

# 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 would like to go on the distribution list, please contact:  
[Beth Dobson](#).

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## BANKING AND FINANCE //

### 1 EUROPEAN BANKING AUTHORITY

#### 1.1 Retail diversification methods under CRR - EBA publishes final guidelines - 13 February 2026 -

The European Banking Authority (EBA) has published its final guidelines on proportionate retail diversification methods under Article 123(1) of the Capital Requirements Regulation (575/2013) (CRR). This follows the EBA's November 2024 consultation on the same topic.

To benefit from a preferential 75% risk weight for retail exposures, the guidelines outline an approach whereby firms may demonstrate that retail portfolios are sufficiently granular. As a starting point, no single exposure to a counterparty or group of connected clients should exceed 0.2% of the total eligible retail portfolio. The final guidelines introduce an additional approach which allows firms to benefit from the preferential risk weight even if they exceed the baseline benchmark, provided that no more than 10% of their eligible retail portfolio is above the 0.2% threshold.

The guidelines also clarify the treatment of securitised retail exposures, distinguishing between the diversification assessment that applies when a firm acts as originator and when it acts as an investor.

**[EBA final report: Guidelines on proportionate retail diversification methods under CRR](#)**

[Webpage](#)

### 2 HM TREASURY

#### 2.1 Application of FSMA model to UK CRR - HM Treasury publishes response to policy paper - 19 February 2026 -

HM Treasury has published a response to its policy paper on its approach to applying the Financial Services and Markets Act 2000 (FSMA) model of regulation to the UK Capital Requirements Regulation (575/2013) (UK CRR). The policy paper was published in July 2025, as previously reported in this Bulletin.

The response sets out HM Treasury's final approach in this context, with a particular focus on Basel 3.1 implementation, overseas recognition regimes and the restatement of key UK CRR definitions in legislation to facilitate the FSMA model of regulation. In particular, the response notes that HM Treasury intends to restate existing equivalence decisions made under the UK CRR equivalence regimes so that jurisdictions that are currently deemed equivalent are treated as designated under the Overseas Prudential Requirements Regime (OPRR). HM Treasury has published a draft version of the Overseas Prudential Requirements Regime (Credit Institutions and Investment Firms) Regulations 2026 (UK CRR Definitions Regulations) alongside the response, on which technical comments can be made until 2 April 2026. Separately, the PRA has published a consultation paper (CP3/26) on changes to its Rulebook to implement the OPRR (see item below).

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The response also confirms that HM Treasury intends to revoke all definitions contained in the UK CRR and does not intend to amend the draft Credit Institutions and Investment Firms (Miscellaneous Definitions) (Amendment) Regulations 2026, published in July 2025.

[Policy response](#)[Draft Overseas Prudential Requirements Regime \(Credit Institutions and Investment Firms\) Regulations 2026](#)[Updated webpage](#)

### 3 PRUDENTIAL REGULATION AUTHORITY

- 3.1 Accommodating the Overseas Prudential Requirements Regime - PRA consults on rule changes - 19 February 2026** - The PRA has published a consultation paper (CP3/26) setting out proposed amendments to its rules to reflect the implementation of HM Treasury's Overseas Prudential Requirements Regime (OPRR). The OPRR has been designed to restate, with modifications, several existing equivalence provisions from the UK Capital Requirements Regulation (575/2013) (UK CRR) in UK legislation. The PRA's proposals aim to ensure that its Rulebook is consistent with HM Treasury's reforms to the UK's approach to recognising other jurisdictions' regulatory frameworks. The proposals relate largely to the PRA rules relating to credit risk designation regimes and large exposures.

The deadline for comments is 2 April 2026. The changes would become effective alongside the Basel 3.1 package on 1 January 2027.

[PRA consultation paper \(CP3/26\)](#)

## SECURITIES AND MARKETS //

### 4 PRUDENTIAL REGULATION AUTHORITY AND FINANCIAL CONDUCT AUTHORITY

- 4.1 Securitisation framework reforms - PRA and FCA consultations published - 17 February 2026** - The PRA and the FCA have each published consultation papers (CP2/26 and CP26/6 respectively) on reforms to the UK securitisation framework.

