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### Savings and Investments Union: EU Commission seeks views on fostering market integration and efficient supervision

The EU Commission has published two related calls for evidence to inform its impact assessments on a set of legislative proposals it is planning to adopt as part of its Savings and Investments Union (SIU) strategy. In particular, the Commission is planning to adopt proposals for a [regulation](#) and a [directive](#) to:

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- foster more integrated, deeper and efficient EU capital markets by removing regulatory, supervisory and operational barriers hindering key market players and infrastructures;
- modernise and simplify the EU rules in this area; and
- contribute to the simplification and burden reduction agenda.

Comments are due by 5 June 2025. The Commission is planning to publish the two legislative proposals in Q4 2025.

### **EBA updates report on monitoring of liquidity coverage ratio and net stable funding ratio**

The European Banking Authority (EBA) has published an updated [report](#) on the monitoring of the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) in the EU. The report reflects the March 2023 banking turmoil and updates the EBA's previous guidance to banks and supervisors to ensure liquidity risks on main deposit categories (operational and exempted retail deposits) are effectively managed and mitigated. The update also provides further clarification to the industry on the treatment of open reverse repos, addressing several requests from market participants for more detailed guidance on the LCR calculation related to this matter.

### **ECB postpones amendments to TARGET guideline**

The European Central Bank (ECB) has [announced](#) that the amendment to the TARGET guideline, which would allow non-bank payment service providers (PSPs) to participate in TARGET, has been postponed. This follows delays in some euro area countries in the transposition of the required amendments to the Settlement Finality Directive (SFD) and Payment Services Directive (PSD2).

The amendment to the TARGET guideline, outlined in Decision ECB/2025/2, is now expected to enter into force in October 2025. The Eurosystem considers the postponement necessary to avoid legal risks concerning the eligibility of non-bank PSPs to access TARGET, including T2 (for settling payments) and TIPS (for settling instant retail payments).

### **Bank Resolution (Recapitalisation) Act 2025 receives Royal Assent**

The [Bank Resolution \(Recapitalisation\) Act 2025](#) has received Royal Assent.

The Act amends the UK's special resolution regime for banking institutions and introduces a new mechanism that can be used alongside the existing stabilisation powers to meet costs that might arise when banks are placed into resolution. Under this mechanism, the BoE will be permitted to use funds provided by the Financial Services Compensation Scheme (FSCS) as needed in the event of a failure, and subsequently by a levy on the banking sector, to cover costs associated with a resolution.

In particular, the Act:

- amends the Financial Services and Markets Act 2000 (FSMA 2000) to expand the statutory functions of the FSCS and enable the FSCS to provide the required funds to the BoE and recover the funds through levies;

- provides the BoE with the ability to require a bank under resolution to issue new shares, facilitating the BoE's use of the funds provided by the FSCS to meet a failing bank's recapitalisation costs; and
- makes a number of technical amendments to FSMA 2000 and the Banking Act 2009 to support the measures outlined above and ensure FSCS funds in resolution can be used effectively.

### **PISCES: Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025 laid**

The Government [has laid](#) the Financial Services and Markets Act 2023 (Private Intermittent Securities and Capital Exchange System Sandbox) Regulations 2025 (SI 2025/583), which establish the legal framework for the Private Intermittent Securities and Capital Exchange System (PISCES). PISCES will be a new type of trading platform that will enable intermittent trading of private company shares using market infrastructure.

The Government has also [confirmed](#) that it will legislate in the next Finance Bill to allow employers, with their employee's permission, to amend existing Enterprise Management Incentives (EMI) and Company Share Option Plan (CSOP) contracts to include a PISCES trading event as an exercisable event, without losing the tax advantages the schemes offer. This will allow employees with contracts amended in line with the legislation to exercise their options on PISCES and retain the tax advantages. The legislation will have retrospective effect, and in the interim HMRC will be able to use collection and management powers not to collect tax on exercise.

### **FSMA 2023 (Commencement No. 9) Regulations made**

The Financial Services and Markets Act 2023 (Commencement No. 9) Regulations ([SI 2025/572](#)) have been made.

