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SELL SIDE HORIZON SCANNER Q3 2025

JULY 2025

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KEY CONTACTS AND FURTHER RESOURCES

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Our sell-side regulation practice

The financial services industry continues to face unprecedented regulatory change on a global basis. No other law firm is better placed to address these challenges for banking and investment firm clients than Clifford Chance.

Our understanding of each part of the sector, coupled with the reach of our global network of expertise, allows us to tailor our advice to a client's exact needs while accessing the very latest market thinking and advice worldwide.

Our clients include the world's leading banks, investment firms, insurance companies and private banking businesses. They range in size from household names with a five-continent footprint to start-up fintech firms.

Further Clifford Chance resources

The Financial Markets Toolkit
A "one-stop shop" for practical, user-friendly resources on an expansive range of topics, from regulatory developments to transactional matters. Resources include web-based videos, short, practical briefings on regulatory developments and longer, thought leadership pieces on industry and legal trends and issues. You can access the Toolkit here.

Alerter: Finance Industry
Our daily 'Alerter: Finance Industry' email and our weekly 'International Regulatory Update' email provide you with comprehensive, up-to-the-minute summaries of regulatory and legal developments from around the world as well as links to relevant Clifford Chance publications and contacts.

Training and events
Our London Perspective series offers a seasonal series of talks on a wide range of topical issues for financial institutions, from corporate and employment issues to tax and regulatory developments. Our Insights on Financial Regulation series is a programme of frequent, short calls on which we share our practical insights on topical developments, from the UK Smarter Regulatory Framework reforms to cryptoasset regulation.

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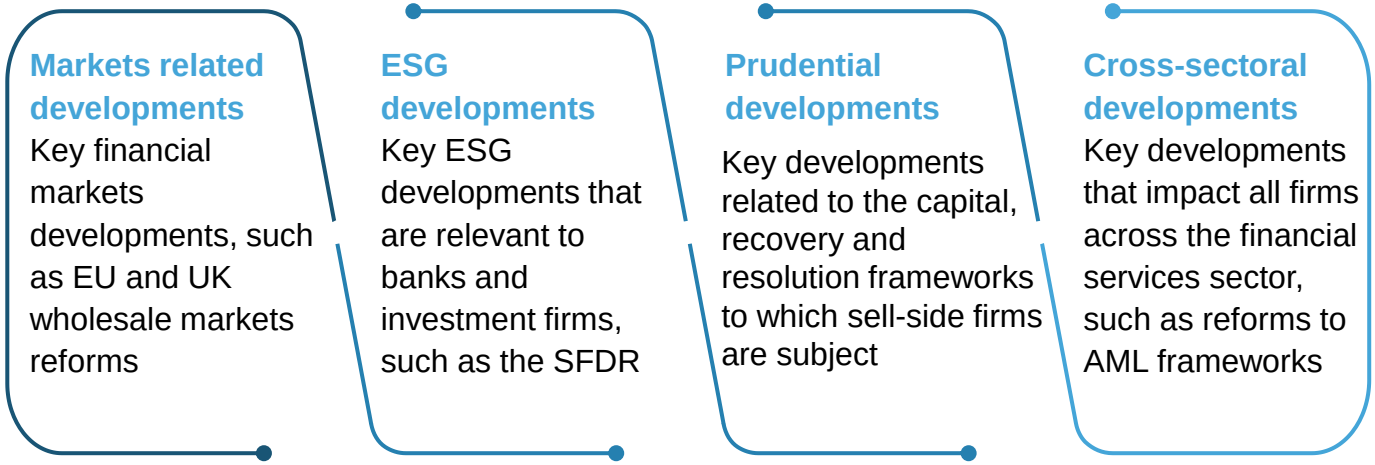
INTRODUCTION
THE SELL-SIDE REGULATORY HORIZON SCANNER

This sell-side regulatory horizon scanner provides a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to banks and investment firms.

We identify and summarise key legislative and non-legislative developments that are likely to have an impact on banks and investment firms providing services in the EU and UK. Developments are grouped firstly according to whether they are EU or UK developments and, within those categories, into the following four topics:



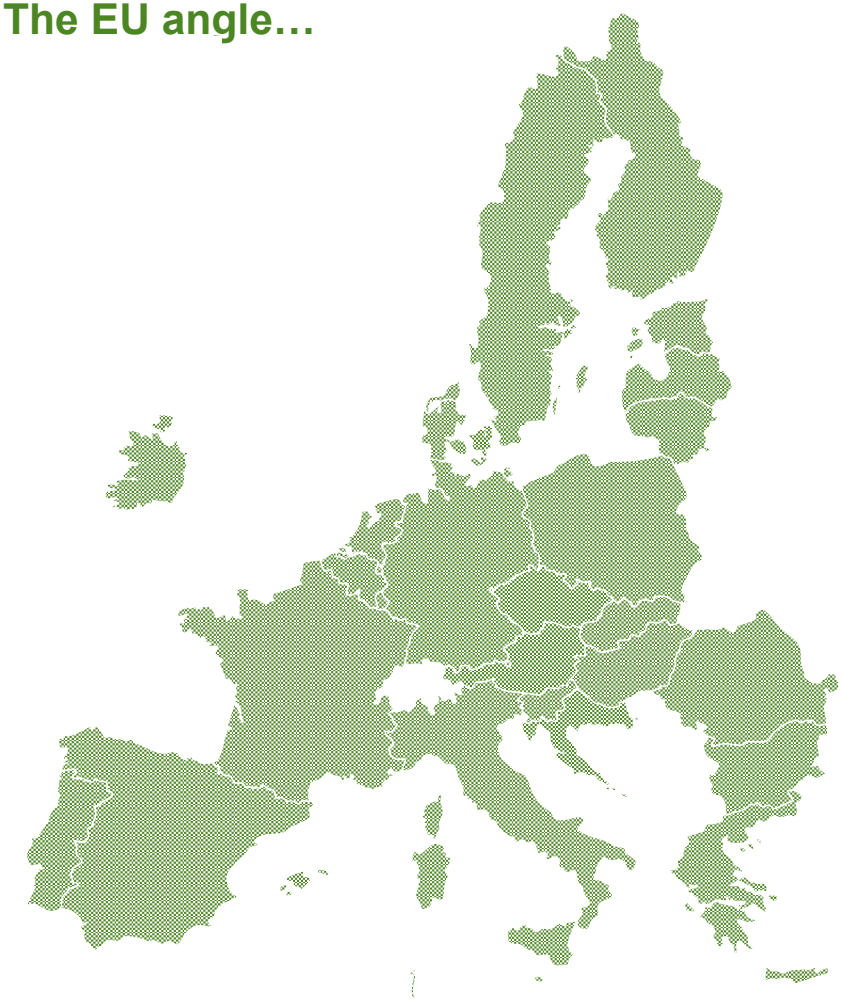
The horizon scanner also sets out projected timelines for the finalisation and implementation of the relevant developments, covering approximately the next 18 months to 2 years.

Further background information and commentary on many of these developments, as well as an overview of the EU legislative process, is available on the Financial Markets Toolkit.

This horizon scanner has been prepared as of July 2025. It does not constitute legal advice and is not intended to provide an exhaustive list of all provisions or requirements applicable to such firms during this period.

INTRODUCTION
THE EU SELL-SIDE REGULATORY LANDSCAPE

The EU angle…



In 2025, we are in the first year of the new 2024-2029 institutional cycle. The strategic agenda agreed by the European Council in June 2024 set out the future priorities for the next five years, focusing on European freedom and democracy, resilience and defence-readiness, and the continent's prosperity and competitiveness.

During 2025 we are likely to see an acceleration of the EU's programme of integration under the EU Capital Markets Union and Banking Union initiatives. This includes finalisation of the CMDI reform measures, and potentially legislative proposals to reinvigorate the securitisation market and to harmonise insolvency laws.

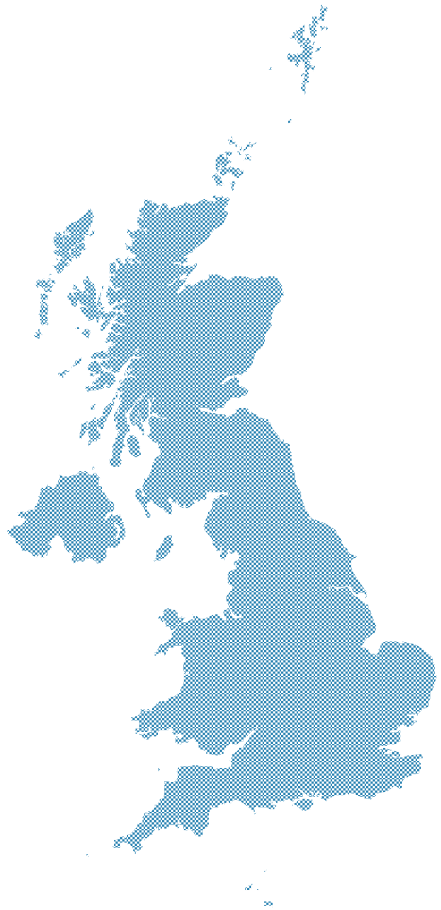
To help meet the extensive funding needs of the EU's green and digital transition, recommendations have been put forward for a Savings and Investments Union to channel more private funding into the economy. The EU's retail investment package, unveiled in 2023, is intended to enhance the overall investment environment for retail customers and lead to more participation in the capital markets. The ambition and scope of the package has proved contentious. Firms and investors alike will be interested to see the nature and scope of changes that are finalised as the package continues to progress through the EU legislative process in 2025.

Other measures proceeding through the legislative process include the overhaul of the EU payments legislative framework and the FIDA regulation to promote open finance. With the EU's flagship cryptoasset legislation, MiCA, having applied in full since December 2024, work will continue on finalising its secondary legislation and supporting guidelines.

The new European Commission has an ambitious mandate under Political Guidelines set by returning Commission President Ursula von der Leyen. The key focus of the 2024-2029 Commission will be boosting the EU's competitiveness, with the launch of a Competitiveness Compass early in the year as its first major initiative. The Commission has also proposed a number of so-called 'Omnibus simplification packages', some of which are relevant for financial services. These packages have the aim of reducing regulatory requirements and reducing administrative burdens on affected firms.

INTRODUCTION
THE UK SELL-SIDE REGULATORY LANDSCAPE

The UK angle…



In 2025, we are in the first year of an expected five-year term under a new Labour Government, the primary focus of which will be on the growth and competitiveness of the UK, to be achieved by more joined-up and innovation-centred approach to regulation and supervision. In financial services, this so far has resulted in new growth-focused remits and recommendations to the independent regulators, and invitations to the regulators to consider ways in which they can shift the focus of regulation away from risk-aversion towards economic growth.

The government has highlighted five key priority growth areas in financial services: (i) fintech; (ii) sustainable finance; (iii) capital markets (including retail investment); (iv) insurance & reinsurance markets; and (v) asset management & wholesale services. Planned reforms in these areas featured in a new 10-year UK Financial Services Growth and Competitiveness Strategy, published in mid-July.

The UK brought forward legislation for UK regulation of stablecoins and other cryptoassets in early 2025, followed by a suite of discussion and consultation papers by the Financial Conduct Authority (FCA) under its 'crypto roadmap', with a view to the UK cryptoasset regulatory framework being in place in late 2026/early 2027.

The UK's green ambitions are also being addressed through a number of measures during 2025, including through legislation to introduce regulation of ESG ratings providers and new climate-related disclosure obligations for asset managers and listed issuers. The Prudential Regulation Authority (PRA) is also consulting on updates to its expectations for climate-related disclosures of PRA-regulated firms.

While the focus of 2025 is firmly on innovation and growth, the operational resilience of the regulated financial sector and their third-party providers remains a key concern of the regulators, with further obligations set to be placed on firms this year.

Finally, work is ongoing to deliver a more fundamental restructuring of the UK's post-Brexit regulatory framework to create a 'Smarter Regulatory Framework' for the UK, involving the revocation of assimilated EU law, additional objectives for the UK's regulators and reform of many aspects of UK financial regulation. In H2 2025, we can expect to see further consultations and publications aiming to bring forward this post-Brexit reform. The government's growth and competitiveness agenda is expected to influence the sequencing of the work.

EU DEVELOPMENTS

I. MARKETS

EU MARKETS: IN THIS SECTION

View related UK measures

EU Markets Developments

EU MIFID2/MIFIR

View related UK measures

H2 2025: Commission considering adoption of draft RTS submitted by ESMA in March 2025 under amended MiFIR Arts. 5, 9(5), 14(7), 15(1).

29/09/25: MiFID3 provisions apply.

29/09/25: ESMA to submit draft RTS under amended MiFIR Arts. 11a, 26(9), 27ha by this date.

09/10/25: MiFIR Double Volume Cap replaced from this date with a single Volume Cap.

29/03/26: ESMA to submit draft RTS under amended MiFIR Art. 1(8).

- MiFIR2 Article 54(3) transitional provision applies pending application of new MiFIR2 delegated acts

EU MiFID2/MiFIR package

The MiFID2 Framework (comprising the MiFID2 Directive and the MiFIR Regulation) is the cornerstone of EU legislation governing the authorisation and operation of investment firms and the buying, selling and organised trading of financial instruments.

The MiFID2 'Quick Fix' measures in response to Covid-19 have applied since February 2022 and measures to integrate sustainability into the package were introduced in August and November 2022.

The '**MiFID3/MiFIR2**' package published in the Official Journal in March 2024 amends the MiFID2 Framework mainly to improve access to market data (including to enable introduction of an EU consolidated tape – see **Slide 12**) and improve trade transparency. Related Level 2 measures have been under development throughout 2025. MiFID2 will also see further changes due to initiatives being introduced under the Capital Markets Union (CMU) Action Plan.

