

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
also produces a
periodical Insurance
Newsletter. If you
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[Beth Dobson](#).

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GENERAL //

1 BANK OF ENGLAND

- 1.1 Regulating systemic stablecoins - Bank of England consults and publishes paper - 10 November 2025** - The Bank of England has published a consultation paper setting out a proposed regulatory regime for sterling-denominated systemic stablecoins. The consultation builds on feedback to a November 2023 Discussion Paper, previously reported in this Bulletin. The proposals mark “a significant step in preparing for a future where new forms of digital money may be widely used for payments alongside existing ones, offering valuable choice for the public”. They do not cover stablecoins used as assets for non-systemic purposes, such as the buying and selling of cryptoassets, which will be supervised by the FCA alone.

Systemic stablecoin issuers will be permitted to hold up to 60% of backing assets in short-term UK government debt. For the remaining 40%, the Bank of England will, as previously proposed, provide issuers unremunerated deposit accounts. Issuers that are considered systemic at launch, or that transition from the FCA regime as they become systemic, will initially be able to hold up to 95% of backing assets in short-term UK government debt, to support their viability as they grow. In a new proposal, the Bank of England is also considering central bank liquidity arrangements to support systemic stablecoin issuers in times of stress. The consultation proposes temporary systemic stablecoin holding limits of £20,000 for individuals and £10 million for businesses (with an exemptions regime to allow the largest businesses to hold more if required).

A separate paper has been published setting out the approach to quantifying the risks to the provision of finance to the economy from potentially significant and rapid outflows of bank deposits into new forms of digital money. This analysis has shaped the proposed holding limits, and the consultation paper also invites feedback on alternative mechanisms for managing these risks.

Comments are welcome until 10 February 2025. A joint statement from the Bank of England and the FCA is expected in 2026 clarifying the application of the regime in practice.

[Bank of England consultation paper: Regulatory regime for systemic stablecoins](#)

[Press release](#)

[Financial stability paper No.53](#)

2 EUROPEAN PARLIAMENT

- 2.1 Omnibus I - MEPs endorse simplification of sustainability reporting and due diligence requirements - 13 November 2025** - The European Parliament has voted to adopt its negotiating position on simplified sustainability reporting and due diligence requirements. The updated rules are part of the Omnibus I simplification package proposed by the European Commission on 26 February 2025. They would introduce substantive changes to the Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD or CS3D).

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According to the press release, Parliament intends to increase the threshold for the application of the Directives. Reporting requirements would be simplified and reduced, requiring fewer qualitative details, while sector-specific reporting would become voluntary. The mandatory transition plan requirements would no longer apply.

Negotiations with EU governments will start on 18 November, with a view to finalising the legislation by the end of 2025.

[Press release](#)

3 EUROPEAN COMMISSION

- 3.1 Climate and Environmental delegated acts - European Commission publishes call for evidence - 11 November 2025** - The European Commission has published calls for evidence on proposals for two Delegated Regulations that would amend the Taxonomy Climate Delegated Act ((EU) 2021/2139) and the Taxonomy Environmental Delegated Act ((EU) 2023/2486). The Delegated Acts specify the technical screening criteria for activities meeting the six EU climate and environmental objectives. The proposed amendments are intended to improve the clarity and usability of the EU Taxonomy. They also reflect a broader objective to reduce reporting requirements.

The calls for evidence close on 5 December 2025.

[European Commission call for evidence: Review of the EU taxonomy climate delegated act](#)

[European Commission call for evidence: Review of the EU taxonomy environmental delegated act](#)

4 EUROPEAN PARLIAMENT

- 4.1 Impact of AI on the financial sector - ECON publishes report - 12 November 2025** - The European Parliament's Committee on Monetary Affairs (ECON) has published a draft report on the use and impact of artificial intelligence (AI) in the financial services sector. Among other things, the report expresses concern about overlaps between the Artificial Intelligence Act ((EU) 2024/1689) and sectoral legislation as well as legal uncertainties.