Amongst other things, SI 2025/572 commences the revocation of:

- Commission Delegated Regulation (EU) 2017/583 supplementing MiFIR with regulatory technical standards (RTS) on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives on 14 May 2025;
- the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2003, which related to the implementation of the Insurance Mediation Directive, on 14 May 2025; and
- the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014 on 31 July 2025.

SI 2025/572 also commences the repeal of a number of provisions of FSMA 2000 which reflected the implementation of the Solvency II Directive and set out certain powers of the PRA to vary or cancel the Part 4A permissions of insurance and reinsurance undertakings on 14 May 2025.

### **BaFin consults on Fit and Proper Circular**

The German Federal Financial Supervisory Authority (BaFin) has published a [draft circular](#) on the members of the management and of administrative and supervisory bodies in accordance with the German Banking Act for consultation.

The new Fit and Proper (FAP) Circular replaces the guidance note on managing directors in accordance with the German Banking Act (Kreditwesengesetz, KWG), the German Payment Services Supervision Act (Zahlungsdienstenaufsichtsgesetz, ZAG) and the German Capital Investment Code (Kapitalanlagegesetzbuch, KAGB) as well as the guidance note on members of administrative and supervisory bodies in accordance with the KWG and KAGB.

It contains completion instructions and information on BaFin's administrative practice and considers the requirements of the Risk Reduction Act (Risikoreduzierungsgesetz).

Comments on the draft are due by 13 June 2025.

### **Polish Ministry of Finance publishes amendments to Act on Investment Funds and Management of Alternative Investment Funds and Act on Trading in Financial Instruments**

The Polish Ministry of Finance has published [amendments](#) to the Act on Investment Funds and the Management of Alternative Investment Funds and the Act on Trading in Financial Instruments. The aim of the draft is to remove the overregulation of the obligation to register investment certificates of closed-end investment funds that are not public closed-end investment funds in the securities depository maintained by the National Depository for Securities (KDPW), as well as the obligation for such funds to have an issue agent.

The proposed changes provide for the restoration of the possibility of keeping records of participants in investment certificates of non-public closed-end investment funds by an investment fund management company or entrusting their maintenance to an authorised entity, which, according to the authors of the draft, should contribute to increasing the transparency and efficiency of the functioning of non-public closed-end investment funds.

### **Hong Kong Government welcomes passage of bill introducing company re-domiciliation regime**

The Hong Kong Government has [welcomed](#) the passage of the [Companies \(Amendment\) \(No.2\) Bill 2024](#) by the Legislative Council to introduce a company re-domiciliation regime in Hong Kong.

Under the company re-domiciliation regime, non-Hong Kong-incorporated companies that fulfil certain requirements including company background, integrity, member and creditor protection, and solvency may apply to re-domicile to Hong Kong while maintaining their legal identity as a body corporate and ensuring business continuity. The property, rights, obligations and liabilities, as well as the relevant contractual and legal processes of the companies will not be affected during the process.

If, after re-domiciliation, the company's actual similar profits are also taxed in Hong Kong, the Government will provide the company with unilateral tax credits for elimination of double taxation. Generally, re-domiciled companies will have the same rights as any locally incorporated companies of their kind in Hong Kong, and will be required to comply with the relevant requirements under the Companies Ordinance.

The Amendment Bill will take effect on 23 May 2025.

## **SFC and Central Bank of Ireland enhance cooperation in public fund distribution**

The Securities and Futures Commission (SFC) and the Central Bank of Ireland (CBI) have [entered into](#) a memorandum of understanding (MoU) on mutual recognition of funds (MRF) to allow the distribution of eligible Hong Kong and Irish public funds in each other's market through a more streamlined process. The latest MoU serves as an updated cooperation framework following the two regulators' MoU in 1997 on the supervision of cross-border investment management activities.

The updated framework provides for the cross-border offering of eligible Hong Kong public collective investment schemes in Ireland for the first time, and of Irish undertakings for collective investment in transferable securities (UCITS) that meet specific criteria to be authorised by the SFC for sale in Hong Kong under an expedited approval process.