Read more on these developments here, here and here.

What's on the horizon?

- The MiFID3/MiFIR2 package was published in the Official Journal on 8 March 2024 and entered into force on 28 March 2024. The MiFIR2 amendments to MiFIR have applied from 28 March 2024. EU Member States must bring into force the MiFID3 amendments to MiFID2 by 29 September 2025.
- ESMA is required to develop and submit to the Commission a large number of draft RTS and ITS under MiFIR2 which will be adopted as Level 2 delegated acts. These Level 2 measures will be under development throughout 2025 and 2026. In H2 2025, the Commission is considering whether to endorse final draft RTS/ITS submitted to it by ESMA in March 2025 and draft delegated regulations adopted by the Commission are undergoing scrutiny by the European Parliament and Council.
- A transitional provision in new Article 54(3) to MiFIR provides that delegated acts adopted under MiFIR that were applicable before 28 March 2024 will continue to apply until the date of application of new delegated acts reflecting reforms made by MiFIR2.
- As part of the EU's **Digital Finance Strategy**, Directive (EU) 2022/2556 supporting the DORA Regulation (see **Slide 41**) amends various sectoral Directives including MiFID2 to ensure that their requirements on operational risk and risk management are cross-referenced to the DORA Regulation. These amendments have applied from 17 January 2025.
- The **Listing Act package** to support access to EU public markets (see **Slide 21**), will among other things amend MiFID 2's provisions on research unbundling and SME growth markets to stimulate investment in SMEs, introduce a Code of Conduct for issuer-sponsored research, and amend MiFIR RTS on order book data. ESMA submitted technical advice in April 2025 on research, and technical advice in May 2025 on the conditions for MTFs (or their segments) to qualify as SME growth markets and suggested targeted adjustments to MiFID II.
- The Commission's proposed **Retail Investment package** sets out measures to increase consumer participation in capital markets (see **Slide 24**) and includes proposed amendments to sectoral legislation including MiFID2 to introduce simplified/improved disclosures on products, new provisions relating to sophisticated retail investors and harmonisation of professional standards for advisers. The European co-legislators will continue to consider the package during H2 2025.

MARKET DATA: EU CONSOLIDATED TAPES

View related UK measures

03/0725: ESMA announces selected applicant for the bond CTP.

Q4 2025: ESMA to select applicant for the equities CTP in Q4 2025.

Q4 2025: Bond CTP expected to be authorised by Q4.

Q1 2026: ESMA expects to launch selection procedure for OTC derivatives CTP.

Q2 2026: Equities CTP expected to be authorised by Q2.

Q3 2026: ESMA to select applicant for the OTC derivatives CTP.

Q4 2026-Q1 2027: Expected authorisation of the OTC derivatives CTP.

EU Consolidated Tapes for bonds, equities and derivatives

Planned EU consolidated tapes (CTs) will consolidate, for selected asset classes, post-trade (and, for equities, pre-trade) market data (such as prices and volumes) and disseminate them in a continuous, single feed. Benefits for market participants (for which use of CT data will not be mandatory) include a centralised source of price information against which to assess compliance with best execution obligations.

Among other things, one objective of MiFIR2 (see **Slide 11**) is to enhance market data transparency and remove the obstacles that have prevented the emergence of a CT in the EU. MiFIR 2 has amended the provisions around the establishment of consolidated tape providers (CTPs) and for data reporting service providers (DRSPs).

MiFIR 2 mandated ESMA to develop several draft technical standards and to periodically organise competitive CTP selection procedures to select the most suitable entity able to operate consolidated tapes for bonds, for shares and exchange traded funds (ETFs), and for OTC derivatives or relevant subclasses of OTC derivatives. Selected CTPs will be authorised and then directly supervised by ESMA. CTPs will operate the relevant CT for a period of five years.

What's on the horizon?

- In September 2024, ESMA announced that the selection procedure for the CTP for bonds would be launched on 3 January 2025 and the selection procedure for the CTP for shares and ETFs would be launched in June 2025.
- Level 2 and Level 3 material is under development or in the process of being finalised. Following technical advice from ESMA, the Commission has adopted draft delegated and implementing regulations under MiFIR covering:
    - Provision of market data on a reasonable commercial basis;
    - Input and output data of consolidated tapes;
    - Synchronisation of business clocks;
    - Revenue distribution by the CTP;
    - Authorisation and organizational requirements of CTPs and DRSPs,
    - Fees to cover supervision of CTPs under MiFIR; and
    - Extension of procedural rules for penalties imposed on DRSPs to CTPs.
- On 3 January 2025, ESMA launched the selection procedure for the bonds CTP, inviting applicants to submit participation requests by 7 February 2025.
- In June 2025, launched the selection procedure for the equities CTP (shares and ETFs).
- On 3 July 2025, ESMA announced that it has selected Ediphy (fairCT) to become the first Consolidated Tape Provider for bonds.
- ESMA expects to launch the selection procedure of the OTC derivatives CTP in Q1 2026.

EU EMIR

25/06/25: AAR applies to the first group of in-scope counterparties from this date. ESMA to submit draft RTS to the Commission.

Q3 2025: Commission considering draft RTS on AAR submitted by ESMA on 19/06/25.

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04/06/25: Revised ESMA submission deadline for draft RTS on CCP interoperability and on PTRR services.

December 2026: Revised ESMA submission deadline for draft RTS on public data and draft RTS on systematic manifest errors.

04/12/26: ESMA to publish guidelines on data quality procedures and arrangements and guidelines on public entities.

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25/06/26: Member States to transpose the new requirements in CRD and the IFD.

25/06/26: EBA to publish guidelines on integrating concentration risk arising from exposures to CCPs into supervisory stress testing.

25/06/26: ESMA to assess the effectiveness of the active account obligation.

EU EMIR

The European Market Infrastructure Regulation (EU EMIR) places clearing, risk mitigation and reporting requirements on counterparties to derivatives contracts, central counterparties ((CCPs) and trade repositories. EU EMIR also sets out registration and supervision requirements applicable to CCPs and trade repositories.

Since its application, EMIR has been amended by EMIR REFIT and EMIR 2.2. Most recently, the EMIR 3.0 package was published in the Official Journal on 4 December 2024 and entered into force on 24 December 2024. The package comprises (i) a regulation amending EMIR, CRR and the MMF Regulation and (ii) the EMIR 3.0 Directive amending CRD and the IFD.

The EMIR 3.0 package aims to increase clearing at EU CCPs and reduce reliance on UK Tier 2 CCPs. It also makes other targeted changes which impact EU counterparties that trade derivatives, as well as their trading partners.

Read more on EMIR here and here.

What's on the horizon?

- The Commission has extended the equivalence decision for UK CCPs to 30 June 2028.
- Intragroup transactions - Commission Delegated Regulations (EU) 2023/314 and (EU) 2023/315 extended the deferred date of the application of EMIR's margin requirements and the clearing obligation for intragroup transactions to 30 June 2025. The provisions of EMIR 3.0 remove the necessity for further temporary relief measures after that date.
- Active Account Requirement (AAR) - In-scope counterparties had to open (by 26 June 2025) and maintain an active clearing account with at least one EU CCP. Operational conditions for the account apply and in-scope counterparties must meet extensive reporting requirements. Those in-scope counterparties with EUR 6bn or more must also meet a so-called 'representativeness' requirement. The AAR is to be supplemented by RTS, on which ESMA submitted its final report and draft RTS to the Commission for endorsement on 19 June 2025.
- Other Level 2 measures - ESMA will be consulting throughout 2025 on other EMIR 3.0 mandates to develop new or revised RTS/ITS covering a wide range of areas. In March 2025, ESMA announced a reprioritisation of some of its deliverables, which include some EMIR 3.0 deliverables that originally had a deadline of December 2025.
- In 2025, ESMA was expected to publish draft RTS on public data, development of which ESMA had postponed due to EMIR REFIT provisions applying in April 2024. ESMA has further postponed delivery of these RTS to December 2026.
- Level 3 measures – ESMA is mandated to develop guidelines under Art 9(4a) of EMIR on data quality procedures and arrangements and on public entities. ESMA has postponed delivery of the guidelines until December 2026. EBA is to develop guidelines (under Art. 100(5) of CRD) on integrating concentration risk arising from exposures to CCPs into supervisory stress testing.

EU SFTR

19/09/25: Response deadline for ESMA call for evidence on streamlining transaction reporting.

Early 2026: ESMA report expected following its call for evidence on streamlining transaction reporting,

2025: ESMA's supervisory focus is on monitoring of data reconciliation and the accuracy and integrity of SFTR reports by trade repositories.

2025: ESMA plans to publish its postponed report on efficiency of SFTR reporting during 2025.

EU SFTR

SFTR aims to increase transparency and reduce perceived "shadow banking" risks by requiring counterparties to report securities financing transactions (SFTs) to a trade repository and among other things requiring UCITS managers and AIFMs to make pre-contractual and periodical disclosures to investors about their use of SFTs and total return swaps. SFTR also imposes conditions on the re-use of financial instruments that have been provided as collateral.

ESMA Guidelines for the transfer of data between trade repositories under EMIR and the SFTR were published in March 2022 and have applied since October 2022.

Read more on EU SFTR here.

What's on the horizon?

- The key challenge with respect to SFTs is that, while many core regulatory and supervisory activities of the authorities rely on the data reported and disclosed by market participants, **lack of reliable data** can present difficulties in identifying property rights and counterparties and monitoring risk concentration.
- With respect to fees charged to trade repositories, Commission Delegated Regulation (EU) 2024/1704 has applied since 1 January 2025. It amended Delegated Regulation (EU) 2019/360 as regards harmonisation of certain aspects of fees charged by ESMA to trade repositories.
- In April 2025, ESMA published its fifth annual Report on Quality and Use of Data, covering the datasets in the following sectoral regulations under ESMA's remit: EMIR (transactions and positions in derivatives), SFTR (SFTs), MiFIR (transactions in financial instruments), Securitisation Regulation, AIFMD and MMFR (funds data), CRAR (ratings) and Prospectus Regulation.
- In 2025, ESMA plans to publish a report on the efficiency of SFTR reporting. Required under Art 29(1) this report had an original deadline in 2021. ESMA explained in May 2024 that this report had been postponed.
- In June 2025, ESMA issued a call for evidence on a comprehensive approach for the simplification of financial transaction reporting, as part of the Commission's and ESMA's work on simplification and burden reduction. The Call for evidence seeks feedback on opportunities to integrate, streamline and simplify financial transaction reporting. This aligns with ESMA's mandate under MiFIR2 (see **Slide 11**) to explore ways to integrate and simplify transaction reporting across MiFIR, EMIR, and SFTR by March 2028. The call for evidence closes on 19 September 2025. ESMA will report in early 2026.
- In 2025, as in 2024, ESMA's supervisory focus will be on monitoring the correct reconciliation of data and the adequate verification of accuracy and integrity of SFTR reports by trade repositories.

EU MAR AND CSMAD

2025: In 2025 ESMA working on regulatory and supervisory convergence measures further to the implementation of the Listing Act amendments to MAR.

05/06/26: Amendments to EU MAR with respect to issuer disclosures, introduced by the EU Listing Act package, apply from this date.

TBC: Commission report on EU MAR has yet to be published.

EU MAR and CSMAD

An EU-wide framework for tackling market abuse and market manipulation was first introduced in 2005. EU MAR and CSMAD aimed to update and strengthen this framework. From 2016, EU MAR extended the scope of the market abuse regime and introduced new requirements including in relation to insider lists, disclosure of inside information and reporting of suspicious orders and transactions.

CSMAD sets minimum requirements for EU Member States' criminal sanctions regimes for market abuse.

The first in-depth review of EU MAR since its implementation was carried out by ESMA, with the outcomes published in September 2020. ESMA's recommendations will feed into the European Commission's review of EU MAR.

Read more on this development here.

What's on the horizon?

- EU MAR required the Commission to submit a report on EU MAR and, if the Commission considered this to be appropriate, a proposal for amendments to EU MAR, by 3 July 2019. In September 2020, ESMA published a report on EU MAR. The Commission's report has not been published.
- The EU Listing Act package (see **Slide 21**) includes changes to the rules under EU MAR on share buy-backs, market soundings, issuer obligations, managers' disclosures and other matters. Most of the changes to EU MAR took effect on 4 December 2024. Amendments to EU MAR with respect to issuer disclosures will apply from 5 June 2026.
- In 2025, ESMA has been working on regulatory and supervisory convergence measures further to the implementation of the EU Listing Act amendments to EU MAR. In May 2025, ESMA published its final report on draft technical advice concerning MAR and MiFID2 SME Growth Markets following consultation in December 2024.With respect to MAR the technical advice covered:
    - Disclosure of inside information in a protracted process;
    - Conditions for delaying disclosure of inside information (including where there is a conflict with public announcements); and
    - The methodology and preliminary findings for identifying trading venues with significant cross-border activity for the cross-market order book (CMOB) implementation.
- In 2025, ESMA will continue focusing on the impact of social media on market surveillance and market integrity and may revise its guidance on this topic. ESMA will also monitor the convergent implementation and application of the market abuse rules stemming from EU MAR, to identify new forms of market abuse and threats to market integrity. ESMA will also will keep on monitoring the deployment of existing accepted market practices (AMPs) and will deliver opinions with respect to new or revised AMPs. If needed, ESMA will consider updating its opinion on points for convergence in relation to AMPs on liquidity contracts.

EU CSDR

Q3 2025: Commission working on a delegated act on scope of settlement discipline following technical advice from ESMA .

October 2025: ESMA draft RTS on settlement discipline and settlement efficiency expected.