[ECON draft report: Impact of AI on the financial sector \(PE773.328v02-00\) \(2025/2056\(INI\)\).](#)

5 NETWORK FOR GREENING THE FINANCIAL SYSTEM

- 5.1 Climate scenario analysis - NGFS publishes updated guide - 13 November 2025** - The Network for Greening the Financial System (NGFS) has published an updated edition of its Guide on Climate Scenario Analysis for central banks and supervisors, first published in 2020. The updated guide reflects improvements in the supervisory exercises and risk management frameworks, as well as more granular insights and improved integration of the macro-financial consequences that stem from physical and transition risks. Specifically, the guide now has greater emphasis on short-term scenarios.

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BANKING AND FINANCE //

6 EUROPEAN PARLIAMENT AND COUNCIL OF THE EUROPEAN UNION

6.1 CMDI proposals - Council of EU requests COREPER to confirm agreement - 10 November 2025 -

The Council of the EU has published an "I" item note from the Presidency to its Permanent Representatives Committee (COREPER) relating to the legislative proposals for amendments to the Bank Recovery and Resolution Directive (2014/59/EU) (BRRD), the Single Resolution Mechanism (SRM) Regulation (806/2014) and the Deposit Guarantee Schemes Directive (2014/49/EU) (DGSD). The proposals relate to the European Commission's review of the EU bank crisis management and deposit insurance (CMDI) framework.

The note confirms that the European Parliament's Economic and Monetary Affairs Committee (ECON) endorsed the text and invites COREPER to reach political agreement at its meeting on 12 November 2025. Parliament will consider the legislative proposals during its plenary session from 9 to 12 March 2026.

[Procedure file: Intervention measures, conditions for resolution and financing of resolution action under BRRD \(2023/0112\(COD\)\)](#)

[Procedure file: Scope of deposit protection, use of deposit guarantee schemes funds, cross border cooperation, and transparency under DGSD \(2023/0115\(COD\)\)](#)

["I" Item Note](#)

7 EUROPEAN BANKING AUTHORITY

7.1 Supervisory independence under CRD IV - EBA consults on draft guidelines - 12 November 2025 -

The European Banking Authority (EBA) has published a consultation paper on the supervisory independence of regulators under the CRD VI Directive (2013/36/EU). The paper seeks feedback on draft guidelines that are intended to clarify and harmonise requirements in article 4a of the Directive that seek to prevent conflicts of interest, among other things.

The deadline for response is 23 January 2026, and the EBA is required to produce the final guidelines by 10 July 2026.

[EBA consultation paper: Draft guidelines for supervisory independence under CRD IV \(EBA/CP/2025/23\)](#)

[Press release](#)

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8 HM TREASURY, PAYMENT SYSTEMS REGULATOR, FINANCIAL CONDUCT AUTHORITY AND BANK OF ENGLAND

- 8.1 Strategy for future retail payments infrastructure - HM Treasury, PSR, FCA and Bank of England publish policy paper - 7 November 2025** - The Payments Vision Committee (comprising HM Treasury, the Payment Systems Regulator (PSR), the FCA and the Bank of England), has published its strategy for the next generation of UK retail payments infrastructure.

The strategy, informed by the three pillars of innovation, competition and security, is organised around five outcomes. These are: (i) consumers and businesses having a greater choice of innovative and cost-effective payment options; (ii) payments operating seamlessly as part of a diverse multi-money ecosystem, with interoperability between new and existing forms of digital money; (iii) trust that payments are protected from fraud and wider financial crime; (iv) participant firms having fair, transparent and non-discriminatory access to the infrastructure; and (v) having an operationally and financially resilient payments ecosystem.

The priority is for the next generation infrastructure to deliver so-called ‘account-to-account’ functionality at point of sale to enable greater choice of payment methods. The paper acknowledges that supporting innovation (including programmable payments, tokenised deposits and stablecoins) is also important. It refers to ongoing work on short-term enhancements to the Faster Payment and the Bacs Payment Systems.

[HM Treasury/PSR/FCA/Bank of England policy paper: Strategy for future retail payments infrastructure](#)

[Webpage](#)

[FCA statement](#)

9 PRUDENTIAL REGULATORY AUTHORITY

- 9.1 Leverage ratio requirement - PRA publishes policy statement on increasing retail deposits threshold - 12 November 2025** - The PRA has published a policy statement (PS22/25) containing feedback on its March 2025 consultation paper (CP2/25) on proposed changes to the retail deposits threshold for the application of the leverage ratio requirement. The PRA’s final policy increases the threshold from £50 billion to £75 billion and introduces a three-year averaging mechanism for the calculation of firms’ retail deposits.