In short, the proposals in the PRA's consultation paper (CP2/26) aim to streamline due diligence and market disclosure requirements; they also introduce a new risk retention modality, disapply certain market disclosure and regulatory reporting requirements for single loan securitisations and clarify credit-granting requirements. CP2/26 also sets out the PRA's proposal to introduce a new capital treatment for single-loan residential mortgage securitisations for firms using the Internal Ratings-Based (IRB) approach, enabling these firms to adjust loss given default (LGD) models to better reflect the economic substance of exposures.

The FCA's consultation paper (CP26/6) sets out proposed changes to the rules in the Securitisation sourcebook (SECN) of the FCA Handbook. In particular, the FCA is consulting on

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new rules that will introduce a more flexible and proportionate approach to the due diligence requirements for FCA-regulated institutional investors.

The deadline for responses to both consultations is 18 May 2026. The FCA intends to publish its final rules in the second half of 2026. The implementation date for the PRA's changes is Q2 2027.

[PRA consultation paper: Reforms to securitisation requirements \(CP2/26\)](#)

[FCA consultation paper: Rules for reforming the UK securitisation framework \(CP26/6\)](#)

[FCA webpage](#)

## 5 EUROPEAN SECURITIES AND MARKETS AUTHORITY

- 5.1 **Delaying the disclosure of inside information under MAR - ESMA consults on amendments to guidelines - 19 February 2026** - The European Securities and Markets Authority (ESMA) has published a consultation paper (ESMA74-268544963-1567) proposing amendments to its guidelines on the delay in the disclosure of inside information under the Market Abuse Regulation (596/2014) (MAR). The amendments are intended to ensure consistency with changes to the disclosure regime made by the Listing Act.

From June 2026, issuers will no longer be required to disclose immediately inside information related to protracted processes before their completion. As a result, ESMA is proposing to remove from the current guidelines the legitimate interests for delayed disclosure connected to such protracted processes. The guidelines also identify additional legitimate interests for delaying disclosure, including situations where a public authority requests non-disclosure of inside information, where the issuer requires more time to collect information or where the issuer is involved in several procurement processes for similar contracts.

ESMA proposes to remove the section which states that a delay should not mislead the public, since the Listing Act has removed it from MAR. Instead, the Listing Act requires that a delayed disclosure must not contradict the issuer's latest public announcement on the same matter.

The consultation closes on 29 April 2026, with a final report to be published in Q4 2026.

[ESMA consultation paper: Guidelines on delay in disclosures of inside information under MAR \(ESMA74-268544963-1567\)](#)

[Webpage](#)

[Press release](#)

## 6 FINANCIAL CONDUCT AUTHORITY

- 6.1 **Notifications relating to admissions to trading and recent changes to the UK Listing Rules - FCA publishes statement - 19 February 2026** - The FCA has published a statement to clarify a requirement in the Public Offers and Admissions to Trading Regulations (POATRs) regime and associated changes to listing processes in the UK Listing Rules (UKLR), which came into force on 19 January 2026. These changes introduced a requirement in the Prospectus Regime Manual (PRM

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1.6.4R) for issuers to notify a Regulatory Information Service (RIS) of any admission to trading within 60 days of the admission.

The statement notes that potentially overlapping requirements in UKLR 6.4.4R(4), 13.3.20R(4), 14.3.17R(4), 16.3.16R(4) and 22.2.17R(4) have created uncertainty for some issuers. These provisions require listed companies to notify an RIS as soon as possible of the results of any new issue of equity securities or any public offer of existing equity securities. The FCA understands that this has created confusion for issuers that previously relied on an exemption in UKLR 6.4.4R(4) for block listings.

The FCA intends to consult shortly on removing UKLR 6.4.4R(4) and equivalent provisions in other chapters of the UKLR, which would leave issuers subject only to the 60-day notification requirement in PRM 1.6.4R for admissions to trading.