02/11/25: Deferred mandatory buy-in rules apply from this date.

17/01/26: Application date for remaining CSDR REFIT amendments to EU CSDR.

Post-October 2027: ESMA to deliver draft RTS on the mandatory buy-in process. And deferred settlement,

EU CSDR

EU CSDR aims to harmonise certain aspects of securities settlement, such as the timing of settlement and the authorisation process for EEA central securities depositories (CSDs). The next major phase of implementation, the introduction of a mandatory buy-in regime, was intended to come into effect on 1 February 2022, but has been suspended and will now take effect from 2 November 2025. In the meantime, the CSDR REFIT entered into force on 16 January 2024. Some of its provisions applied from that date. Others have applied from 1 May 2024 or will apply from 17 January 2026. CSDR REFIT amends the CSDR to:

- Enhance supervisory co-operation;
- Simplify the CSDR passporting process;
- Facilitate CSDs' access to banking-type ancillary services;
- Clarify elements of the settlement discipline regime; and
- Introduce an end-date for the grandfathering clause for EU and third-country CSDs and a notification requirement for third-country CSDs.

Read more on this development here.

What's on the horizon?

- CSDR REFIT was published in the Official Journal on 27 December 2023 and entered into force on 16 January 2024. CSDR REFIT will apply fully from 17 January 2026.
- CSDR REFIT mandated ESMA to deliver a report on shortening the settlement cycle – see **Slide 17** for details.
- Following consultations in July 2024, in February 2025 ESMA submitted the following final draft RTS/ITS, mandated by CSDR REFIT:
  - CSDR Art 22: RTS on review and evaluation – Information to be provided; and ITS on review and evaluation – Standards, forms and templates (draft RTS).
  - CSDR Art 24a: RTS on on the substantial importance of CSDs (draft RTS).
  - CSDR Art 25: RTS on information to be notified to ESMA by Third Country CDSs (draft RTS)
- ESMA is also working on mandates for guidelines under the CSDR REFIT.
- In H2 2025, the Commission is expected to adopt a delegated act on the scope of the settlement discipline following Technical Advice from ESMA.
- In H2 2025, EBA is continuing work on its CSDR REFIT mandates to deliver: (i) draft RTS on thresholds for provision of banking-type ancillary services; (ii) RTS on rules and procedures on conflict of interests; and (iii) a report on provisioning of banking-type ancillary services for CSDs.
- In October 2025, ESMA intends to deliver a final report and draft RTS on settlement discipline measures and tools to improve settlement efficiency, following consultation in February 2025.
- The CSDR's mandatory buy-in regime was intended to apply from 1 February 2022. The application of the relevant rules has been delayed until 2 November 2025. Under CSDR REFIT, ESMA was mandated to develop by 17 January 2025 draft RTS on the mandatory buy-in process and draft RTS on deferred settlement. In March 2025 ESMA explained it would postpone delivery of these RTS until after T+1 settlement is complete (see **Slide 17**).

EU T+1 SETTLEMENT

View related UK measures

TBC: Formal adoption expected of Regulation amending Art 5(2) CSDR to shorten the settlement cycle to T+1.

11/10/27: T+1 go-live date.

2025-2026: ESMA engaged in preparatory work and stakeholder engagement on the moveT+1.

EU T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

Speaking in July 2024, ESMA Chair Verena Ross commented that, given that the EU markets are strongly interlinked, a misalignment in the settlement cycle between the UK, the EU and Switzerland could be damaging.

ESMA was mandated under CSDR REFIT (see **Slide 16**) to submit a report by 17 January 2025 on its assessment of shortening the settlement cycle. ESMA ran a call for evidence October-December 2023 on shortening the settlement cycle and published a feedback report in November 2024. The date of 11 October 2027 has been selected for the move to T+1.

What's on the horizon?

- ESMA's report on its assessment of the shortening of the settlement cycle in the European Union was published in November 2024. ESMA recommended that migration to T+1 should be achieved in Q4 2027, preferably 11 October 2027 and preferably coordinated with the T+1 transition in UK and Switzerland.
- A move to T+1 requires changes to the EU CSDR and existing Level 2 regulations, as well as further regulatory guidance. Political agreement was reached between the co-legislators on 18 June 2025 on a proposed Regulation to shorten the settlement period for EU transactions in transferable securities through an amendment to Article 5(2) CSDR. The proposed Regulation will now need to be formally adopted, to apply from 11 October 2027.
- In H2 2025, ESMA expects to continue working on progress towards T+1 settlement, being actively involved in preparatory work and coordination with the relevant public and private sector stakeholders towards shortening of the settlement cycle.
- As outlined in a joint ESMA, Commission and ECB statement in October 2024, ESMA, in close coordination with national competent authorities, DG FISMA and the ECB's DG MIP has agreed to establish a governance structure, incorporating the EU financial industry, as soon as possible to oversee and support the technical preparations of any future move to T+1.
- China is already operating at T+0 and Japan, Singapore, Australia are all actively considering a move to real time settlement. In its report, ESMA stated its view that the conditions in which a move to T+1 would occur in the EU should not prevent a later move to T+0 and that the discussion on the possibility to further shorten the settlement cycle to T+0, including the role that new technologies may play here, should continue following a successful transition to T+1.

EU MICA REGULATION

View related UK measures

30/12/24 – 30/06/26: Transitional provisions apply to CASPs (duration/other conditions set by Member States).

31/12/25: EBA and ESMA to publish 1st annual report on MiCA application and cryptoasset developments.

01/07/26: Subject to Member State implementation, transitional period for CASPs ends on this date.

2025-2026: Commission Delegated Regulations and Implementing Regulations published in the Official Journal. EBA and ESMA Guidelines begin to apply.

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EU MiCA Regulation

The Markets in Cryptoassets Regulation (MiCA) aims to harmonise cryptoasset regulation across the EU.

MiCA applies with respect to cryptoassets that do not qualify as MiFID financial instruments, deposits or structured deposits or traditional e-money under existing EU financial services legislation. In-scope cryptoassets are stablecoins ('Asset Referenced Tokens' (ARTs) and 'e-money Tokens' (EMTs)) and utility tokens ('other cryptoassets').

As well as placing obligations on those who issue or offer cryptoassets to the public, MiCA provides a framework for cryptoasset service providers (CASPs), which imposes separate authorisation and ongoing requirements for activities such as trading and custody of this asset class. It will ensure among other things that customer assets are properly segregated from a cryptoasset firm's own assets and will ensure the cryptoassets firm has enough liquidity on hand in the form of reserves to meet customer withdrawals. MiCA also introduces a market abuse regime tailored to cryptoassets.

Read more on MiCA here, here, here, and here.

What's on the horizon?

- MiCA was published in the Official Journal on 9 June 2023 and entered into force on 29 June 2023. MiCA's provisions related to stablecoins (Asset Referenced Tokens and E-Money Tokens) applied from 30 June 2024, with the remainder of its provisions applying from 30 December 2024.
- Transitional provisions under Article 143 of MiCA will operate to enable CASPs that were authorised under existing national regimes as of 30 December 2024 to continue to providing services until whichever is sooner of such time as their application for authorisation is granted/refused or 1 July 2026 (i.e. 18 months after MiCA's entry into force). However, in practice this varies as not all Member States have applied the full transitional period and some Member States have imposed deadlines for authorisation applications for CASPs wishing to benefit from the transitional period. ESMA published a list of Member States' decisions on transitional periods in December 2024.
- MiCA is supplemented by a very extensive set of further Level 2 delegated acts, RTS and ITS, and Level 3 guidelines.
    - Since H2 2023, EBA and ESMA have launched multiple consultation packages to develop Level 2 measures and submitted their final drafts to the Commission. Adoption by the Commission of draft Commission Delegated Regulations and Implementing Regulations, their finalisation and publication in the Official Journal has been ongoing during H1 2025. This will continue during H2 2025.
    - Both EBA and ESMA have consulted on and published Level 3 Guidelines. A number of Guidelines were published in H1 2025. Other Guidelines are expected to be finalised.
    - ESMA has issued Q&A on queries with respect to the transitional regime and is expected to publish further Q&A in response to queries on other details of the regime.

SETTLEMENT FINALITY DIRECTIVE

09/04/25: Member States were required to implement amendments to Art 2 SFD by this date, to allow PIs and EMIs to participate in SFD-designated payment systems.

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TBC: Commission to confirm in due course how it plans to take forward any changes to the SFD following its June 2023 report.

Review of EU settlement finality directive

The Settlement Finality Directive (SFD) regulates designated systems used by participants to transfer financial instruments and payments. The SFD seeks to reduce the systemic risk associated with participation in payment and securities settlement systems, particularly the risk linked to the insolvency of a participant in such a system. It guarantees that transfer orders which enter into such systems are also finally settled, regardless of insolvency or revocation of transfer orders in the meantime.

The Commission was mandated under Article 12a of the SFD to conduct a review of its functioning and was due to have produced a report by 28 June 2021, including proposing legislative amendments where appropriate.

Due to the close post-trade interconnection of the SFD with the Financial Collateral Directive (FCD), the Commission launched parallel consultations on the two Directives in February 2021.

Read more on this development here.

What's on the horizon?

- The Commission consultation closed on 7 May 2021, and the Commission published a report on its review on 28 June 2023.
- The Commission concluded that, as with the related Financial Collateral Directive (FCD), no major overhaul of the SFD was required. However, the Commission highlighted that:
    - The SFD does not apply to third country settlement systems, but national authorities can exercise discretion to extend SFD protections to domestic institutions' participation in third country settlement systems. While the review found a lack of harmonisation in Member States' exercise of the discretion, any future proposals to change the SFD to require further harmonisation need to be carefully weighed in terms of costs and benefits.
    - There was support for Payment Institutions (PIs) and Electronic Money institutions (EMIs) to be added to the list of eligible direct participants in settlement systems.
    - Consideration of applying SFD to DLT-based systems should await insights form the EU Digital Pilot Regime on the risks and benefits of DLT in trading and settlement.
- The Commission work programme for 2025 published in February 2025 did not include planned work on review of the SFD.

FINANCIAL COLLATERAL DIRECTIVE

TBC: Commission to confirm in due course how it plans to take forward any changes to the FCD following its June 2023 report.

Review of EU financial collateral directive

The Financial Collateral Directive (FCD) facilitates the cross-border use of financial collateral primarily by removing national law formalities and offering harmonised protections against insolvency challenges in certain cases. It also ensures that certain close out netting provisions are enforceable in accordance with their terms.

The Commission launched a consultation on the functioning of the FCD in February 2021, in parallel with a consultation on the functioning of the Settlement Finality Directive given that the two Directives are closely connected in the post-trade context.

Read more on this development here.

What's on the horizon?

- The Commission consultation closed on 7 May 2021, and the Commission published a report on its review on 28 June 2023. The Commission concluded that the FCD has worked well and needs no major revisions. However, the Commission highlighted that :
    - Extending the scope of the FCD to additional market participants such as Payment Institutions and Electronic Money Institutions warrants further consideration and monitoring;
    - To keep up with market and regulatory developments, the current list of eligible financial collateral under the FCD (i.e., cash, financial instruments and credit claims) could be reviewed to consider whether its scope should be extended, but noting that and such extension would have to meet the requirements under FCD, including key concepts such as 'possession' and 'control' of the financial collateral to ensure, for example, that the collateral provider is prevented from disposing of the collateral; and
    - The FCD can apply to DLT based collateral provided that the collateral complies with the conditions set out in the FCD. However, for cryptoassets to qualify as financial instruments, the ownership provision, possession and control requirements of the FCD might potentially raise issues. The results of the EU DLT Pilot Regime (a related provision under the EU's Digital Finance Strategy) might provide further insights on how these issues might be addressed.
    - ESMA is required to publish annual reports on the functioning of the EU DLT Pilot Regime, the first of which was due 24 March 2024. ESMA issued an update by way of letter in lieu of its first report. ESMA published a further update in June 2025.
- The Commission work programme for 2025 published in February 2025 did not include planned work on review of the FCD.

EU LISTING ACT PACKAGE

View related UK measures

Q4 2025: ESMA to publish a final report on Guidelines on supplements which introduce new securities to a base prospectus.

Q4 2025: ESMA to submit final draft RTS on EU Code of Conduct for issuer-sponsored research.

05/03/26: Further elements of the Listing Regulation now apply.

05/06/26: Implementing measures for the Listing Directive must be brought into application on this date.

05/06/26: All elements of the Listing Regulation now apply.

05/12/26: Implementing measures for the Multiple-vote Directive must be brought into application on this date.

EU Listing Act package

The EU "Listing Act" package to improve the attractiveness of EU capital markets was published in the official journal on 14 November 2024 and entered into force on 4 December 2024. The package comprises:

i. The Listing Directive ((EU) 2024/2811) introducing targeted adjustments to MiFID2 (see **Slide 11**) to enhance visibility and facilitate listing of companies (especially SMEs) on EU stock exchanges, to introduce regulation for issuer-sponsored research, and to repeal the original EU Listing Directive to enhance legal clarity.

ii. The Listing Regulation ((EU) 2024/2809) amending the EU Prospectus Regulation, the EU Market Abuse Regulation (MAR) and EU MiFIR to streamline and clarify listing requirements applying on primary and secondary markets, while maintaining an appropriate level of investor protection and market integrity.

iii. The Multiple-vote Directive ((EU) 2024/2810) on multiple-vote share structures.

EU Member States must bring implementing measures for the Listing Directive and the Multiple-vote Directive into application by 5 June 2026 and 5 December 2026, respectively. The Listing Regulation has applied partly from 4 December 2024 and will apply partly from 5 March 2026 and fully from 5 June 2026. ESMA has been mandated to prepare technical advice, Level 2 and Level 3 measures to support and supplement the package.

