

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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Slaughter and May
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periodical Insurance
Newsletter. If you
would like to go on
the distribution list,
please contact:

[Beth Dobson](#).

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GENERAL //

1 BANK OF ENGLAND

- 1.1 A systemic risk perspective on operational resilience - Bank of England publishes speech - 18 September 2025** - The Bank of England has published a speech given by Liz Oakes, Financial Policy Committee (FPC) external member, providing a systemic risk perspective on operational resilience. Among other things, Oakes discusses the importance of collective action initiatives as a key tool for building operational resilience to systemic risks, citing the Cross Market Operational Resilience Group (CMORG) as an example. CMORG, according to Oakes, has made an important impact through its programme of sector-wide exercises, which enable regulators and firms collectively to understand how firm-level responses to a given scenario, when taken together, shape outcomes at the market or system level. One of CMORG's most impactful tools is the Sector Response Framework (SRF): as well as helping manage a live event, the SRF helps firms shape the most effective response strategies, leveraging the industry's collective expertise.

Oakes then comments that industry collaboration can contribute to rebuilding trust in the integrity of the financial system following any disruption. An important example of this is the CMORG reconnection framework, which helps firms safely reintegrate with the sector after an incident. Oakes also refers to the interaction between the development of quantum computing and cybersecurity and the need to develop post-quantum cryptography (citing CMORG's Guidance for Post-Quantum Cryptography, aligned to the relevant guidance from the National Cyber Security Centre).

[Speech on operational resilience: A systemic risk perspective](#)

2 FINANCIAL CONDUCT AUTHORITY

- 2.1 Application of FCA Handbook to regulated cryptoasset activities - FCA publishes consultation paper - 17 September 2025** - The FCA has published a consultation paper (CP25/25) on the application of the FCA Handbook for regulated cryptoasset activities.

The consultation considers how existing FCA Handbook rules will apply to firms, including High Level Standards such as the Senior Management Arrangements, Systems and Controls (SYSC) Sourcebook (including governance, Senior Managers and Certification Regime, financial crime and operational resilience), and Business Standards (specifically the Environmental, Social and Governance Sourcebook). The FCA is also seeking views on their approach to the Consumer Duty, Business Standards such as the Conduct of Business Sourcebook, Product Intervention and Product Governance Sourcebook, Redress (Dispute Resolution: Complaints) and application of the Financial Ombudsman Service under the new cryptoasset regime.

Currently, the FCA's cryptoasset rules cover financial promotions and preventing financial crime. As part of the FCA's Crypto Roadmap, their regulatory remit will expand to a more comprehensive cryptoassets regime to be set out in HM Treasury's forthcoming legislation.

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The deadline for responses to the consultation chapters (chapters 1 to 5) is 12 November 2025, and the deadline for responses to the discussion chapters (chapters 6 and 7) is 15 October 2025.

The FCA will publish final rules in 2026.

[FCA consultation paper: Application of FCA handbook for regulated cryptoasset activities \(CP25/25\)](#)

[Webpage](#)

[Press Release](#)

- 2.2 Innovation and technology - FCA publishes speech - 18 September 2025** - The FCA has published a speech delivered by Jessica Rusu, FCA chief data, information and intelligence officer, on the importance of innovation and technology to the FCA's strategy to support growth and competitiveness.

Rusu refers to initiatives such as the Supercharged Sandbox and AI Live Testing helping firms safely experiment and test AI. Firms will begin experimenting in the Sandbox from October. According to the speech, the UK remains the leading destination for global fintech investment, and through new proposals to regulate crypto and the launch of a Scale-up Unit, the FCA is strengthening the environment for innovative firms to grow and scale. The FCA's Smart Data Accelerator is laying the foundation for open finance, enabling secure data sharing to unlock better consumer outcomes and drive innovation.

[Speech on the importance innovation and technology to the FCA's growth and competitiveness strategy](#)

BANKING AND FINANCE //

3 EUROPEAN BANKING AUTHORITY

- 3.1 MREL reporting by resolution authorities - EBA publishes final draft technical standards - 12 September 2025** - The European Banking Authority (EBA) has published a final report on amendments to Commission Implementing Regulation (EU) 2021/622, containing final draft Implementing Technical Standards (ITS) on the framework for reporting the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) decisions by resolution authorities under the Bank Recovery and Resolution Directive (2014/59/U) (BRRD).

The EBA is proposing to change from annual to biannual MREL decision submissions as well as make certain other targeted amendments. The proposed amendments will be submitted to the European Commission for endorsement and are expected to apply from 31 December 2025.