**FCA statement: Notifications relating to POATRs and changes to the UK Listing Rules**

## INSURANCE //

### 7 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

- 7.1 Solvency II supervisory review process - EIOPA publishes revised guidelines - 13 February 2026** - The European Insurance and Occupational Pensions Authority (EIOPA) has published its final report and revised guidelines (EIOPA-BoS-25/660) on the supervisory review process under the Solvency II Directive (2009/138/EC), following a July 2025 consultation. The changes, which were adopted on 27 January 2026, are intended to ensure consistency with latest regulatory developments and supervisory best practices, as well as to address risks that have emerged since the guidelines were first adopted in 2015.

The revised guidelines will repeal and replace the 2015 version from 30 January 2027.

**EIOPA final report: Revised guidelines on supervisory review process (EIOPA-BoS-25/660)**

**EIOPA revised guidelines**

**Webpage**

- 7.2 Treatment of market and counterparty risk exposures under Solvency II - EIOPA publishes revised guidelines - 13 February 2026** - The European Insurance and Occupational Pensions Authority (EIOPA) has published a final report and revised guidelines (EIOPA-BoS-25/664) on the treatment of market and counterparty risk exposures in the standard formula, following its December 2024 consultation.

The revised guidelines repeal and replace the existing guidelines (EIOPA-BoS-14-174) that were finalised in December 2014. The newer version includes a new guideline on the treatment of leveraged funds; it also makes several deletions to existing guidelines (including the guideline on employee benefits and on securities lending transactions, among others).

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**[EIOPA final report: Revised guidelines on the treatment of market and counterparty risk exposures in the standard formula \(EIOPA-BoS-25/664\)](#)**

[EIOPA revised guidelines](#)

[Press release](#)

- 7.3 IRRD framework - EIOPA publishes guidelines and draft RTS - 16 February 2026** - The European Insurance and Occupational Pensions Authority (EIOPA) has published a package of final reports containing guidelines and draft regulatory technical standards (RTS) relating to the implementation of the Insurance Recovery and Resolution Directive ((EU) 2025/1) (IRRD), which is set to become operational from 30 January 2027. The guidelines and draft RTS were consulted on in April 2025.

The full list of final reports, guidelines and RTS can be accessed on the relevant webpage. They include, among others, a final report (EIOPA-BoS-25-715) containing guidelines specifying the criteria for the assessment of resolvability and final reports (EIOPA-BoS-25-711 and EIOPA-BoS-25-713) that contain draft RTS on the contents of recovery and resolution plans.

The draft RTS will be submitted to the European Commission by 29 July 2026.

[Press release](#)

## **8 PRUDENTIAL REGULATION AUTHORITY**

- 8.1 Third-country insurance branches writing non-UK risks - PRA publishes updated modification by consent - 17 February 2026** - The PRA has published an updated direction for modification by consent on reverse or mixed insurance branches, previously updated in November 2024.

The modification by consent gives relevant firms (third-country insurance branches that only write non-UK risks) relief from Article 49 of chapter 2A of the Reporting Part of the PRA Rulebook, which relates to the resolution report. More specifically, the updated version continues to offer an exclusion of non-UK risks from certain rules relating to branch provisions for all third-country insurance branches as well as relief from certain regulatory reporting requirements where third-country insurance branches only write non-UK risks.

The modification by consent has been extended to 30 June 2030. Firms writing only non-UK risks that are already using the modification by consent will be contacted by the PRA to consent to an updated version of their current modification.

[Direction](#)

[Updated webpage](#)

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## FINANCIAL CRIME //

### 9 OFFICE OF FINANCIAL SANCTIONS IMPLEMENTATION

- 9.1 **Ownership and control test in UK sanctions regulations - OFSI launches call for evidence - 16 February 2026** - The Office for Financial Sanctions Implementation (OFSI) has published a call for evidence on the ownership and control test in UK financial sanctions regulations. It refers to concerns from financial and legal industry representatives about the practical application of existing control tests, with particular emphasis on uncertainties and the potential for multiple and sometimes conflicting interpretations.

