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EU Commission and ECB clear Bulgaria to adopt euro in January 2026

The EU Commission and the European Central Bank (ECB) have published their latest convergence reports assessing Bulgaria's progress towards economic convergence with the euro area.

Both the EU Commission and the ECB reports conclude that Bulgaria has now met the necessary criteria for euro area membership, paving the way for Bulgaria to introduce the euro as of 1 January 2026.

As a result of this assessment, the Commission has also adopted proposals for an EU Council Decision and Regulation on the introduction of the euro in Bulgaria on 1 January 2026. The Council will take the final decisions on Bulgaria's euro adoption, following discussions in the Eurogroup and the European Council, and after the EU Parliament and the ECB have delivered their opinions.

MiCA: EU Commission adopts RTS on information required in ART authorisation application

The EU Commission has adopted a Delegated Regulation setting out regulatory technical standards (RTS) under the Markets in Cryptoassets Regulation (MiCA) to specify the information required in an application for authorisation to offer asset-referenced tokens (ARTs) to the public or to seek their admission to trading.

The RTS follows the structure of licensing regulatory products and covers:

- the identification details of the applicant;
- the programme of operations, including the main features of the intended issuance;
- the internal governance arrangements and structural organisation of the applicant;
- the liquidity management, reserve of assets and redemption rights of the applicant;
- the suitability of the members of the applicant's management body; and
- the sufficiently good repute of members of the management body, shareholders or members with qualifying holdings.

FCA updates Enforcement Guide and outlines new disclosure scenarios

The Financial Conduct Authority (FCA) has published the final version of its revised Enforcement Guide (ENFG), following consultation in CP24/2. The updated ENFG reduces the length of the previous version by over 250 pages and is intended to improve accessibility and clarity.

The FCA has retained the 'exceptional circumstances' test for announcing investigations into regulated and listed firms. However, it has introduced three specific scenarios where this test will not apply:

- where announcements may assist investigations into unauthorised or unregulated activity or warn consumers;
- where the investigation has already been made public by another party; and
- where anonymised announcements may support public understanding of enforcement activity.

These changes apply to investigations launched on or after 3 June 2025.

The FCA has indicated that it will continue to consult on future changes to the ENFG. It will monitor the impact of the revised guide and assess levels of public and industry confidence in its enforcement work.

FCA sets out key considerations for possible motor finance consumer redress scheme

The FCA has published a statement setting out some of the things it will consider if it decides to introduce a redress scheme as part of its review into motor finance commission arrangements.

The FCA has previously indicated that if, following the outcome of the Supreme Court judgment in *Hopcraft & Anr v Close Brothers*, the FCA concludes that motor finance consumers have lost out, then it will likely consult on an industry-wide consumer redress scheme. The statement outlines the principles the FCA would follow in the design of a redress scheme, and the potential scope.

The FCA has indicated that it will confirm within six weeks of the Supreme Court judgment whether it intends to introduce a redress scheme. If so, it will also set out timings for when it would issue a consultation, which would set out detailed proposals for how a redress scheme would work in practice alongside draft rules, including the proposed timings for when a redress scheme would be implemented. Following the consultation, the FCA would confirm whether it is going ahead with a redress scheme, and if so, what the final rules are. The final rules would set out when firms need to implement the scheme, which the FCA would expect to be in 2026, subject to consultation.

FOS consults on compensation interest levels

The Financial Ombudsman Service (FOS) has launched a consultation on the interest rate applied to the compensation awarded to consumers.

The consultation forms part of the FOS' response to the joint call for input with the FCA, which sought views on modernising the dispute resolution system.

The FOS is recommending that the interest rate that businesses can be directed to pay to compensate consumers for being deprived of money tracks against the Bank of England (BoE) base rate +1%. Currently, businesses can be directed to pay 8% interest on top of the compensation for the period their customer was out of pocket. The base rate in the FOS' proposal would be calculated as an average rate over the period that the money was due until the date redress payment is made.

The FOS is seeking feedback on the recommendation and a number of other interest rate options and proposals for implementation.

Comments are due by 2 July 2025.

HM Treasury publishes results of consultation on qualifying conditions for carried interest

HM Treasury has published its response to its consultation on the qualifying conditions for the tax treatment of carried interest under the revised tax regime, which will be introduced from April 2026. The consultation ran from 30 October 2024 to 31 January 2025 and sought views on further conditions of access (in addition to the existing asset-level average holding period condition) in order for carried interest to be treated as qualifying.