[EBA: Final report on draft ITS on MREL reporting \(EBA/ITS/2025/08\)](#)

[Press release](#)

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4 EUROPEAN CENTRAL BANK

- 4.1 Supervisory approach to non-performing exposures held by less significant banks - ECB consults on draft guideline - 12 September 2025** - The European Central Bank (ECB) has published for consultation a draft Guideline for harmonising the supervisory approach on non-performing exposures (NPEs) at less significant institutions (LSIs).

The Guideline sets out a common supervisory approach for the coverage of the stock of legacy NPEs that were originated before 26 April 2019 and fall outside the scope of the deduction requirement under the Capital Requirements Regulation (575/2013) (CRR). Among other things, the Guideline allows national competent authorities to determine annually which LSIs fall within the scope based on specific risk and contextual criteria.

The draft Guideline will take effect on the day it is notified to competent authorities. There will be a gradual phase-in of the approach over the period from 31 December 2025 to 31 December 2028. The ECB has also published accompanying FAQs. Comments can be made on the draft Guideline until 27 October 2025. The ECB will subsequently publish a final version of the draft, alongside feedback and the comments received.

ECB: Supervisory approach to non-performing exposures held by less significant banks

[FAQ](#)

[Press release](#)

[Webpage](#)

5 HM TREASURY

- 5.1 The Financial Services and Markets Act 2023 (Capital Buffers and Macro-prudential Measures) (Consequential Amendments) Regulations 2025 - 10 June 2025** - The Financial Services and Markets Act 2023 (Capital Buffers and Macro-prudential Measures) (Consequential Amendments) Regulations 2025 have been published, together with an explanatory memorandum. A draft version of the Regulations was laid before Parliament in June 2025, as reported previously in this Bulletin.

The Regulations make technical amendments following the revocation and restatement of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014 (SI 2014/894) (the 2014 Capital Buffers Regulations) on 31st July 2025 by the Financial Services and Markets Act 2023 (Commencement No. 9) Regulations 2025 and the Capital Buffers and Macro-prudential Measures Regulations 2025, respectively. The Regulations update references to the 2014 Capital Buffers Regulations with references to the Capital Buffers and Macro-prudential Measures Regulations 2025. They also revoke references to provisions of the 2014 Capital Buffers Regulations that will no longer be accurate because they are not being restated, such as references to the Global Systemically Important Institutions (G-SII) buffer.

The Regulations will come into force on 30 November 2025.

Statutory Instrument

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6 RECENT CASES

- 6.1** *D.E. v Banco Santander, SA (Case C-687/23) EU:C:2025:687*, 11 September 2025
Actions for damages and nullity brought before resolution - “accrued” obligations - effect of article 53(3) of BRRD

The European Court of Justice (ECJ) has held that, under article 53(3) of the Bank Recovery and Resolution Directive (2014/59/EU) (BRRD), claims arising from actions for damages and nullity brought before the resolution of a bank are “accrued” obligations and therefore enforceable against a successor entity.

The case in question concerned a purchaser of subordinated bonds from Banco Popular that were later mandatorily converted into shares. In October 2016, the purchaser sought a declaration of nullity in respect of the purchase of the bonds on account of flawed and incorrect information provided in the prospectus. In June 2017, the Single Resolution Board adopted a resolution scheme for Banco Popular involving the use of the bail-in tool, and in 2018 Banco Santander became Banco Popular’s successor.

Under article 53(3) of the BRRD, where a resolution authority writes down a liability during a bail-in, that liability, and any obligations or claims arising in relation to it that are not accrued at the time when the power is exercised, are treated as discharged for all purposes, and are not provable in any subsequent proceedings in relation to the institution under resolution or any successor entity in any subsequent winding up. The court held that article 53(3) did not preclude the rights arising from the actions in question from being regarded as having “accrued” at the time of resolution.

[D.E. v Banco Santander, SA \(Case C-687/23\) EU:C:2025:687](#)

[Press release](#)

SECURITIES AND MARKETS //

7 HM TREASURY

- 7.1** *The Markets in Financial Instruments (Miscellaneous Amendments) Regulations 2025 - 16 September 2025* - The Markets in Financial Instruments (Miscellaneous Amendments) Regulations 2025 (SI 2025/1020) (the Regulations) have been published, together with an explanatory memorandum. A draft version of the Regulations was laid before Parliament in July 2025, as reported previously in this Bulletin.

In short, the Regulations retain key definitions in the MiFID Organisational Regulation (or ‘MiFID Org Reg’) (Commission Delegated Regulation (EU) 2017/565) in domestic financial services legislation. A subsequent commencement statutory instrument will be made to revoke the MiFID

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Org Reg and bring the Regulations into force. The FCA and the PRA will, at the same time, replace firm-facing provisions from the MiFID Org Reg in their rules.