Read more on this development here, here and here.

What's on the horizon?

- In March 2025, ESMA announced a reprioritisation of its workload, involving delay or cancellation of various deliverables including in relation to the Listing Act package.
- In April 2025, ESMA submitted technical advice on the amendments to the research provisions in the MiFID2 Delegated Directive.
- In May 2025, ESMA published its final report on draft technical advice concerning MAR and MiFID2 SME Growth Markets following consultation in December 2024.
- In June 2025, ESMA published its final report on draft technical advice concerning the Prospectus Regulation and on updating the CDR on metadata.
- Following its consultation on draft RTS for the establishment of an EU Code of Conduct for issuer-sponsored research (closed 18 March 2025), ESMA will submit final draft RTS to the Commission by 5 December 2025.
- In Q4 2025 ESMA expects to publish a final report on Guidelines on supplements which introduce new securities to a base prospectus following consultation in February 2025.
- Following a Call for evidence in October 2024 on ESMA's draft advice on harmonising rules on civil liability pertaining to securities prospectuses under the Prospectus Regulation, ESMA is expected to publish its final technical advice in due course.

EU SECURITISATION REGULATION REVIEW

View related UK measures

15/07/25: Feedback deadline to Commission call for feedback on proposed amendments to the Liquidity Coverage Delegated Regulation.

TBC: ESMA expected to issue its final report following its February 2025 consultation on amendments to Article 7 of the Securitisation Regulation.

Q3-Q4 2025 - 2026: Commission package of proposed amendments to securitisation framework under review by the European Parliament and the Council.

Securitisation regulation review

As part of the capital markets union (CMU) action plan, the Commission conducted a review of the EU securitisation framework. Fulfilling its mandate under Article 46 of the Securitisation Regulation (SR), the Commission published a report in October 2022, which set out a stock take on the SR's functioning and highlighted some targeted non-legislative improvements to the framework.

The European Council has called on the Commission to accelerate work on all identified measures under the CMU. Separately, the reports of Christian Noyer, Enrico Letta and Mario Draghi recommended relaunching the securitisation market as a means of strengthening the lending capacity of European banks, creating deeper capital markets, building a European Savings and Investments Union and increasing the EU's competitiveness.

Enhancing the EU Securitisation Framework is a key initiative under the Savings and Investment Union, adopted in February 2025.

The Commission conducted a targeted consultation on the functioning of the EU securitisation framework between October and December 2024, the responses to which will feed into the review of the securitisation framework being taken forward by the Commission in H2 2025.

Read more on Securitisation and CMU here, here and here.

What's on the horizon?

- In its October 2024 consultation, the Commission noted that issuance and investment barriers remain high, impeding the EU economy from fully reaping the benefits that securitisation can offer. The Commission sought feedback on a broad range of issues.
- The Commission's Work programme 2025 highlighted review of the EU Securitisation framework among a range of initiatives with the objective of enhancing EU competitiveness. In February 2025, the Commission published a call for evidence launching a holistic evaluation of the prudential and non-prudential elements of the current EU securitisation framework, with a view to identifying and removing existing barriers that restrict issuance and investments in the EU securitisation market. The call for evidence was open until 26 March 2025.
- On 17 June 2025, the Commission published a package of proposals, which will be under consideration by the co-legislators in H2 2025:
    - A proposed regulation amending the securitisation regulation to simplify due diligence rules and transparency requirements, aimed at making it easier for investors to comply with their obligations in a timely and efficient manner and reducing the reporting burden on issuers of securitisation.
    - A proposed regulation amending the Capital Requirements Regulation (CRR – see **Slide 36**) to introduce greater risk-sensitivity and address the undue overcapitalisation of some types of securitisation exposures.
    - A call for feedback (closing 25 July 2025) on a proposed regulation amending the Liquidity Coverage Delegated Regulation ((EU) 2015/61) as regards the eligibility conditions for securitisations in the liquidity buffer of credit institutions
- Following a consultation in February 2025 on simplifying the disclosure framework for private securitisation under Article 7 of the Securitisation Regulation, ESMA is expected to issue its final report in due course.

EU PRIIPS REGULATION

View related UK measures

Q3 2025: Trilogue negotiations began in March 2025 and are ongoing.

TBC: Agreement to be reached among co-legislators on PRIIPs Amending Regulation.

PRIIPs Regulation

The PRIIPs Regulation obliges manufacturers of packaged retail insurance-based and investment products (PRIIPs) to produce a concise pre-contractual disclosure document, the Key Information Document (KID), where such products are made available to retail investors. It also obliges persons who advise upon or sell PRIIPs to provide investors with the KID. It sets out rules on the content and format of the KID, as well as guidance for its review and timing of delivery.

Proposals to Amend the PRIIPs Regulation as part of the EU retail investment package are proceeding through the EU legislative process.

What's on the horizon?

- The Commission has reviewed the PRIIPs Regulation as part of a wider assessment of the EU's retail investment strategy. The retail investment package was adopted in May 2023, comprising a Directive and a Regulation relating to retail investment reforms (see **Slide 24**) The package includes a legislative proposal to make targeted amendments to various aspects of the PRIIPs Regulation, including the KID (**PRIIPs Amending Regulation**).
- The Commission proposal for the PRIIPs Amending Regulation contained provisions relating to clarifications of scope, removable of the KID comprehension alert, a new 'at a glance' section, a new section on sustainability, and provisions on revisions of KIDs and presentation of KIDs to retail investors. Both the Council and the European Parliament have made suggested amendments.
- Trilogue negotiations began in March 2025 and are ongoing in Q3 2025.
- The Commission proposal provided that the PRIIPs Amending Regulation would take effect 18 months after its entry into force. However, this period might be adjusted in trilogues.

EU RETAIL INVESTMENT PACKAGE

View related UK measures

Q3 2025: Trilogue negotiations on Omnibus Directive began in March 2025 and are ongoing.

TBC: Agreement to be reached among co-legislators on the Omnibus Directive.

EU retail investment package

As part of the Capital Markets Union agenda, the Commission is focused on improving EU retail access to capital markets.

In May 2021, the Commission published a consultation paper entitled 'A retail investment strategy for Europe'. This was followed by a second, targeted consultation in February 2022 on options to enhance product suitability and appropriateness assessments.

The Commission published the 'retail investments package' on 24 May 2023, comprising wide-ranging measures to:

- improve the information consumers receive about financial products;
- address conflicts of interest in the sales process;
- impose a ban on inducements for products sold without financial advice;
- enhance the "best interest" test for financial advisers;
- crack down on online "finfluencers"; and
- Introduce a "value for money" framework.

Read more on this development here.

What's on the horizon?

- The Commission's proposed retail investment package for improving the retail investment framework was adopted in May 2023 and consists of:
    - A proposal for a Regulation amending the PRIIPs Regulation as regards the modernisation of the key information document (see **Slide 23**); and
    - A proposal for an Omnibus Directive that will amend existing EU Directives as regards EU retail investor protection rules. The Directives to be amended are UCITS Directive, AIFMD, Solvency II Directive, Insurance Distribution Directive, and MiFID2.
- The Commission has referred to the Omnibus Directive as 'the most ambitious proposal since the inception of EU financial regulation". Its aim is ultimately to enable more retail investment to be channeled toward participation in EU capital markets and be deployed for EU green and digital transformation. It will do this by ironing out inconsistencies in existing sectoral legislation (primarily MiFID II and IDD, but also Solvency II, UCITS and AIFMD) to ensure consistent retail investor protection applies across products and distribution channels.
- Trilogues began in March 2025. Some provisions of the package have proved contentious and trilogues have been protracted due to differences in the co-legislators' texts. Industry has recommended the package be reassessed to ease complexity and to meet the goals of establishing an EU Savings and Investment Union. Separately ESMA and EIOPA have expressed concerns with the package.
- The original Commission proposal provided for an 18-month implementation period. Both the Council and the European Parliament have suggested a longer implementation timeframe.

EU DEVELOPMENTS

II. ESG

EU ESG: IN THIS SECTION

View related UK measures

EU ESG Developments

EU SUSTAINABLE FINANCE DISCLOSURE REGULATION (SFDR)

View related UK measures

Q4 2025: Commission expected to adopt the SFDR Review legislative proposal, with a simplification objective.

02/07/26: ESG Ratings Regulation applies to marketing communications involving ESG Ratings.

Q3-Q4 2025: ESAs' annual report expected on on the extent of voluntary disclosure of PAI under Article 18 of SFDR.

2026: European Parliament and Council to consider SFDR Review legislative proposal with a view to negotiation and adoption.

SFDR

The Sustainable Finance Disclosure Regulation (SFDR) aims provide transparency to investors about the sustainability risks that can affect investments' value and about the adverse impacts such investments have on the environment and society. It also aims to strengthen investor protection and improve comparability of products. SFDR started to apply in 2021.

SFDR requires financial market participants and financial advisers to disclose at entity and product level how they integrate sustainability risks and principal adverse impacts in their investment decision making processes. It also requires additional product disclosures for financial products making sustainability claims.

The European evaluated the SFDR in 2023 and consulted on possible measures to improve the framework, which may result in changes to disclosure requirements and potentially a categorisation system for financial products. The ESAs also published a joint Opinion on review of the SFDR in June 2024. The Commission's SFDR Review proposal is expected in Q4 2025.

Read more on this development here and here.

What's on the horizon?

- Between September and December 2023, the Commission consulted on SFDR implementation and on options to improve the framework, focused on assessing shortcomings in the SFDR to improve legal certainty, enhancing usability and improving the legislation's role in mitigating greenwashing. The Commission's Work Programme 2025 published in February 2025 confirmed that the Commission plans to adopt a **SFDR Review legislative proposal** in Q4 2025. The policy objective for the legislative proposals is simplification.
- The ESAs submitted a final report to the Commission on 4 December 2023 on amendments to the RTS on the content and presentation of principal adverse impact (**PAI**) and product disclosures. The Commission was originally expected to adopt the RTS in 2024. It is possible that these and other outstanding SFDR RTS will be folded into the SFDR review legislative proposal.
- In December 2024, the Platform on Sustainable Finance (PSF) published a report on its proposals for categorisation of financial products under SFDR. The PSF suggested three categories for product categorisation under SFDR: sustainable, transition and ESG collection. The PSF report will feed into the Commissions SFDR Review proposal.
- From 2 July 2026, the ESG Ratings Regulation (see **Slide 30**) will amend SFDR Article 13 (Marketing Communications) to provide that financial market participants and financial advisers issuing and disclosing ESG ratings as part of their marketing communications will need to comply with that Regulation.

EU TAXONOMY REGULATION

View related UK measures

04/07/25: Commission adopts draft delegated regulation amending Taxonomy Disclosures, Climate and Environmental Delegated Acts.

01/01/26: delegated regulation amending Taxonomy Disclosures, Climate and Environmental Delegated Acts to apply from this date.

TBC: Commission expected to adopt further delegated legislation on improving the usability of the Taxonomy.

Taxonomy regulation

The Taxonomy Regulation sets out criteria that an activity must satisfy to be referred to as 'environmentally sustainable'. Two such criteria are that the activity must contribute substantially to at least one 'environmental objective' and that the activity must not cause significant harm to an 'environmental objective'.

The six 'environmental objectives' are set out in the Taxonomy Regulation. The Taxonomy Regulation also creates disclosure obligations for certain products that are within the scope of the related Sustainable Finance Disclosure Regulation (SFDR).

The scope of application of the Taxonomy Regulation is impacted by the provisions of the Omnibus I package which amend the Accounting Directive (see **Slide 33**). Amendments to the Taxonomy Regulation's delegated acts complement the Omnibus I package.

Read more on this development here.

What's on the horizon?

- Under Article 8 of the Taxonomy Regulation, undertakings that fall within the scope of the Corporate Sustainability Reporting Directive (CSRD) must report in their annual reports to what extent their activities are covered by the EU Taxonomy (Taxonomy-eligibility) and comply with the criteria set in the Taxonomy delegated acts (Taxonomy-alignment). These obligations have applied from financial years starting on or after 1 January 2024. Other companies that do not fall under the scope of CSRD can decide to disclose this information on a voluntary basis.
- The Taxonomy Regulation is supplemented by four delegated acts: (i) the Climate Delegated Act ((EU) 2021/2139); (ii) the Taxonomy Complementary Delegated Act ((EU) 2022/1214); (iii) the Taxonomy Environmental Delegated Act ((EU) 2023/2486); and (iv) the Disclosures Delegated Act ((EU) 2021/2178).
- Following a call for evidence in February 2025, the Commission adopted a delegated regulation amending the Disclosures, Climate and Environmental Delegated Acts on 4 July 2025, to simplify and improve reporting requirements and certain technical screening criteria. This delegated regulation is stated to be independent of and complementary to the proposals set out in the Substantive Directive of the Omnibus I package (see **Slide 33**). The delegated regulation is to apply from 1 January 2026.
- The Commission has been conducting work to enhance the usability of the Taxonomy and has produced a range of online tools to guide users. The Commission tasked the Platform on Sustainable Finance (PSF) with delivering recommendations to: (i) ensure the taxonomy criteria and disclosures are usable on the ground for all actors in scope; and (ii) enhance the usability of the taxonomy for non-EU players or economic activities conducted outside the EU. The published its report in February 2025.The PSF also issued a call for feedback seeking responses by 5 February 2025 on preliminary recommendations for the review of the Climate Delegated Act and the addition of activities to the EU taxonomy and subsequently issued its recommendations in April 2025.

EU ANTI-GREENWASHING DIRECTIVE: AMENDMENTS TO UCPD

2025: Member States working on development of national implementing measures.

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27/03/26: Member States must adopt and publish national implementing measures by this date.