Specifically, it proposed introducing:

- a minimum co-investment requirement, measured at team level; and
- a minimum time period between a carried interest award and receipt.

HM Treasury received over 60 responses to the consultation, from a range of individuals, businesses, advisory firms, representative bodies and academics. In light of the feedback gathered, HM Treasury notes that it will not proceed with the proposed introduction of a minimum co-investment or a minimum time period requirement.

The response also includes an update on the implementation of the revised tax regime for carried interest. Among other things, the Government has stated it intends to introduce legislative changes to the average holding period condition, as well as three statutory limitations on the territorial scope of the revised regime to ensure that it is applied in a proportionate way.

The Government will bring forward legislation for the revised tax regime for carried interest in Finance Bill 2025-26 and will publish draft legislation for technical consultation before the summer recess.

Law Commission consults on digital assets and ETDs in private international law

The Law Commission has launched a consultation on its proposals to reform rules of private international law that apply in the context of digital assets and electronic trade documents (ETDs).

Currently, when deciding which country's laws and courts to use when settling a dispute crossing national borders, private international law places significant emphasis on the geographical location of the asset or activity central to the dispute. Emerging technologies, such as wholly decentralised applications of distributed ledger technology (DLT), give rise to legal uncertainty where data is recorded and stored using a network of computers in more than one country.

The Commission believes the law needs to reflect how emerging technologies are used in modern commercial practice. The consultation paper sets out proposals in relation to:

- how existing jurisdictional gateways for property and tort can be applied in the context of crypto litigation;
- the creation of a new free-standing information order to help claimants who have lost crypto-tokens through fraud or hacking;
- a new approach to applicable law where courts take into account a range of factors to determine a just outcome of a dispute, including the legitimate expectations of the parties, rather than identifying a single applicable law; and
- modernising section 72 of the Bills of Exchange Act 1882.

The Commission has also published an FAQ document clarifying the existing legal position on property issues in permissioned DLT systems.

Comments are due by 8 September 2025.

Pension Schemes Bill introduced into House of Commons

The Pension Schemes Bill has been introduced into the House of Commons. The Bill is one of the outcomes of the Government's Pensions Investment Review, which launched in July 2024 and sought to address fragmentation in the defined contribution (DC) and defined benefit (DB) workplace pensions market and in the Local Government Pension Scheme (LGPS).

Under the Bill, fragmented and underperforming pensions schemes will be consolidated to create larger, more efficient funds capable of making substantial investments. Among other things, the Bill:

- relaxes current statutory rules regarding the return of surplus to employers in ongoing DB schemes;
- confers powers on the Secretary of State to make various regulations, including those to support the value-for-money of pension schemes and to consolidate smaller schemes into larger 'default consolidators';
- requires multi-employer DC pension schemes, used for automatic enrolment, to participate in a fund of at least GBP 25 billion;
- permits providers of automatic enrolment and workplace pension schemes regulated by the FCA to make certain changes to the rules and investment of pension pots without individual member consent, provided it is deemed to be in the best interests of members taken as a whole;
- requires trustees or managers of DC pension schemes to provide their members with solutions to manage their pension savings as they transition into retirement;
- sets out the legislative framework for operating pensions 'superfunds' (i.e. DB occupational pension schemes that receive the transfer of assets and liabilities from closed DB occupational pension schemes);
- grants the Pension Protection Fund greater flexibility in setting the levy payable by DB pension schemes;
- confers several Henry VIII powers on the Secretary of State and HM Treasury in relation to small pension pots, superfunds and contractual override measures; and
- confers powers on the Pensions Regulator and the FCA to make rules and guidance about the schemes that they regulate

Proposed reforms to the LGPS include measures to ensure that:

- all LGPS investments are managed by LGPS asset pools;
- the implementation of investment strategies set by the individual administering authority (AA) is delegated to the LGPS asset pool of which the AA is a member; and
- the Secretary of State can provide for mergers of AAs and asset pools if needed in the interests of improving administration.

The Department for Works and Pensions (DWP) has published a roadmap alongside the Bill, which sets out the Government's overarching aims for reform, as well an indicative plan for the sequencing and timing of the implementation of the legislative package.

Capital Buffers and Macro-prudential Measures Regulations 2025 made and laid

The Capital Buffers and Macro-prudential Measures Regulations 2025 have been made and laid before Parliament.

The Regulations restate relevant provisions of the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014 (SI 2014/894) which were revoked by the Financial Services and Markets Act 2023 with effect from 31 July 2025.