According to the explanatory memorandum, all provisions retained in legislation have been drafted to clarify terminology, without changing the meaning or scope of definitions.

[Statutory Instrument](#)[Explanatory Memorandum](#)[Webpage](#)

- 7.2 The Central Counterparties (Transitional Provision) (Extension and Amendment) Regulations 2025 - 18 September 2025** - The Central Counterparties (Transitional Provision) (Extension and Amendment) Regulations 2025 (SI 2025/1030) (the Regulations) have been published together with an explanatory memorandum.

The Regulations extend the temporary recognition regime (TRR) for overseas central counterparties (CCPs) by 12 months, so that the expiry date is now 31 December 2027. This will allow overseas CCPs in the regime to continue to offer clearing services in the UK whilst they wait for their applications for recognition to be determined by the Bank of England.

The Regulations also extend the transitional regime for overseas qualifying CCPs (“QCCPs”) in the UK Capital Requirements Regulation (575/2013) (UK CRR) for an additional 12 months. The expiry date of this transitional regime differs between individual CCPs, as it depends on when a firm applied for recognition in the UK. However, for a large percentage of firms within the regime, the expiry date currently falls on 31 December 2025. The extension will ensure that UK firms with indirect exposures to the QCCPs within the regime will not face a sudden and disruptive increase in their capital requirements on the expiry of the QCCP transitional regime.

The Regulations come into force on 28 November 2025.

[The Central Counterparties \(Transitional Provision\) \(Extension and Amendment\) Regulations 2025 \(SI 2025/1030\)](#)

[Explanatory memorandum](#)

ASSET MANAGEMENT //

8 FINANCIAL CONDUCT AUTHORITY

- 8.1 Financial promotion offences - FCA announces not guilty pleas from three ‘finfluencers’ - 10 September 2025** - The FCA has issued a press release announcing that three finfluencers have appeared before Westminster Magistrates’ Court and pleaded not guilty to financial promotion offences relating to their social media posts.

The three individuals are alleged to have encouraged social media followers to invest in foreign exchange trading through contracts for difference without appropriate authorisation. They are

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each charged with one count of communicating an invitation to engage in investment activity, contrary to section 21(1) of the Financial Services and Markets Act 2000.

All three defendants will appear at Southwark Crown Court for a hearing on 8 October 2025.

[Press release](#)

INSURANCE //

9 EUROPEAN COMMISSION

- 9.1 Equivalence of Brazil, Japan, and Mexico under Solvency II - European Commission adopts Delegated Decision - 18 September 2025** - The European Commission has adopted a Delegated Decision renewing its previous determinations on the equivalence of the solvency frameworks for insurance and reinsurance undertakings in Brazil, Japan and Mexico under Article 227 of the Solvency II Directive (2009/138/EC). Under Article 227(6), provisional equivalence can be renewed for further ten-year periods where the relevant criteria continue to be met.

The new Delegated Decision renews the provisional equivalence for the Brazil, Japan and Mexico solvency frameworks from 1 January 2026 to 31 December 2035. It will come into force 20 days after its publication in the Official Journal of the European Union.

[Webpage](#)

10 BANK OF ENGLAND

- 10.1 UK life insurance sector - balancing innovation and risk in funded reinsurance - 18 September 2025** - The Bank of England has published a speech delivered by Vicky White, director of prudential policy, highlighting new innovations in the UK life insurance sector, focusing on the growing use of Funded Reinsurance (FundedRe) and capital in the Bulk Purchase Annuities (BPA) market.

In the speech, White outlines how the PRA aims to balance the risks that some forms of innovation might bring, while facilitating ways in which alternative long-term capital options could safely support the market. White notes that, so far, the PRA has taken a principles-based approach to the use of FundedRe, highlighting the risks and setting out clear expectations for UK insurers on the standards of governance and risk management appropriate for these types of transactions. That said, FundedRe may be posing risks to the PRA's primary objectives "*because of a quirk in regulatory treatments*" and "*it is also possibly impacting on our secondary competitiveness and growth objective...FundedRe appears to be driving investment away from those UK productive assets which support the growth of the UK economy, and towards internationally based reinsurers.*" The Bank of England intends to explore these issues with stakeholders in roundtables later this autumn. It wishes to consider whether the current bundled treatment of the components of a FundedRe transaction accurately reflects the risks, or whether

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the investment component of FundedRe should be ‘unbundled’ (in other words, separated from the longevity reinsurance for valuation in the Solvency UK balance sheet).

Separately, White comments that the Bank of England will be exploring the development of alternative life capital options in a way that preserves protection of policyholders, enables access to cheaper or more patient capital and supports growth. The Bank of England plans to consider whether and how the ISPV framework could be made more accessible to UK life insurers and expects to publish a discussion paper on the topic of alternative life capital options, which will consider how the ISPV framework (or other structures) could be made accessible to UK life insurers.