OFSI wishes to gather evidence on three main areas. Firstly, it seeks feedback on the prevalence and nature of “hypothetical control” in financial sanctions casework. Secondly, it wishes to understand the practical challenges and ease of implementation associated with the control test, particularly the financial impact of compliance and implementation. Finally, the call for evidence considers the practical utility of control typologies as a tool to assist with assessing the hypothetical element of the control test for financial sanctions, including the typology of control set out by Deputy Judge Nicholas Thompsell in *Kevin Hellard & Ors v OJSC Rossiysky Kredit Bank & Ors* [2024] EWHC 1783 (Ch).

The deadline for responses is 13 April 2026.

[OFSI call for evidence: Financial sanctions regulations on ownership and control](#)

[Website](#)

## ENFORCEMENT //

### 10 FINANCIAL CONDUCT AUTHORITY

- 10.1 **Market abuse and listing rules breach - FCA publishes final notices - 16 February 2026** - The FCA has published final notices for Carillion plc (in liquidation) for breach of Article 15 of the Market Abuse Regulation (596/2014) (MAR), Listing Rule 1.3.3R, Listing Principle 1 and Premium Listing Principle 2. It has also published final notices for three of the firm’s former executive directors for being knowingly concerned in breaches of those provisions.

The FCA has published a statement censuring the firm pursuant to sections 91 and 123 of the Financial Services and Markets Act 2000. Among other things, the press release comments that the group chief executive was aware of serious financial troubles in the firm’s UK construction business and failed to reflect this in company announcements or alert its board and audit committee, leading to poor oversight.

[Final notice: Carillion plc \(in liquidation\)](#)

[Press release](#)

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## 11 PAYMENT SYSTEMS REGULATOR

- 11.1 Failure to implement Confirmation of Payee requirements - PSR fines bank - 19 February 2026**  
- The Payment Systems Regulator (PSR) has published a decision notice issued to the Bank of Ireland (UK) plc fining it £3,779,300 under section 73 of the Financial Services (Banking Reform) Act 2013 for failing to implement confirmation of payee (CoP) arrangements by the required deadline.

Specific Direction 17 (SD17), which came into force in October 2022, required certain payment service providers (including the bank) to implement CoP, an account name-checking service designed to protect customers when making payments, which aims to reduce the risk of financial loss from authorised push payment (APP) fraud and misdirected payments. The PSR comments in the decision notice that the bank “should have organised its systems and resources to ensure compliance within the prescribed timeframe and maintained contingency plans to manage the foreseeable risk of non-compliance”. It also notes that the bank’s non-compliance had the potential to affect a large volume and value of transactions, exposing customers to increased risk of APP fraud and misdirected payments.

[Press release](#)

[Decision notice](#)

## 12 RECENT CASES

- 12.1 (1) *Stephen Joseph Burdett* (2) *James Paul Goodchild v The Financial Conduct Authority* [2026] UKUT 00068 (TCC), 18 February 2026**

*Pension transfers to SIPPs - CF1 controlled function - unsuitable advice*

The Upper Tribunal (Tax and Chancery Chamber) has upheld the FCA's August 2022 decisions to fine and ban a pensions adviser and a fund manager. The FCA had found that Mr Burdett, a director at financial advisory firm Synergy Wealth Ltd, had recklessly given unsuitable financial advice to pension-holders. He had advised them to switch their pensions into a scheme managed by Westbury Private Clients LLP, which used self-invested personal pensions (SIPPs) to invest retail pension-holders' funds, despite being aware that the relevant model portfolios were high-risk and unsuitable. Burdett had also performed the CF1 controlled function at Synergy without having been approved to perform this role by the FCA. Mr Goodchild, a partner at Westbury, had been aware of the risks to pension-holders, but had unreasonably ignored them.

The FCA has also published a press release reporting the Tribunal's decision.

[\(1\) \*Stephen Joseph Burdett\* \(2\) \*James Paul Goodchild v The Financial Conduct Authority\* \[2026\] UKUT 00068 \(TCC\) \(18 February 2025\)](#)

[Webpage](#)

[FCA press release](#)

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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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