27/09/26: Member States must apply the Directive's implementing measures from this date.

Anti-Greenwashing Directive

Directive (EU) 2024/825 on Empowering Consumers for Green Transition (referred to as **the Anti-Greenwashing Directive**) was published in the Official Journal on 6 March 2024. The new Directive aims to strengthen consumer rights and protections with respect to commercial practices, including greenwashing, that prevent sustainable purchases.

The Directive amends the **Unfair Commercial Practices Directive (UCPD)** to:

- extend the list of product characteristics about which a trader cannot mislead consumers to cover the environmental or social impact;
- extend the list of actions which are to be considered misleading if they cause or are likely to cause the average consumers to take a transactional decision that they would not have otherwise taken; and
- add 12 new practices, including forms of greenwashing, to the existing 'blacklist' of prohibited unfair commercial practice.

The Directive also amends the Consumer Rights Directive with respect to pre-contract information requirements.

What's on the horizon?

- The Anti-Greenwashing Directive entered into force on 27 March 2024. It forms part of a package of measures put forward in March 2022 as part of the Commission's New Consumer Agenda and Circular Economy Action Plan, aimed at making sustainable products the norm in the EU, boosting circular business models, and empowering consumers for the green transition. The Anti-Greenwashing Directive is designed to ensure consumers take informed and environment-friendly decisions when buying products, and the rules strive to strengthen consumer protection against untrustworthy or false environmental claims by banning greenwashing and other practices that mislead consumers.
- The new practices that have been added to the list of practices that are automatically considered unfair, and therefore prohibited are added to Annex I of the Unfair Commercial Practices Directive. Of the 12 new banned practices, the key claims relevant to financial products and services include:
    - Misleading sustainability labels;
    - Unsubstantiated generic environmental claims;
    - Overly-wide environmental claims; and
    - Claims based on greenhouse gas offsetting.
- Member States must adopt and publish the measures necessary to comply with the Directive by 27 March 2026.
- The Directive applies from 27 September 2026.

EU ESG RATINGS REGULATION

View related UK measures

02/10/25: Deadline for submission by ESMA of draft RTS under Articles 6(3), 12(9), 16(5), and 23(4) and guidelines under Article 29(1).

02/10/25: Date by which ESMA to develop guidelines under Article 49(3) on amendments to SFDR on disclosures in marketing communications.

02/07/26: ESG Ratings Regulation applies from this date.

02/08/26: Deadline – ESMA notifications by larger ESG ratings providers.

02/11/26: Deadline – ESMA notifications by small ESG ratings providers and authorisation/recognition applications by larger ESG ratings providers.
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EU regulation of ESG ratings providers

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem.

The ESG Ratings Regulation was published in the Official Journal on 12 December 2024. Its provisions are designed to address: (i) lack of transparency on the characteristics of ESG ratings, their methodologies and their data sources; (ii) the lack of clarity on how ESG rating providers operate; and (iii) conflicts of interest at ESG rating providers' level.

The ESG Ratings Regulation is intended to complement and avoid duplication of requirements in existing legislation such as the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Bonds Regulation.

Read more on this development here.

What's on the horizon?

- The ESG Ratings Regulation (EU) 2024/3005 was published in the Official Journal on 12 December 2024 and entered into force on 2 January 2025. It is set to apply directly across the EU from 2 July 2026.
- A transitional regime will apply to ESG Rating providers that were already operating in the EU on 2 January 2025. 'Small' providers must notify ESMA by 2 November 2026 if they wish to continue offering their services. Larger providers must notify ESMA by 2 August 2026 and apply for authorisation or recognition by 2 November 2026.
- Among other things, the Regulation sets out provisions to:
    - Introduce an authorisation requirement for ESG ratings providers (a lighter-touch temporary registration regime will operate for small ESG rating providers based in the EU), with providers to be directly supervised by ESMA;
    - Introduce a regime for third country ESG ratings providers wishing to provide ESG ratings in the EU;
    - Set out transparency requirements and principles on the integrity and reliability of ESG rating activities; and
    - Impose obligations relating to the independence and management of conflict of interests of ESG rating providers.
- There are numerous exemptions from the scope of the Regulation which benefit from close reading. Among others, the Regulation will not apply to internal or private ESG ratings that are not intended for public disclosure or distribution, raw ESG data or credit ratings. ESG ratings provided on a reverse solicitation basis by third country providers are also outside scope provided certain conditions are met.
- ESMA has been mandated to develop a range of technical standards (RTS and ITS) and guidelines to supplement the Regulation. ESMA consulted between 2 May and 20 June 2025 on draft RTS to be submitted to the Commission by 2 October 2025.

CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CS3D)

View related UK measures

2025/2026: Commission potentially to call for technical advice from ESAs and/or consult designated experts in Member States to assist in formulation of delegated acts under Arts. 3(2) and 16 and guidelines under Art.19 of CS3D.

26/07/26: Original CS3D transposition date – now delayed until **26/07/27**.

26/07/26*: Commission required to publish guidance and best practice on how to conduct due diligence processes by this date (Art 19(2)(a))

26/01/27*: Commission required to publish guidelines on assessment of risk factors and on data, information and digital tools for CS3D compliance by this date (Art 19(2)(d)-(e)).

31/3/27*: Commission delegated act expected under Art. 16(3) by this date.

***Delivery deadlines for delegated acts and guidelines** – potentially subject to change on finalisation of the Omnibus I Substantive Directive (see **slide 33**).

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CS3D

The Corporate Sustainability Due Diligence Directive (**CS3D**) sets out an EU legal framework on sustainable corporate governance, including cross-sector corporate due diligence along global value chains.

The main effect of the CS3D will be to introduce obligations on in-scope EU and non-EU companies to adopt and implement due diligence policies and processes to identify and address adverse human rights and environmental impacts (known as human rights and environmental due diligence, or "**HREDD**") with which the companies may be involved through their own operations, through those of their subsidiaries or through the business relationships in their value chain.

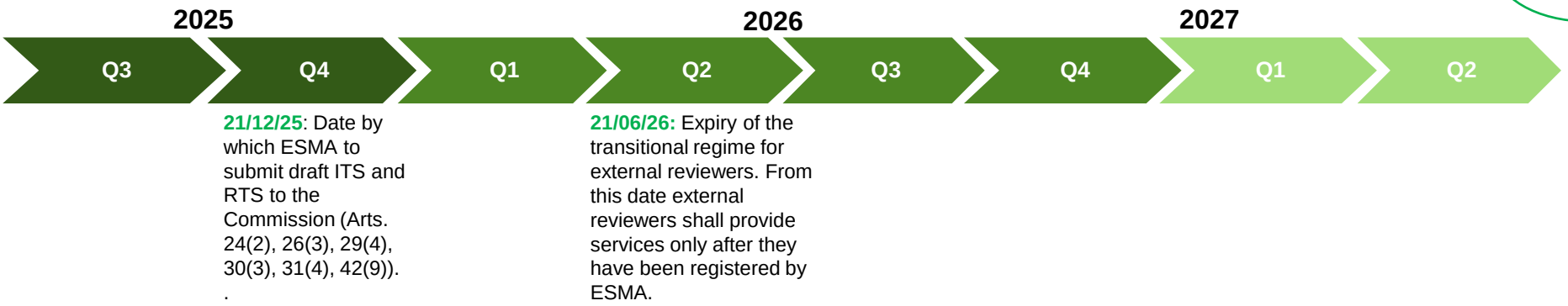
HREDD must be conducted **upstream** (i.e., on providers of goods or provision of services to the company) and **downstream** (i.e., on those involved in distribution, transport and storage of a company's products). Article 22 of CS3D will also require in-scope companies to adopt climate transition plans but those already reporting a transition plan under CSRD will be deemed to comply with this CS3D requirement.

Read more on this development here, here, and here.

What's on the horizon?

- CS3D entered into force on 24 July 2024. The Omnibus I package (see **Slide 33**) has pushed back the application date for the Directive by one year. Member States must now adopt and publish implementing measures by 26 July 2027, with phased deadlines for compliance starting on 26 July 2028.
- CS3D will apply to large EU companies and large non-EU companies active in the EU.
    - **EU Companies** are defined as: (i) companies with more than 1000 employees and a net global turnover of more than EUR450 million; or (ii) ultimate parent companies of groups that reach these thresholds; or (iii) companies (or ultimate parent companies of groups) with franchising or licensing agreements in the EU (separate thresholds apply).
    - **Non-EU Companies** are defined as companies or ultimate parent companies of groups: (i) that have a EUR450 million net turnover generated in the EU, with no requirement to meet an employee threshold; or (ii) with franchising or licensing agreements in the EU (with the same separate thresholds as apply to EU companies).
    - These thresholds are subject to change on finalisation of the **Omnibus I Substantive Directive** (see **slide 33**).
- **Regulated financial undertakings** (as defined in CS3D) must conduct upstream HREDD but have been exempted from the requirement to conduct due diligence on their downstream value chain. AIFs and UCITS are exempt from the Directive, but their managers fall within the definition of regulated financial undertakings.
- CS3D Article 36(1) requires the European Commission is required to submit a report by 26 July 2026 on the necessity and extent of any inclusion of the financial sector within the scope of the CS3D. However, the **Omnibus I Substantive Directive** (see **slide 33**) deletes this requirement.
- CS3D requires the Commission to adopt delegated acts under Articles 3(2) and 16 and guidelines under Article 19. One delegated act (Article 16(3)) will specify the content of the annual statement on CS3D compliance that in-scope companies must publish on their website. This delegated act will be designed to ensure there is no duplication in reporting for companies subject to reporting under Article 4 of SFDR (see **Slide 27**).

EU GREEN BOND REGULATION



EU Green Bond Regulation

The EU Green Bond Regulation entered came into force on 20 December 2023 and has applied from 21 December 2024.

The Regulation is designed to deliver the commitment in the European Green Deal Investment Plan of 14 January 2020 for a uniform standard for environmentally sustainable bonds.

The EU Green Bond Regulation sets out a voluntary EU framework for green use of proceeds bonds, including those issued by a special purpose vehicle in the context of a securitisation transaction (see **Slide 22** for securitisation developments). To obtain the 'EuGB' label, the issuer needs to allocate the proceeds from the bond issuance in full to finance (or refinance) assets, capex or opex aligned with the EU taxonomy set out in the EU Taxonomy Regulation.

Read more on this development here, here and here.

What's on the horizon?

- The EU Green Bond Regulation (EU) 2023/2631 entered into force on 20 December 2023 and has mainly applied from 21 December 2024. However, by way of derogation, certain provisions applied from 20 December 2023 and others will apply from 21 June 2026 (Article 72).
- Key elements of the Regulation are:
    - Compliant bonds will have the '**European Green Bond**' or '**EuGB**' designation. Issuers' home state National Competent Authorities will supervise issuers' compliance with the standard.
    - For designation, all proceeds of EuGBs must be invested in economic activities aligned with the Taxonomy Regulation (subject to a flexibility pocket of 15% for those activities not yet covered by Taxonomy technical screening criteria and certain specific activities). To issue a European Green Bond, an issuer must produce a Prospectus Regulation compliant prospectus; prepare a European Green Bond factsheet; and use an **external reviewer** to provide (i) before the issuance of a European Green Bond, a 'pre-issuance review of European Green Bond factsheet' and; (ii) after the full allocation of its proceeds, a 'post-issuance review of allocation report'.
    - A registration and supervisory framework for external reviewers of European Green Bonds, which will be directly supervised by ESMA. A transitional regime for external reviewers runs until 21 June 2026.
    - Provisions allowing some voluntary disclosure requirements for other environmentally sustainable and sustainability-linked bonds issued in the EU, such as those issued under the ICMA principles.
- ESMA has been given a range of mandates to develop ITS and RTS for submission to the Commission by 21 December 2024 (on which it published final draft technical standards in February 2025), and 21 December 2025 (on which it consulted in April 2025).
- External reviews of European Green Bonds, as well as external reviews and second-party opinions on bonds marketed as environmentally sustainable, sustainability-linked bonds, and bonds, loans and other types of debt instruments marketed as sustainable, will fall outside the scope of the new ESG Ratings Regulation (see **Slide 30**) to the extent that such external reviews and second-party opinions do not contain ESG ratings issued by the external reviewer or the second-party opinion provider.

SUSTAINABLE FINANCE OMNIBUS I SIMPLIFICATION PACKAGE

11/07/25: "Quick Fix" delegated act adopted to simplify and revise ESRS for first wave companies required to report under ESRS Delegation Regulation.

20-24/10/25: .European Parliament Plenary Vote expected on its negotiating position for the Substantive Directive

31/12/25: Transposition date for the "Stop the Clock" Directive.

Q1 2026: Substantive Directive expected to be formally adopted, and to enter into force 20 days following publication in the Official Journal.

Q1 2027: Member States to transpose the Substantive Directive 12 months following its entry into force.

Sustainable Finance Omnibus I Simplification Package

Following the informal meeting of heads of state or government, Budapest, 7-8 November 2024, Commission President Ursula von der Leyen announced that the Commission intended to introduce an "Omnibus Regulation" designed to reduce red tape in companies' reporting obligations without "changing the content" of the law. This was followed in February by a Commission Communication on the forthcoming omnibus packages.

The Commission adopted the draft 'Omnibus I' package on 26 February 2025 with the aim of streamlining the reporting requirements of existing sustainable finance legislation to reduce overlaps and redundancies.

The Omnibus I package impacts the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D), the Statutory Audit Directive and the Accounting Directive (the amendments to which impact the scope of application of the Taxonomy Regulation).

What's on the horizon?