The policy will take effect on 1 January 2026. The PRA granted modifications by consent to firms meeting certain criteria to disapply the relevant part of the PRA Rulebook while the thresholds for its application were under review. The publication of the policy statement marks the end of this review period and these modifications will cease to apply on 30 June 2026.

[PRA policy statement: Leverage ratio requirements](#)

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10 FINANCIAL CONDUCT AUTHORITY

- 10.1 Credit builder products - FCA publishes statement - 10 November 2025** - The FCA has published a statement on its findings from a review of credit builder products. The review focused on specific credit builder products that report regular payments to credit rating agencies with the sole aim of helping to 'build' a credit score or history (which typically do not involve regulated credit). Products often described as credit builders, such as low-limit credit cards and rent reporting services, were not considered.

The FCA found that, for most consumers, there is little evidence that credit builder products significantly improve credit scores. In some cases, firms reporting payments on these products to credit rating agencies could potentially misrepresent a customer's financial circumstances and help facilitate access to unaffordable credit. Based on the FCA's feedback during the course of the review, five firms have chosen to stop offering this type of product.

[FCA statement: Credit builder products](#)

SECURITIES AND MARKETS //

11 BANK FOR INTERNATIONAL SETTLEMENTS AND INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS

- 11.1 General business risks for FMIs - CPMI and IOSCO publish reports - 7 November 2025** - The Committee on Payments and Market Infrastructures (CPMI) under the Bank for International Settlements (BIS) and the International Organization of Securities Commissions (IOSCO) have published two reports, both focusing on the implementation of the principles for financial market infrastructures (PFMIs).

The first report considers the implementation of Principle 15 of the PFMIs, relating to general business risks. It notes that some FMIs are holding insufficient liquid net assets funded by equity (LNAFE). Moreover, a few FMIs have no recovery plan in place or no orderly wind-down plan dealing with general business risk.

The second report proposes supplemental guidance relating to the management of general business risks and general business losses. It suggests establishing a framework for the management of risks, including general business risk. It also suggests calculating the minimum amount of LNAFE, equal to six months of current operating expenses. There should also be greater involvement from the board of directors in the implementation of a risk management framework and for managing general business risks, improving good governance and transparency.

Comments are requested by 6 February 2026.

[BIS/IOSCO report: Implementation monitoring of general business risks the PFMI](#)

[Webpage](#)

[Press release](#)

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12 INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS

- 12.1 Tokenisation of financial assets - IOSCO publishes report - 11 November 2025** - The International Organization of Securities Commissions (IOSCO) has published a report on the tokenisation of financial assets (FR/17/25). It follows a monitoring exercise conducted by IOSCO's Fintech Task Force (FTF) considering the current state of development and adoption of tokenisation and distributed ledger technology (DLT) in capital markets.

The report finds that there is growing commercial interest in tokenisation, but that the projected growth trajectory is uncertain and uneven across asset classes. A lack of cross-blockchain interoperability and credible settlement assets is limiting scalability. While the creation and issuance of digital tokens to represent financial assets have evolved, the impact of tokenisation on distribution and secondary trading activities for these tokens is limited. Market participants continue to favour the use of traditional settlement infrastructure over DLT-based settlement infrastructure.

The report observes that the risks posed by financial assets created through tokenisation are described as being similar to conventional financial assets (chiefly legal, operational and technology risks and, to a lesser extent, credit and liquidity risks).

[IOSCO report: Tokenisation of financial assets \(FR/17/25\)](#)[Press release](#)

- 12.2 Neo-brokers - IOSCO publishes report and guidance - 12 November 2025** - The International Organization for Securities Commissions has published a final report (FR/18/25) on neo-brokers, a subset of brokers who provide online-only investment services with limited or no human interaction. IOSCO previously consulted on neo-brokers in March 2025, with feedback set out in the annex of the report.

