESMA91-1525761655-5249\)](#)

[Press release](#)

ASSET MANAGEMENT //

7 EUROPEAN COMMISSION

- 7.1 **MMF Regulation - European Commission publishes report - 11 May 2026** - The European Commission has published a report on the adequacy of Regulation (EU) 2017/1131 on money market funds (the MMF Regulation), which entered into force in 2018, concluding that the regulatory framework for MMFs continues to function well overall. The analysis confirms that MMFs generally take a cautious approach, keeping liquidity reserves above the regulatory minimum. MMFs have demonstrated their capacity to reconstitute liquidity buffers even during periods of market stress, reflecting active liquidity risk management and effective supervisory oversight.

The report finds that the market would benefit from additional guidance, which the Commission has issued alongside the report in the form of FAQs. These FAQs provide guidance on MMFs' minimum liquidity levels and on how liquidity buffers may be used, particularly to meet rising redemption requests during times of market stress.

[European Commission report: Adequacy of the Money Market Funds Regulation \(COM\(2026\) 350 final\)](#)

[Press release](#)

[FAQs](#)

8 EUROPEAN SECURITIES AND MARKETS AUTHORITY

- 8.1 **ESMA publishes results of 2025 CSA on compliance and internal audit functions of fund managers - 11 May 2026** - The European Securities and Markets Authority (ESMA) has published the results of its 2025 Common Supervisory Action (CSA) on the compliance and internal audit functions of fund managers. The EU-wide review found that most fund managers comply with key requirements under the Alternative Investment Fund Managers Directive (2011/61/EU) (AIFMD) and UCITS Directive (2009/65/EC) framework. At the same time, the CSA identified governance weaknesses, particularly in the independence of control functions, the quality and implementation of internal policies, and the way senior management and boards exercise oversight.

[Selected Headlines](#)[General](#)[Asset Management](#)[Banking and Finance](#)[Financial Crime](#)[Securities and Markets](#)

ESMA encourages national competent authorities to follow up on the breaches and vulnerabilities identified, to better understand their root causes and to ensure that effective remedial actions are implemented in a timely manner.

[ESMA final report: 2025 CSA on compliance and internal audit functions of fund managers](#)

[Press release](#)

9 FINANCIAL CONDUCT AUTHORITY

- 9.1 **FCA announces multi-firm review into how consumer investment firms support bereaved customers - 13 May 2026** - The FCA has published a press release announcing a multi-firm review into how consumer investment firms support bereaved customers, focusing on firms that advise, manage or administer investments, including platforms, advisers and wealth managers.

The review will examine the experience customers have from the moment a firm is told about a bereavement through to the settlement or transfer of investments. It will assess how firms communicate, how they support vulnerable customers, their service standards and how fees are handled on bereaved accounts. In the press release, Kate Tuckley, head of the FCA's consumer investments department, said that bereavement processes are "*a real test of a firm's culture and key to consumer trust*" and that the FCA wants firms to design those processes "*with people, not paperwork, at their centre*". The review follows similar FCA reviews in retail banking and insurance, where it found bereaved customers regularly faced unclear processes, repeated information requests and avoidable delays.

From May 2026, the FCA will contact selected firms as part of the review and intends to publish its findings later this year.

[Press release](#)

FINANCIAL CRIME //

10 ANTI-MONEY LAUNDERING AUTHORITY

- 10.1 **Home-host AML/CFT supervisory cooperation - AMLA publishes consultation paper on draft RTS - 12 May 2026** - The Anti-Money Laundering Authority (AMLA) has published a Consultation Paper on draft regulatory technical standards (RTS) under Directive (EU) 2024/1640 (AMLD), specifying the respective duties of home and host supervisors and the modalities of cooperation between them. The draft RTS address supervisors of groups of obliged entities operating across borders in the financial and non-financial sectors, and form part of a broader cooperation framework that also includes AML/CFT supervisory colleges and cooperation guidelines. Key elements include:

- practical arrangements for supervisory cooperation and communication channels, accommodating integrated digital solutions while maintaining flexibility;

Selected Headlines[General](#)[Asset Management](#)[Banking and Finance](#)[Financial Crime](#)[Securities and Markets](#)

- a simplified disclosure regime within the EU supervisory system, where information exchanged may be shared with other system members without prior consent from the originating supervisor, subject to notification; and
- provisions enabling home and host supervisors to conduct cross-border inquiries and coordinate activities via common approaches.

AMLA will host a public hearing on 28 May 2026 to consult on the draft RTS.

[AMLA consultation paper: Home and host AML/CFT supervisory cooperation](#)

[Press release](#)

- 10.2 Selection of obliged entities for direct supervision - AMLA publishes reporting package - 12 May 2026** - The Anti-Money Laundering Authority (AMLA) has published a press release announcing the publication of a reporting package for the identification of provisionally eligible obliged entities that will come under AMLA's direct supervision from 2028. The package consists of a standardised reporting template and an interpretative note providing specifications and instructions to assist national supervisors and obliged entities in meeting the requirements accurately.

AMLA will host a public webinar on 10 June 2026 offering a practical walkthrough of the template, with relevant obliged entities invited to participate. National supervisors will collect data by 15 August 2026, with the provisional list of eligible obliged entities expected by September 2026.

[Press release](#)

Selected Headlines

[General](#)[Beyond Brexit](#)[Banking and Finance](#)[Securities and Markets](#)[Asset Management](#)[Insurance](#)[Financial Crime](#)[Enforcement](#)

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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