- The Omnibus I package comprises proposals adopted by the Commission on 26 February 2025 and accompanying initiatives:
    - A proposed Directive amending CSRD and CS3D as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements. This "Stop the Clock" proposal was adopted without amendment as Directive (EU) 2025/794 and entered into force on 17 April 2025. Member States must transpose its provisions into national law by 31 December 2025.
    - A proposed Directive ("Substantive Directive") amending the Statutory Audit Directive, the Accounting Directive, CSRD and CS3D.
    - A call for evidence on a draft delegated regulation amending three of the Taxonomy Delegated Acts (subsequently adopted by the Commission on 4 July 2025 - see **Slide 30**)
    - A proposed Regulation amending the Carbon Adjustment Mechanism Regulation (EU) 2023/956; and
    - A proposal to adopt a delegated act to revise the first set of European Sustainability Reporting Standards (ESRS) in the ESRS Delegated Regulation (EU) 2023/2772. Note, pending the adoption, a "Quick Fix" Delegated Regulation was adopted on 11 July 2025 to reduce the ESRS reporting burden for "first wave" companies not in scope of the "Stop the Clock" Directive.
- With respect to the changes to CSRD, application of reporting obligations has been delayed by two years for other companies. Second wave companies must begin to report, from 26 July 2028, for financial years starting 2027, and third wave companies must begin to report, from 26 July 2029, for financial years starting 2028. The proposed Substantive Directive would reduce by approximately 80% the number of companies in scope and make a range of other changes.
- With respect to the changes to CS3D, the Omnibus I package makes no change to the companies in scope, but delays the application of the Directive by one year and the Substantive Directive would make significant adjustments to the scope of the due diligence obligations. (for more detail on CS3D see **Slide 31**).

EU DEVELOPMENTS

III. PRUDENTIAL

PRUDENTIAL: IN THIS SECTION

View related UK measures

EU Prudential Developments

CRR3/CRD6

View related UK measures

23/07/25: EBA report published on scope of interbank exemption for financial institutions under **CRD6** Art. 21c.

01/01/26: **CRR3** market risk provisions apply (subject to new measures to defer application).

10/01/26: Member States to adopt national implementing measures for **CRD6**.

11/01/26: **CRD6** national implementing measures apply.

11/07/26: **CRD6** legacy contracts exemption applies to contracts entered into before this date.

01/01/27: **CRR3** market risk provisions expected to apply from this date.

11/01/27: **CRD6** will apply in full from this date.

2025-2026: Commission and ESAs working on development of Level 2 and Level 3 materials supporting the CRR3/CRD6 package.

CRR3/CRD6

Extensive revisions to the Capital Requirements Regulation (**CRR**) and the Capital Requirements Directive (**CRDIV**), known as the **CRR3/CRD6 package**, implement in the EU the final reforms agreed by the Basel Committee on Banking Supervision in December 2017 (known as **Basel 3.1** or, by some commentators, **Basel IV**).

Other revisions introduce some EU-specific measures, including on the proportionate application of the prudential regime, the fitness and propriety of senior staff, new rules for bank M&A and reorganisations, and measures on supervisory powers including authorisation and prudential supervision of third country branches.

Read more on the elements of the CRR3/CRDVI package here, here, here, here, here, here and here.

What's on the horizon?

- CRR3 implements the Basel 3.1 reforms in the EU. It also includes some EU-specific measures in relation to the treatment of cryptoasset exposures and ESG risks. It entered into force on 9 July 2024 and has applied from 1 January 2025, apart from the FRTB (market risk) provisions which are currently set to apply from 1 January 2026 (by virtue of Delegated Regulation (EU) 2024/2795). In June 2025, the European Commission adopted a further draft delegated regulation which, once in force, will further delay implementation of the market risk provisions to 1 January 2027.
- CRD6 includes highly impactful provisions (Article 21c) prohibiting non-EU ('third country') firms from conducting 'core banking services' on a cross-border basis, requiring them to establish a branch in the EU ('Third country branch') and apply for authorisation unless they fall within one of the five available exemptions. Third country branches will need to comply with CRD6 prudential requirements including detailed reporting obligations. The CRD6 cross-border services restrictions apply to:
    - Non-EU Banks in respect of (i) Lending including, inter alia: consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfaiting); and (ii) Guarantees and commitments.
    - Any non-EU entity in respect of taking deposits and other repayable funds.
    - Exemptions from the prohibitions are available for (i) reverse solicitation; (ii) interbank business; (iii) intragroup business; (iv) MiFID ancillary business; and (v) legacy contracts (entered into prior to 11/07/26).
- CRR3 and CRD6 include more than 50 mandates to the Commission and ESAs for delegated and implementing acts and technical standards, and more than 30 mandates to the EBA to develop guidelines on the operation of the package.
- The EBA has created a roadmap for delivery of its mandates and is continuing work on these in 2025. The industry will need to consider the implications the EBA's report (published on 23 July 2025) concluding that the scope of the CRD6 interbank business exemption should not be broadened to cover other financial services entities.

EU IFD/IFR

View related UK measures

2025: EBA and ESMA may deliver final advice to the Commission on potential reforms to IFR/IFD.

2025: Commission report on IFR/IFD review may be published (original deadline 26 June 2024).

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EU IFD/IFR

The Investment Firms Directive (IFD) and Investment Firms Regulation (IFR) created a new harmonised prudential regime for EU investment firms, replacing the application of the CRDIV prudential regime.

While certain larger investment firms remain treated as credit institutions and subject to the capital regime under CRDIV, firms that are not subject to CRDIV are subject to the new IFD and IFR prudential regime.

The IFD/IFR regime includes requirements on capital, consolidation, reporting, governance and remuneration. The IFD and IFR are supported by numerous Level 2 implementing and regulatory technical standards (ITS and RTS) and Level 3 guidelines.

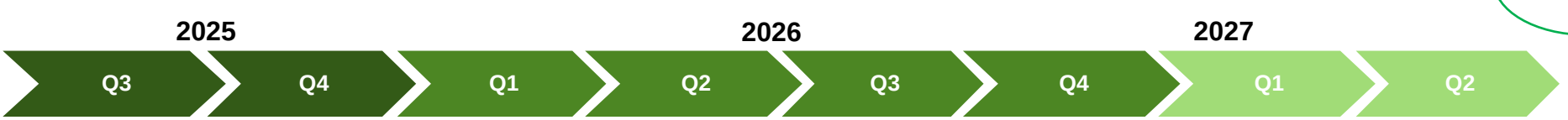
In 2025, we may see further details of potential reforms to the package.

Read more on this development here and here.

What's on the horizon?

- Article 60 of IFR and Article 66 of IFD mandate the Commission to submit a report to the Council and to the Parliament regarding multiple aspects of the IFD and IFR. In its report, the Commission may include a legislative proposal to amend the prudential framework applicable to investment firms.
- The Commission report was due by 26 June 2024. The Commission issued a call for advice to ESMA and EBA seeking advice by 31 May 2024 on the following aspects of the framework:
    - Categorisation of investment firms including the conditions to qualify as small and non-interconnected investment firms and the conditions to qualify as credit institutions.
    - The adequacy of the IFR/IFD prudential requirements, including the scope of K-factors, on prudential consolidation and liquidity requirements.
    - Interactions with the CRR/CRD, implications of the adoption of the banking package, especially on the application of the market risk framework, variable remuneration and investment policy disclosure.
    - Future proofing the IFR/IFD regime, in particular with reference to the impact of crypto-assets to investment firms' activities as well as UCITS/AIF.
    - Considerations on the risk related to ESG factors.
    - Specific considerations on commodity and emission allowance dealers and on energy firms.
- ESMA and EBA are yet to issue their final advice, following a joint discussion paper in June 2024. The final advice may be published in 2025. In their 2025 Work Programmes, ESMA and EBA mentioned ongoing work on review of the IFR/IFD regime.
- In 2025 the Commission is expected to adopt an amending IFR Commission Implementing Regulation on reporting of information on certain K-factor requirements, following draft ITS submitted by EBA in December 2024.

CMDI REFORM



H2 2025: Following political agreement reached on 26 June 2025, CMDI package expected to be formally adopted and to enter into force in H2 2025 (dates TBC).

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2027: CMDI package expected to apply 18 months after entry into force.

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Crisis Management and Deposit Insurance (CMDI) reform

The Commission has reviewed the EU CMDI framework set out in the Bank Recovery and Resolution Directive (BRRD) the Single Resolution Mechanism Regulation (SRMR) and the Deposit Guarantee Schemes Directive (DGSD) with a view to making improvements to the framework to:

- improve its efficiency, flexibility and coherence;
- ensure depositors receive equal treatment; and
- give depositors more protection, including a possible common deposit protection mechanism.

Read more on this development here.

What's on the horizon?

- The current EU CMDI framework is set out in the Bank Recovery and Resolution Directive (BRRD) and Deposit Guarantee Scheme Directive (DGSD) adopted in 2014. For eurozone and other banks subject to the SSM in the Banking Union, this framework is supplemented by the Single Resolution Mechanism Regulation (SRMR) which created a single resolution mechanism (SRM) in which the Single Resolution Board (SRB) acts as the resolution authority for significant and cross-border banks and the Single Resolution Fund (SRF) provides pre-funded resolution financing arrangements.
- Following consultations in early 2021 on general and technical issues in the CMDI framework the Commission published legislative proposals for revisions to the CMDI framework in April 2023. The legislative package is expected make significant amendments to the BRRD, the SRMR and the DGSD. It comprises the following legislative proposals:
    - a Directive amending the BRRD (BRRD3);
    - a Regulation amending the SRMR (SRMR3);
    - a Directive amending the DGSD (DGSD2);
    - a Directive amending the BRRD and SRMR on the methods for the indirect subscription of instruments eligible for meeting a bank's loss absorbency requirements (the daisy chain amendments).
- The European Parliament and the Council both finalised their negotiating positions in 2024 and the first inter-institutional 'trilogue' meeting took place on 17 December 2024. Trilogues progressed in H1 2025, and political agreement was eventually reached between the co-legislators on 26 June 2025. The package is expected to be adopted in H2 2025.
- Once the package is adopted and in force, most of the measures will apply 18 months later.

EU DEVELOPMENTS

III. CROSS-SECTORAL

EU CROSS-SECTOR: IN THIS SECTION

View related UK measures

EU Cross-sectoral Developments

EU DORA

View related UK measures

End-July 2025: First criticality assessments and notifications expected to be made.

End-2025: First CTPP designations expected to be made. ESAs' list of CTPPs to be published. CTPP oversight begins.

08/07/25-08/10/25: EBA consultation on replacing 2019 outsourcing guidelines.

31/01/26: NCAs to send details of systemic financial entities to ESAs.

31/03/26: NCAs to send registers of information on contractual arrangements to ESAs.

TBC: Revised guidelines to replace 2019 EBA Outsourcing Guidelines in due course.

EU Digital Operational Resilience Act (DORA)

Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (**DORA**) was published in the Official Journal of the European Union in December 2022 and entered into force on 16 January 2023.

DORA puts in place a detailed and comprehensive framework on digital operational resilience for EU financial entities. EU entities must ensure they have the capacity to build, assure and review their operational integrity to ensure that they can withstand all types of disruptions and threats relating to information and communication technologies (ICT). DORA introduces an EU-level oversight framework to identify and oversee ICT third party service providers deemed "critical" for financial entities.

DORA is supported by Level 2 technical standards and Level 3 guidelines, many of which were delivered by the end of H1 2025. The ESAs are focused in 2025 on operationalising the oversight framework.

Read more on this development here, here and here.

What's on the horizon?

- DORA has applied from 17 January 2025. There was no phased implementation and the ESAs made clear that financial entities were expected to be compliant from day 1. On the same date, the related Directive applied, amending operational resilience requirements in a number of existing sectoral directives, including the UCITS Directive, the AIFMD and MiFID II.
- National competent authorities (NCAs) must provide to the ESAs the information necessary for designation of critical ICT 3rd party service providers (Art 31(1)(a),DORA). For the criticality assessment, NCAs must provide annually:
    - the registers of information on contractual arrangements on the use of ICT services provided by ICT third-party providers to be maintained and updated by financial entities under DORA; and
    - the information regarding financial entities that rely on relevant ICT third-party service providers and that are identified as systemic by NCAs under Commission Delegated Regulation (EU) 2024/1502 (except credit institutions as EBA already has that information).
    - In 2025, these items were required by 30 April 2025 and 31 March 2025, respectively. These items are required on 31 March and 31 January in 2026 and subsequent years.
- In February 2025, the ESAs published a Roadmap on designation. By end-July 2025, criticality assessments and notifications are expected to be complete. By end-2025, designations will be made, oversight engagement will commence, and the ESAs will publish a list of critical ICT 3rd party service providers (CTPPs).
- The EBA launched a consultation on 8 July 2025 on a proposed update its existing guidelines on ICT risk management to align with DORA. Revised guidelines are expected to take place in due course and will replace EBA's 2019 Outsourcing guidelines.
- In 2025, ESMA will be monitoring DORA compliance of the entities it directly supervises.
- In 2025, the ESAs plan to start the collection of fees for the oversight of CTPPs under DORA.

EUROPEAN SINGLE ACCESS POINT (ESAP)

10/07/25: Article 3 of the Omnibus Directive was to be transposed by this date; Commission Implementing Regulation (EU) 2025/1338 adopted.

10/01/26: Remainder of the Omnibus Directive must be transposed by this date.

10/07/26: Commission Implementing Regulation (EU) 2025/1338 applies.
July 2026: The ESAP is expected to start collecting information in July 2026.

2025: ESMA is expected to finalising preparations to launch the first phase of the European Single Access Point (ESAP) in 2026.