[Speech on Funded realignment: balancing innovation and risk](#)

11 PRUDENTIAL REGULATION AUTHORITY

11.1 Regime for insurance third-country branches - PRA consults on changes - 16 September 2025 -

The PRA has published a consultation paper on updating its regime for third-country insurance branches (CP20/25). This follows revisions to the PRA’s third-country branch policies in 2024 as part of the Solvency II UK review. These new proposals are designed to address newly identified inconsistencies across various areas of the reforms, further streamline the policy framework, and clarify its expectations.

First, the PRA is proposing to increase the ‘subsidiarisation threshold’ (namely, the threshold of insurance liabilities covered by the Financial Services Compensation Scheme (FSCS) above which the PRA may expect a third-country insurance undertaking to establish a subsidiary, rather than a branch) from £500 million to £600 million. In addition, the consultation sets out proposals to absorb certain reporting modifications by consent (for category 3 and 4 insurance branches and for pure reinsurance branches) into the Reporting Part of the PRA Rulebook by making new rules based on quantitative thresholds. The PRA also intends to provide additional guidance, responding to frequent queries from insurers during the first year of implementation of the updated third-country branch policies. The PRA notes that insurers have asked for guidance on the expected content of the branch Own Risk and Solvency Assessment (ORSA) report as well as the contents of the recently introduced resolution report. Finally, selected relevant remaining parts of EIOPA’s guidelines on the supervision of branches of third-country insurance undertakings will be restated in rules and in the PRA’s policies. The PRA proposes to disapply the remaining parts of the branch guidelines because the content is in other policies, is no longer relevant, or offers limited benefit relative to the cost of continued implementation.

The deadline for responses to CP20/25 is 16 December 2025. The implementation date of most of the changes proposed in CP20/25 is 31 December 2026. The changes to the subsidiarisation threshold are expected to come into force on publication of the PRA’s policy statement to CP20/25, which is due to be published in the first half of 2026.

The PRA expects to revisit its approach to its risk appetite in relation to subsidiarisation for insurance branches in due course, which may involve further increasing the subsidiarisation threshold. As part of any future review, the PRA will consider whether the threshold’s alignment

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to the FSCS general insurance levy cap remains appropriate. The PRA welcomes views on this in response to CP20/25 to inform its future review.

These proposals will have an impact on a range of PRA Rulebook and policy materials, set out in the appendix to the paper.

[PRA: Consultation paper webpage \(CP20/25\)](#)

12 FINANCIAL CONDUCT AUTHORITY

- 12.1 Pure protection insurance - FCA publishes overview of UK market - 16 September 2025** - The FCA has published a market overview paper on the structure of the UK pure protection market for retail consumers (MS24/1.3), defined for these purposes as “long-term insurance designed to help individuals and/or their dependants with existing financial commitments or lifestyle adaptations if the policyholder dies, becomes incapacitated, injured or infirm”. The paper sets out factual detail on the main types of products available, distribution channels and firm participants, as well as the regulatory landscape and market developments. Judgments about how well the market is working will follow in the interim report.

This is one of two papers relating to the Pure Protection Market Study that the FCA will publish in 2025, before the interim report around the end of 2025. It is looking to publish findings of a consumer research programme, which includes a survey of 1,000 recent purchasers of products, in November 2025.

Although this is not a formal consultation, the FCA welcomes feedback by 15 October 2025 if there are any important points that it has not captured.

[FCA: Structure of the UK pure protection market for retail consumers \(MS24/1.3\)](#)

FINANCIAL CRIME //

13 FINANCIAL CONDUCT AUTHORITY

- 13.1 Market manipulation - FCA fines and bans bond traders following Upper Tribunal decision - 12 September 2025** - The FCA has published final notices issued to three bond traders after the Upper Tribunal (Tax and Chancery Chamber) upheld the FCA’s decision to fine and ban three individuals from working in financial services. Three bond traders were initially banned for market manipulation following decision notices issued by the FCA in December 2022. It deemed their trading behaviour relating to Italian Government Bond (BTP) futures between 1 June 2016 and 29 July 2016 amounted to a form of market manipulation known as ‘spoofing’, where traders aim to trick the market by placing large orders which they do not intend to execute to benefit their smaller, genuine orders. The Upper Tribunal agreed with the FCA that the traders’ manipulative behaviour was dishonest and lacked integrity.

[Final notice: Diego Urrea](#)

[Final notice: Jorge Lopez Gonzalez](#)

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[Final notice: Pooja Sheth](#)

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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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