Under the Regulations, provisions relating to the countercyclical capital buffer (CCyB) and the other systemically important institutions (O-SII) buffer, which are set by the BoE's Financial Policy Committee (FPC), will be restated with technical modifications aimed at improving the effectiveness of the overall capital buffer framework. According to HM Treasury, the FPC does not have broad rulemaking powers, and the regulations that underpin the use of its tools must be set out in legislation.

Responsibility for setting the capital conservation buffer (CCoB) and globally systemically important institutions (G-SII) buffer will be transferred to the Prudential Regulation Authority (PRA).

The Regulations come into effect on 31 July 2025.

Hong Kong Government welcomes passage of Banking (Amendment) Bill 2025

The Hong Kong Government has welcomed the Legislative Council's passage of the Banking (Amendment) Bill 2025, which enables sharing of account information among banks under specified conditions in order to facilitate the detection and prevention of crime in Hong Kong.

The amendment bill introduces a voluntary mechanism allowing banks and law enforcement agencies to share information with each other via secure platforms designated by the Hong Kong Monetary Authority (HKMA) relating to corporate and individual accounts, when banks become aware of suspected prohibited conduct (i.e. money laundering, terrorist financing or financing of proliferation of weapons of mass destruction). It also provides legal protection for banks that disclose relevant information.

The Government has indicated that the amendment bill will come into effect in 2025, and the commencement date will be announced separately.

SFC updates acceptable non-face-to-face account opening approaches

In light of the increasing digitalisation and automation in intermediaries' business activities, the Securities and Futures Commission (SFC) has issued a circular to provide updates to its designated webpage on acceptable non-face-to-face (NFTF) account opening approaches. The circular discusses three approaches and the key updates are the following:

- certification services – more methods for remote onboarding of overseas investors are now available to intermediaries, for instance, the Personal (Remote) ID-Cert Class 12 issued by Digi-Sign Certification Services Limited. The service can be subscribed to remotely by overseas investors holding ePassports in compliance with the standards of the International Civil Aviation Organization. Intermediaries may consider employing such certification service to verify the identities of overseas investors for remote client onboarding;
- iAM Smart – introduced by the Government in December 2020, iAM Smart is newly included by the SFC under its dedicated website on acceptable account opening approaches. The SFC has encouraged intermediaries to join an iAM Smart Sandbox Programme for access to various documentation and resources, and explore the relevant information posted on the Programme's website; and
- eligible jurisdictions in the remote onboarding of overseas individual clients – following the Financial Action Task Force mutual evaluations, the SFC has added 15 new jurisdictions to the list of eligible jurisdictions that clients may maintain bank accounts in for first payments and ongoing fund movements for the purpose of remote onboarding of overseas individual clients. The SFC advises intermediaries to be mindful of relevant domestic regulatory requirements when onboarding overseas or cross-boundary clients, as well as implementing adequate cybersecurity controls to protect their systems, client accounts and data from emerging cybersecurity threats.

MAS responds to consultation on proposed regulatory approach, regulations, notices and guidelines for digital token service providers issued under FSM Act

The Monetary Authority of Singapore (MAS) has published its response to the feedback it received on its October 2024 consultation on its proposed regulatory approach, regulations, notices and guidelines for digital token service providers issued under the Financial Services and Markets Act 2022 (FSM Act).

The FSM Act was passed in Parliament on 5 April 2022. Part 9 of the FSM Act provides the legislative framework for the regulation of digital token service providers (DTSPs). Section 137 of the FSM Act imposes a licensing requirement on: (a) individuals and partnerships who, from a place of business in Singapore, carry on a business of providing any type of digital token (DT) service outside Singapore; and (b) Singapore corporations that carry on a business, whether from Singapore or elsewhere, of providing any type of digital token service outside Singapore.

Amongst other things, MAS has clarified the following in its response:

- there will be extremely limited circumstances under which it will grant an applicant a DTSP licence under the FSM Act;
- there will not be a transitional arrangement for DTSPs. DTSPs subject to the licensing requirement must suspend or cease carrying on a business of

providing DT services outside Singapore by 30 June 2025, when Part 9 of the FSM Act, the First and Second Schedules to the FSM Act, and other relevant miscellaneous or consequential amendments in the FSM Act (collectively, the DTSP Provisions) come into force. A DTSP that contravenes the licensing requirement is guilty of an offence;