European Single Access Point (ESAP)

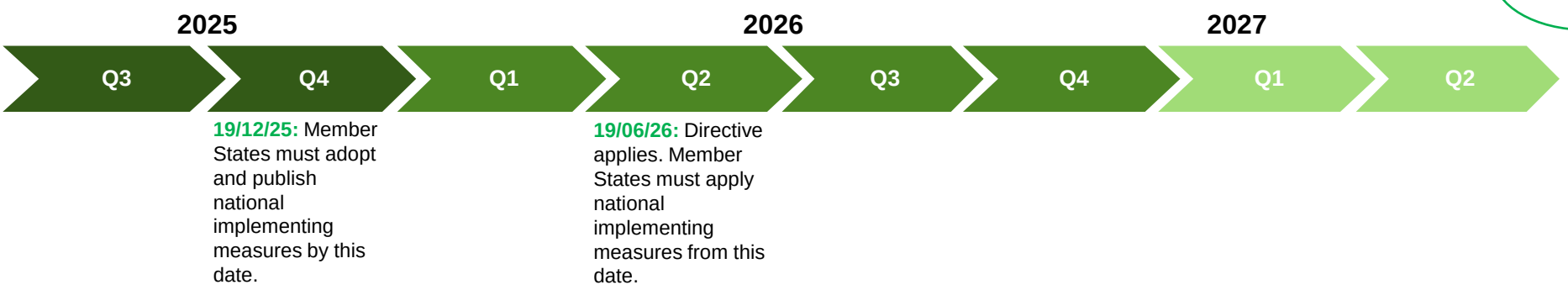
The ESAP Regulation will enable ESMA to create and maintain a single access point to financial and non-financial company data for investors. This data is currently fragmented across EU Member States, in many access points, in different languages and in various digital formats. The ESAP will instead provide free and non-discriminatory information about EU companies and investment products, regardless of where in the EU they are located or originated.

The ESAP is part of the Commission's second Action Plan on Capital Markets Union (CMU). It is designed to facilitate access to funding for EU companies and contribute to achieving the CMU objective of making it easier and safer for citizens to invest.

What's on the horizon?

- The ESAP Regulation was published in the Official Journal on 20 December 2023 and entered into force on 9 January 2024. It was accompanied by an Omnibus Regulation and an Omnibus Directive, which entered into force on the same date, and which amend a range of relevant EU legislation to specify the information that is to be made accessible in the ESAP, as well as certain characteristics of that information in relation to formats.
- Article 3 of the Omnibus Directive must be transposed by Member States by 10 July 2025. The remainder of the Directive must be transposed by 10 January 2026.
- From a timing perspective, the ESAP is expected to start collecting information in July 2026, while the publication of the information will start no later than July 2027 and gradually phased in.
    - Phase I will include in ESAP's scope information relating to the Short Selling Regulation, Prospectus Regulation and Transparency Directive.
    - Six months after the ESAP has been made public (i.e., 48 months after its entry into force), Phase II will begin – scope will include among other things information relating to SFDR, Credit Rating Agencies Regulation and the EU Benchmarks Regulation.
    - Phase III (the final phase) will include relevant information from around 20 additional pieces of legislation, including MiFIR, CRR and the EU Green Bonds Regulation.
- On 10 July 2025, the Commission adopted Commission Implementing Regulation (EU) 2025/1338 setting out the technical standards for the ESAP's core functionalities. These include: a robust API for accessing data; support for machine-readable formats; use of Legal Entity Identifiers (LEIs) for consistent entity identification; and free access to basic functionalities, with ESMA allowed to charge fees for advanced services.
- The ESAP is expected to be fully operational by July 2027.

DISTANCE MARKETING OF FINANCIAL SERVICES



Directive on Financial Services Contracts Concluded at a Distance

Following a regulatory fitness (REFIT) evaluation, the Commission found that the protections of the Distance Marketing Directive (DMD) remain useful as a horizontal safety net where more recent sector-specific legislation has not been enacted, but that the DMD's protections need to be updated to account for technology developments since its adoption.

The Commission adopted a legislative proposal in May 2022 for a Directive on financial services contracts concluded at a distance. The Directive entered into force on 18 December 2023. From 19 June 2026, the Directive will repeal the DMD and transfer its contents to a new chapter within the Consumer Rights Directive (CRD) and extend certain CRD rules to financial services contracts concluded at a distance. Existing DMD protections are also modernised.

What's on the horizon?

- Directive (EU) 2023/2673 entered into force on 18 December 2023.
- National implementing measures will need to include targeted amendments to the framework of protections in relation to pre-contractual information, the consumer right to withdrawal, and adequate explanations of proposed financial services contracts, to include a right to the customer to request human intervention where online services (for example chatbots) are used. A new protection will also be included regarding online interfaces.
- The Directive requires Member States to transpose the rules into national law by 19 December 2025, and to apply them from 19 June 2026.
- The Distance Marketing Directive will be repealed on the same date.

INSOLVENCY REFORM

2025: The European Parliament and the Council will continue to consider the proposed Directive during 2025.

Directive harmonising certain aspects of insolvency law

Divergence between EU Member States' national insolvency regimes has long been a structural barrier to cross-border investment.

The Commission adopted a legislative proposal harmonising certain aspects of insolvency law on 7 December 2022 aimed at harmonising certain aspects of insolvency law. The proposal meets Action 11 of the Capital Markets Union (CMU) Action Plan, which is to introduce minimum harmonisation or increased convergence in targeted areas of non-bank insolvency law. This proposal focuses on formal insolvency, complementing the EU Restructuring framework introduced in 2019 which covered pre-insolvency/ rescue measures.

The proposal is expected to increase legal certainty and the efficiency and duration of insolvency proceedings as well as to improve value recovery.

There have been calls by both the Eurogroup and the ECB Governing Council to redouble efforts on insolvency reform as a key part of achieving CMU.

Read more on this development here , here and on CMU here.

What's on the horizon?

- The European Parliament and the Council will continue to consider the proposed Directive during 2025. The Commission's proposal covers the key elements set out below.
    - EU measures proposed to harmonise insolvency laws;
    - New pre-pack insolvency processes;
    - Measures for simplified liquidation;
    - A standardising mandatory duty for directors to file for insolvency;
    - Measures standardising claw back action;
    - Measures on availability of asset tracing registers and online auctions; and
    - Measures to mandate fact sheets on different insolvency laws.
- Under the Commission's proposal, the Directive would enter into force the day following its publication in the Official Journal. Member States would then be required transpose the provisions into their national law within 2 years. A Commission review of the Directive's application and impact is also envisaged 5 years after its entry into force.
- The Council reached a partial general approach in November 2024 (with adjustments in January 2025).
- Following a commitment by the Polish Council Presidency (January–June 2025) to include this initiative in its areas of focus, the Council announced on 12 June 2025 that it had finalised its negotiating position.
- The European Parliament has yet to agree its negotiating position, which would open the door to trilogue negotiations.

SRD2

TBC: Commission expected to report in due course on proposed amendments to SRD2.

SRD2

The original Shareholder Rights Directive (SRD) established rules promoting the exercise of shareholder rights at general meetings (GMs) of companies with offices in the EU and whose shares were admitted to trading on a regulated market within the EU.

The revised Shareholder Rights Directive (SRD2) introduced amendments to SRD to enable shareholders to exercise voting and information rights in EU companies traded on regulated markets across the EU.

Amendments to the SRD addressed perceived shortcomings relating to transparency and a lack of shareholder engagement. The amendments relate to the link between directors' pay and performance, related party transactions, advice given by proxy advisers and facilitation of the cross-border exercise of voting and information rights.

EU Member States were required to transpose SRD2's amendments to SRD by 10 June 2019. Review clauses in Articles 3f(2) and 3k(2) of the SRD required the Commission to report on aspects of the regime.

What's on the horizon?

- By 10 June 2023, the Commission was due to report on and, if appropriate, propose amendments to provisions on:
    - Shareholder identification, transmission of information and facilitation of exercise of shareholder rights; and
    - Implementation of the provisions on the transparency of proxy advisers.
- The Commission requested that both ESMA and the EBA be involved in the preparation of the input to be provided regarding Chapter Ia of the SRD2, in particular Articles 3a-3e, which regulate companies' and intermediaries' rights and obligations regarding 9 shareholder identification, transmission of information and the facilitation of the exercise of shareholder rights. ESMA was also asked to provide input on the implementation of Article 3j of the SRD2, which regulates the transparency of the proxy advisory industry.
- On 27 July 2023, ESMA and the EBA published a report on Implementation of SRD2 provisions on proxy advisors and the investment chain.
- The Commission's report on SDR2 is still awaited. The Commission Work Programme 2025 did not explicitly mention planned work on shareholder rights or amendment to SRD2.

PSD3 AND OPEN FINANCE: EU FINANCIAL DATA ACCESS AND PAYMENTS PACKAGE

View related UK measures

H2 2025: PSD3/PSR: Trilogues ongoing with a view to reaching inter-institutional agreement.

H2 2025: FIDA: Trilogues ongoing with a view to reaching inter-institutional agreement.

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2025/2026: Member States to develop measures for implementation of PSD3.

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TBC: **PSR** to apply 18 months after entry into force, Member States to implement **PSD3** 18 months after entry into force. **FIDA** to apply 18-24 months after entry into force (all timings may be changed in trilogues).

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EU financial data access and payments package

In June 2023 the Commission put forward a financial data access and payments package, comprising:

- proposals for a new Payment Services Directive (**PSD3**);
- a Payment Services Regulation (**PSR**); and
- a Regulation on a framework for financial data access (**FIDA**).

The current Payment Services Directive (PSD2), and the second e-money Directive, will be repealed and together become PSD3 and be complemented by the new PSR.

The package includes proposals to further level the playing field between banks and non-banks, improve the functioning of open banking, combat fraud and improve consumer rights.

The financial data access regulation will promote open finance, by establishing a framework of clear rights and obligations to manage customer data sharing in the financial sector beyond payment accounts. The proposals are continuing through the EU legislative process.

Read more on this development here.

What's on the horizon?

- The **PSD3** and **PSR** proposals combine the existing payment services and electronic money regimes into a single set of proposals.
    - PSD3, which will need to be transposed into national law by EU Member States, covers the authorisation and supervision of payment institutions and e-money issuers. PSD3 also amends the Settlement Finality Directive (**SFD**) (see **Slide 19**) definitions of "institution" and "participant" (Art. 2 of SFD) to add payment institutions to the list of institutions that can participate directly in payment systems designated by a Member State under the SFD.
    - The PSR sets out harmonised conduct of business requirements for payment services including the rights and obligations of the parties involved.
- The **FIDA** proposal builds upon and expands the scope of the existing third-party provider (TPP) access provisions in PSD2, extending the open banking principle to other types of accounts and financial products under a broader "open finance" initiative. It introduces financial sector-specific rules as envisaged by Chapter III of the proposed EU Data Act.
- While **PSD3** and **PSR** do not materially change the current list of regulated payment services, under the Commission's proposals, firms' existing licenses will only remain valid for 30 months after PSD3 enters into force. This means that existing payment institutions and e-money institutions would be required to reapply for a licence under the new regime within 24 months of PSD3 coming into force.
- In terms of implementation, under the Commission's proposals: (i) for PSD3, Member States must transpose and apply implementing legislation from 18 months after entry into force (apart from the SFD amendments which are to apply from 6 months after entry into force); (ii) PSR would apply from 18 months after entry into force; and (iii) FIDA's provisions would apply 18-24 months following entry into force.
- In H1 2025, the co-legislators began trilogue negotiations on **FIDA**. On **PSD3/PSR**, the Council announced on 18 June 2025 that it had reached its negotiating position, allowing trilogues to begin.

NEW EU AML AND CTF FRAMEWORK

View related UK measures

01/01/25: AMLAR provisions mainly apply, AMLA to begin activities.
10/07/25: Certain **MLD6** implementing measures to be brought into application.
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27/12/25: AMLAR draft RTS submission date (Art. 11).
31/12/25: AMLA takes over EBA AML/CTF competencies (Art. 103).

01/01/26: AMLAR draft RTS submission date (Art. 12).
01/01/26: AMLAR draft ITS submission date (Art. 15).

27/06/26: AMLAR draft ITS submission date (Art 41).

10/07/26: Certain **MLD6** implementing measures to be brought into application.
10/07/26: AML Reg draft RTS (Arts. 16, 17, 19, 28) and draft ITS (Arts 69, 81) submission date.
10/07/26: AML Reg delegated acts to be adopted (Arts. 29, 30, 34, 43).
10/07/26: AML Reg guidelines due (Arts. 9, 10, 20, 26).

01/01/27: **AMLAR** delegated acts to be adopted (Arts 27, 77).

MLD4, MLD5 and the new AML and CTF package

MLD4 contains the EU's anti-money laundering (AML) and Counter-terrorist financing (CTF) framework. MLD5 made targeted amendments to MLD4 to increase transparency around owners of companies and trusts through the establishment of public beneficial ownership registers, prevent risks associated with the use of virtual currencies for terrorist financing, restrict the anonymous use of pre-paid cards, improve the safeguards for financial transactions to and from high-risk third countries and enhance Financial Intelligence Units' access to information.

In 2024, an ambitious new package of legislative proposals was finalised, intended to modernise, strengthen and reshape the regulatory, institutional and supervisory AML framework, by establishing a Single AML Rulebook directly applicable in all Member States and an EU AML Authority (AMLA). This is intended to lead to an integrated and more centralised EU AML and CTF supervisory system.

The new framework is entering into application on a phased basis.

Read more on AML/CTF developments here.

What's on the horizon?