The report gives an overview of the neo-brokerage business model and makes several related recommendations directed at IOSCO members and neo-brokers. Among other things, neo-brokers are encouraged to disclose material sources of revenue and any conflicts of interests when offering ancillary services. Other recommendations include considering the potential negative impact of non-commission related trading revenue, such as payment for order flow, and ensuring that there are robust IT systems in place.

[IOSCO report: Neo-brokers \(FR/18/25\)](#)[Press release](#)

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13 BANK OF ENGLAND

13.1 Resilience of the UK gilt repo market - Bank of England publishes speech - 12 November 2025

- The Bank of England (the Bank) has published a speech by Lee Foulger, Director of Financial Stability, on the potential impact of reforms aimed at improving the resilience of the UK gilt repo market. The speech follows a discussion paper published by the Bank of England in September 2025 on the same topic. Feedback to that paper highlighted the potential unintended consequences of two proposed measures, namely greater central clearing and the introduction of minimum haircuts or margin requirements in non-centrally cleared transactions.

Some market participants flagged the consequences of a one-size-fits-all approach of minimum haircuts versus a risk-sensitive approach to calibration that is tailored to risk profile. Foulger welcome further feedback on the calibration approach that could deliver meaningful benefits to market resilience, without imposing undue costs on the market. Foulger notes that by reducing excessive leverage and concentration, reforms may increase confidence in market resilience, and, over time, attract deeper and more stable liquidity to the market.

Comments on the discussion paper are welcomed until 28 November 2025.

[Speech](#)

14 FINANCIAL CONDUCT AUTHORITY

14.1 Price and value from CFD providers - FCA publishes findings from multi-firm review - 13 November 2025

- The FCA has published a webpage on the findings of a multi-firm review on contracts for difference (CFD) providers' provision of price and value. The review looked at how CFD firms deliver fair value in areas including bid-offer spread pricing, commissions and overnight funding charges, and how these firms use their consumer duty fair value assessments to deliver the price and value outcome.

The FCA found that some mid-to-small sized firms had made few changes in response to the consumer duty. It also found that many firms' fair value assessments had not adequately considered important indicators of value, such as consumer complaints and satisfaction metrics. Another area for improvement concerned firms' appropriateness testing and their approach to vulnerable clients. Some firms only had reactive measures to identify vulnerable retail clients. There were also significant variations between firms in the levels of charges imposed, particularly those for maintaining overnight positions.

The FCA is considering further work in some areas identified in the review.

[FCA multi-firm review: Contracts for difference providers provision of price and value](#)[Press release](#)

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ASSET MANAGEMENT //

15 THE INVESTMENT ASSOCIATION

- 15.1 Challenges and opportunities in tokenised asset markets - IA publishes report - 12 November 2025** - The Investment Association, together with the Investment Management Association of Singapore, has published a report examining the challenges and opportunities in tokenised asset markets across the UK and Singapore. The report was developed in collaboration with the FCA and the Monetary Authority of Singapore. It highlights an adoption gap between technological innovation in digital assets and the practical requirements of investors. Section 4 of the report provides an operational readiness checklist for market participants, which aims to guide firms looking to design and launch digital products and services.

[FCA/Investment Association/IMAS/MAS report: Digital asset market](#)

[Press release](#)

FINANCIAL CRIME //

16 FINANCIAL CONDUCT AUTHORITY

- 16.1 Systems and controls - FCA publishes review findings on risk assessments - 11 November 2025** - The FCA has the findings from a multi-firm review focused on firms' business-wide risk assessment and customer risk assessment processes. The firms involved in the review included building societies, platforms, e-money firms and wealth management firms.

The FCA evaluated these firms' controls against requirements in SYSC and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) (MLRs 2017). It also considered compliance with FCG and guidance from the Joint Money Laundering Steering Group (JMLSG) and the Financial Action Task Force (FATF).

The findings include examples of good and poor practices identified. The FCA notes that few firms are identifying relevant risks and tailoring the business-wide risk assessment to their specific business. It found little evidence of firms joining up risk assessments, decision-making and monitoring activities. The findings observe that senior management appear to better understand fraud risk than other financial crime risks. Some firms carried out limited or no testing of their risk assessment processes when they made enhancements or upgrades.

The FCA is working with those firms to make improvements where weaknesses were identified.

[FCA review: Risk assessment processes and controls in firms](#)

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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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