- in determining whether a DTSP is 'carrying on a business of providing DT services outside Singapore', factors such as whether the DTSP's front-office functions (e.g., sales, business development) or customers are located outside Singapore etc., would be relevant;
- the MAS will require all DTSPs, whether they are individuals or non-individuals, to obtain a DTSP licence unless the DTSP falls within one of the categories in section 137(5) of the FSM Act;
- for individuals located in Singapore, the MAS has clarified that where an individual is an employee of a foreign incorporated company that provides DT services outside Singapore, work done by the individual as part of his or her employment with the foreign-incorporated company would not, in itself, attract a licensing requirement under section 137(1);
- all licensees will be subject to an annual licence fee of SGD 10,000, regardless of the number of DT services which they provide;
- the minimum initial and ongoing financial requirements will be maintained at SGD 250,000 in base capital, total capital contribution and cash deposit, in the case of a company, partnership or limited liability partnership and individual respectively;
- guidance on the competencies of the chief executive officer, directors, partners and managers of the licensee, and expectations on the management of key risks, will be set out in the Guidelines on Licensing for DTSPs;
- licensees will be required under the Notice on Prevention of Money Laundering and Countering the Financing of Terrorism (MAS Notice FSM-N27) to appoint a suitably qualified compliance officer, to be based in Singapore, at the management level;
- MAS Notice FSM-N27 sets out customer due diligence (CDD) measures to be performed by licensees and the MAS has clarified that there will not be any prescribed baseline timelines by which CDD measures have to be completed;
- regarding reliance on third parties to perform CDD measures, the MAS will exclude licensed payment service providers and financial institutions holding an equivalent licence and supervised by a foreign authority, from the definition of 'third party', due to the uneven level of anti-money laundering/countering the financing of terrorism controls across the board;
- the MAS maintains its prohibitions on licensees issuing bearer negotiable instruments and licensees making cash payouts exceeding a certain amount, due to heightened money laundering/terrorism financing risks of such transactions;
- the intent of the Notice on Cyber Hygiene (FSM-N31 Notice) is to establish a set of fundamental cyber security measures that licensees must implement to protect against the most common cyber-attacks. This is in addition to the best practices in cyber security promulgated in the

Guidelines on Risk Management Practices – Technology Risk which licensees are expected to adopt; and

- the MAS will not be setting out additional criteria of 'competence and capability' specific to the DTSP sector in the Guidelines on Fit and Proper Criteria. However, it will consider engaging the DTSP sector to determine key concerns and establishing a set of frequently asked questions with case studies and to include criteria specific to the DTSP sector, if appropriate.

Following the consultation, the Singapore Government has gazetted the Financial Services and Markets Act 2022 (Commencement) Notification 2025v to announce 30 June 2025 as the commencement date for Part 9 and sections 183(b) and (c) and 214 of, and the First and Second Schedules to, the FSM Act. Also, for the purposes of the commencement of the DTSP Provisions, the MAS has issued various other instruments regulations, notices, and guidelines (new and amended), which are effective from 30 June 2025.

MAS announces Corporate Governance Advisory Committee to review Code of Corporate Governance

MAS has announced that the Corporate Governance Advisory Committee (CGAC) will undertake a review of the Code of Corporate Governance (CG Code). The review is intended to build on established good practices in corporate governance and disclosures among listed companies, and complement the ongoing work of the Equities Market Review Group.

The CGAC will consult and engage with industry stakeholders for its CG Code review, with the support of the following two sub-committees:

- the first sub-committee will consider measures to facilitate more meaningful implementation of the CG Code. This includes providing additional guidance and practical examples on implementing the CG Code provisions in a manner that is suited to companies' operating contexts, such as their size and industry; and
- the second sub-committee will consider new CG Code provisions or guidance on corporate culture, board effectiveness, and risk management in emerging areas, such as artificial intelligence. These enhancements are intended to strengthen boards' capacities to steer companies through a rapidly evolving landscape, while continuing to uphold long-term shareholder value.

RECENT CLIFFORD CHANCE BRIEFINGS

Asset backed securitisation for European digital infrastructure – what's next?

Digital infrastructure has been an area of significant focus for asset backed securitisation (ABS) in recent years. In a European context this has been primarily on data centre ABS, with Clifford Chance having structured and acted on the first two public data centre ABS deals in Europe for Vantage: the first, in 2024, financing two data centres on its Cardiff campus, followed by the financing of four data centres spread over two campuses in Berlin and Frankfurt.

This briefing paper discusses the key legal structuring features of data centre ABS.

https://www.cliffordchance.com/briefings/2025/06/asset-backed-securitisation-for-european-digital-infrastructure-.html

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