Further details of the Ireland-Hong Kong MRF scheme are set out in the SFC's circular on MRF between Ireland and Hong Kong. The SFC has also published the following new and revised documents in connection with the updated cooperation framework:

- a new set of frequently asked questions to provide guidance to market practitioners regarding the Ireland-Hong Kong MRF scheme;
- a new information checklist for application for authorisation of Irish funds under the MRF arrangement;
- a new confirmation of fulfilment of authorisation conditions (Annex F to the information checklist for application for authorisation of Irish Funds under the MRF arrangement);
- an updated guide on practices and procedures for application for authorisation of unit trusts and mutual funds; and
- an updated list of recognised jurisdiction schemes.

## **SFC, HKMA and PBoC announce further enhancements to Swap Connect scheme**

Following the launch of the Mainland-Hong Kong interest rate swap markets mutual access scheme (Swap Connect) on 15 May 2023, enhancements were introduced in May 2024 to provide more flexibility for offshore institutional investors to manage interest rate risk, and strengthen the appeal of RMB assets to offshore investors. To further promote the collaborative development of financial derivatives markets in Mainland China and Hong Kong, the People's Bank of China (PBoC), the SFC, and the Hong Kong Monetary Authority (HKMA) [plan to further enrich](#) the product types under Swap Connect.

The enhancements include (i) the tenor of interest rate swap contracts will be extended to 30 years to meet the diverse risk management needs of market institutions; and (ii) the product scope of Swap Connect will be expanded by including interest rate swap contracts using the Loan Prime Rate (LPR) as the reference rate. Relevant infrastructure operators in both markets will implement the enhancement measures progressively.

Hong Kong Exchanges and Clearing Limited has announced that its clearing subsidiary OTC Clear will collaborate with the China Foreign Exchange Trade



System and Shanghai Clearing House to enrich the product features under the Northbound Swap Connect, by extending the maximum tenor of interest rates swap contracts to 30 years, and adding one-year loan prime rate into the floating reference rate options.

## **MAS consults on proposed removal of exclusions from advertising requirements**

The Monetary Authority of Singapore (MAS) has launched a [consultation](#) seeking feedback on proposed revisions to the existing Financial Advisers Regulations (FAR) and Securities and Futures (Licensing and Conduct of Business) Regulations (SF(LCB)R), which set out requirements on advertisements of financial products and services.

Currently, exemptions from the product advertising requirements are provided for publications: (a) in relation to products offered in reliance on an offering exemption; and (b) advertisements published by certain persons who are exempt from certain other requirements otherwise applicable to financial advisers. These exemptions are currently set out in regulations 22(7)(a) and 22(7)(c) of the FAR, and regulations 46(7)(b) and 46(7)(d) of the SF(LCB)R. The MAS proposes to remove these exclusions, such that advertisements on any investment product would be subject to the advertisement regulations (set out in regulations 22 to 22D of the FAR, and regulations 46 and 46AA to 46AD of the SF(LCB)R), regardless of their target audience.

In April 2023, the MAS had proposed to align the requirements for both product and non-product advertisements by enhancing the requirements for non-product advertisements. With the proposed removal of exclusions from the product advertising requirements, the MAS will correspondingly not provide any exclusions for non-product advertisement requirements, ensuring a consistent approach across both product and non-product advertisements.

The proposed amendments to the FAR and the SF(LCB)R are set out in the Annex A and Annex B, respectively, of the consultation paper. These amendments are expected to come into effect concurrently with the legislative changes outlined in MAS' April 2023 Consultation Paper on Enhancing Safeguards for Proper Conduct of Digital Prospecting and Marketing Activities.

Comments on the consultation are due by 5 June 2025.

## **RECENT CLIFFORD CHANCE BRIEFINGS**

### **From equivalence to recognition – changing UK approaches to non-UK regulatory regimes**

Recent UK legislation has adopted a new approach to designating countries and territories outside the UK for more favourable treatment under domestic regulatory regimes. The new approach allows HM Treasury to designate overseas jurisdictions where this is compatible with high-level regulatory objectives, including the objective of facilitating UK competitiveness and economic growth, without requiring the Treasury to determine whether the law and practice in the overseas jurisdiction is equivalent to that in the UK.

This briefing paper describes the new approach and compares it with existing equivalence-based regimes.

<https://www.cliffordchance.com/briefings/2025/05/from-equivalence-to-recognition--changing-uk-approaches-to-non-u.html>

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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