- Adopted by the Commission in July 2021, the package of new legislative proposals was finalised 2023-2024 and comprises:
    - The revised recast Wire Transfer Regulation to ensure traceability of transfers of funds and cryptoassets for AML and CTF purposes. Adopted in May 2023, it has applied from 30 December 2024 to payment services providers and cryptoasset services providers.
    - The AMLA Regulation (**AMLAR**) (in force 25 June 2024), establishing a new EU AML and CTF authority. AMLA will be fully operational by 2028. It will oversee all national supervisors (including non-financial sector) and directly supervise certain high-risk institutions. Provisions of the AMLA Regulation apply variously from 26 June 2024, 1 July 2025 and 31 December 2025.
    - The AML Regulation (**AML Reg**) (in force 9 July 2024), a new regulation on AML and CTF, containing and expanding certain provisions moved from MLD4 to make them directly applicable.
    - MLD 6 (in force 9 July 2024), a sixth directive on AML and CTF, containing provisions governing the institutional AML and CTF system at Member State level (e.g. beneficial ownership registers).

- The new framework will require an AMLA/ESAs MoU and the development of a number of Level 2 and Level 3 provisions supporting the new Single AML Rulebook. Submission and adoption deadlines run from 2025 to 2027 meaning AMLA's direct supervision will begin from 2028:
    - **AMLAR:** AMLA must submit a range of draft RTS and ITS to the Commission by deadlines between December 2025 and June 2026. The Commission is also mandated to adopt delegated acts by January 2027.
    - **AML Regulation:** AMLA must submit draft RTS and ITS to the Commission by July 2026 and develop guidelines by deadlines in July 2026 and July 2027. The Commission is also mandated to adopt delegated acts.
    - **MLD6:** Member States must apply certain implementing measures from 10 July 2025 and 10 July 2026.

EU AI ACT

View related UK measures

10/07/25: Voluntary GPAI Code of Practice published.
18/07/25: Guidelines on scope of obligations of providers of GPAI published.
02/08/25: provisions on GPAI, on Member State penalties and on notifications in respect of high-risk AI systems apply from this date.
H2 2025: template for summary of training data under development.

02/08/26: provisions not already in application, except for Art.6(1) and corresponding obligations, apply from this date.

02/08/26: voluntary GPAI Code of Practice applies.

02/08/27: Art. 6(1) on Classification rules for high-risk AI systems, and corresponding obligations, apply from this date.

EU AI Act

The Commission published a proposal for a Regulation on artificial intelligence (AI) in April 2021. The resulting EU AI Act entered into force on 1 August 2024 and its provisions are being brought into application on a phased basis.

The EU AI Act sets out rules relating to the placing on the market, putting into service and use of AI systems in the EU, as well as transparency requirements and rules on market monitoring and surveillance.

The rules will apply proportionately according to level or risk.

- AI uses that are deemed to present unacceptable risk will be prohibited.
- High risk AI systems and their providers, users/deployers and other operators will be subject to detailed requirements (including conformity assessment, risk and quality management, data governance, documentation and record-keeping, registration, transparency, human oversight, accuracy, robustness and cyber security).
- Certain other AI systems will be subject to transparency requirements.

Read more on this development here, here and here.

What's on the horizon?

- The EU AI Act will apply to all sectors including financial services, except for private, non-professional use of AI. The measures in the Act will extend to:
  - providers placing on the market or putting into service AI systems in the EU;
  - users ("deployers") of AI systems located in the EU;
  - providers and deployers based outside the EU to the extent the output produced by the AI system is used in the EU; and
  - other actors in the AI value chain such as importers and distributors of AI systems.
- The EU AI Act is a complex and technical piece of legislation, and it is to be supplemented by delegated acts and guidelines and other supporting documentation, with a limited number having been set to specific timelines.
- Providers of **general-purpose AI (GPAI)** models will be able to rely on voluntary codes of practice to demonstrate compliance with applicable requirements, until a harmonised standard is published. Codes of practice were originally to be ready at by 2 May 2025. The final version of the **GPAI Code of Practice** was published on 10 July 2025 and will apply from 2 August 2026. Adherence to the Transparency and Copyright sections will demonstrate compliance with Art 53 EU Act, and adherence to the Safety and Security section will demonstrate with the additional requirements in Art 55 EU AI Act for GPAI models with systemic risk. The code of practice is supported by guidelines on the scope of obligations of providers of GPAI (published 18 July 2025) and a template for the summary of training data (under development).
- Financial institutions looking to launch or use AI will need to analyse the extent to which they qualify under the EU AI Act as providers or users of AI systems, or another 'operator' in the AI value chain and comply with the associated requirements according to the risk classification of the system.

UK DEVELOPMENTS

I. MARKETS

UK MARKETS: IN THIS SECTION

View related EU measures

UK Markets Developments

UK SMARTER REGULATORY FRAMEWORK

15/07/25: UK Financial Sector Growth and Competitiveness Strategy published.

H2 2025: HM Treasury and regulators working on initiatives set out in the April 2025 Regulatory Initiatives Grid (including SRF initiatives), and on Leeds Reforms

Smarter Regulatory Framework

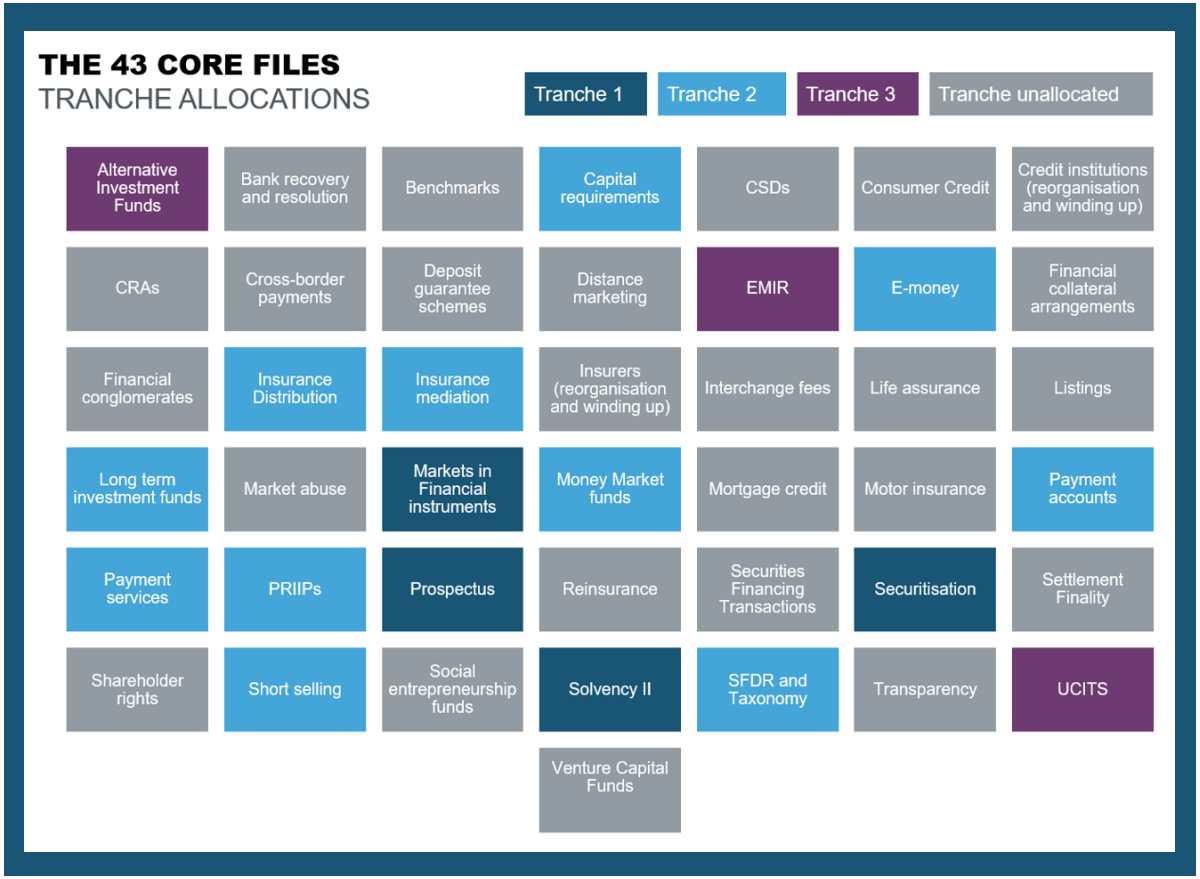
The planned post-Brexit **'Smarter Regulatory Framework' (SRF)** for the UK is a **multi-year initiative** that will ultimately repeal all EU-derived financial services legislation, to be replaced by a new 'FSMA-model' approach involving UK framework legislation along with firm-facing requirements set out in regulatory rules. It is being carried forward by HM Treasury and the financial regulators through:

- **The Financial Services and Markets Act 2023 (FSMA 2023)** which enables review, repeal, reform and restatement of EU-derived ('assimilated') financial services legislation (listed in Schedule 1 of FSMA 2023).
- The extensive package of **Edinburgh Reforms** published in December 2022 (supplemented by certain aspects of **Mansion House** initiatives published in July 2023, November 2024, and most recently the '**Leeds reforms**' published at Mansion House July 2025).

The previous UK Government divided areas of assimilated law into 43 'core files' and began to allocate them into '**Tranches**' (work on a file can span more than one Tranche). Significant progress has been made on Tranches 1 and 2. Files in Tranche 3 were allocated mid-2024.

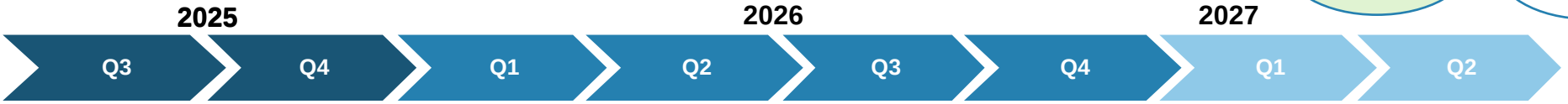
The new UK Government introduced the 10-year Financial Sector Growth and Competitiveness Strategy in July 2025.The Strategy indicates work will continue on revocation and restatement of UK EMIR the UK MiFID framework, AIFMD and payments and e-money, and will begin on UK BMR. However, it is not clear if the practice of allocation to 'Tranches' will be continued.

Read more on this topic here, here, here, and here.



MIFID/R AND WHOLESALE MARKETS REVIEW

View related EU measures



28/08/25: Comment deadline to FCA CP25/19 on ancillary activities test.

10/09/25: Comment deadline to FCA CP25/20 on SI regime for bonds and derivatives.

01/12/25: The post-trade transparency reforms for bonds and derivatives apply.

Q4 2025: FCA to issue policy statement to CP25/20 on SI regime for bonds and derivatives.

Q4 2025/Q1 2026: FCA to issue policy statement to CP25/19 on proposed changes to ancillary activities test.

H2 2025: FCA and PRA to finalise policy on MiFID Org Reg. replacement and replacement transaction reporting rules.

MiFID/R and WMR

The Wholesale Markets Review (**WMR**) identified areas of reform to better calibrate the post-Brexit regulatory framework to the UK's secondary markets.

FSMA 2023 has played a key role in delivering the outcomes of the WMR by: (i) making immediate changes to retained EU law (including UK MiFIR) to deliver the WMR proposals considered highest priority; and (ii) delivering other proposals through the planned repeal and revocation framework for retained EU law which is set out in the Act.

The '**Smarter Regulatory Framework**' programme (see **Slide 51**) has built on the recommendations of WMR by including MiFID/MiFIR in Tranches 1 and 2 of the programme, as well as including other measures to reform the UK wholesale market. In 2025, we can expect further consultations and policy and the implementation of further reforms.

Read more on this topic here, here, and here.

What's on the horizon?

- Apart from a small number which were not taken forward, the recommendations of the Wholesale Markets Review (WMR) have been actioned under transitional amendments to the UK MiFID/R framework by FSMA 2023 or under pre-existing or new FCA rulemaking powers. Eventual repeal and replacement of the UK MiFID/R framework will take place in tandem with replacement regulatory rules. Meanwhile, a range of further developments is progressing in 2025.
- **MiFID framework** – In late 2024, the FCA issued a CP on transferring the MIFID Org Reg into its handbook and a DP on transaction reporting. The PRA consulted in April 2025 on equivalent Rulebook changes. Both regulators expect to issue finalised policy in H2 2025. In April 2025, the FCA also published finalised policy on the derivatives trading obligation (DTO) and post trade risk reduction (PTRR) following consultation in July 2024.
- **Bond/derivatives markets transparency and bonds consolidated tape** – The FCA's finalised policy (PS 24/14) makes significant changes to the transparency regime, with certain aspects taking effect on 1 December 2024, and 31 March 2025. The revised post-trade rules take effect 1 December 2025, after which the proposed consolidated tape for bonds can go-live (see **Slide 53** for details).
- **Future SI regime** – The FCA included a discussion chapter in PS24/14 on the future of the SI regime and consulted (in CP25/20) in July 2025 on the SI regime for bonds and derivatives, with a view to publishing a policy statement in Q4 2025.
- **Intermittent trading venue** – Progress on what has been named PISCES is outlined on **Slide 54**.
- **Investment research** – The Investment Research Review (IRR) announced in the Edinburgh reforms resulted in FCA finalising rule changes in 2024 (PS24/9) for a new option of paying for investment research. The FCA finalised its policy (PS25/4) in May 2025 following consultation in late 2024 (CP24/21) on extending the optionality to pooled vehicles.
- **Commodities** – In line with WMR, HM Treasury legislated to simplify the ancillary activities exemption (AAE) for commodities firms. In July 2025, HM Treasury published a draft statutory instrument on reforming the AAE and FCA consulted (CP25/19) on proposed changes to the ancillary activities test.

MARKET DATA: UK CONSOLIDATED TAPES

View related EU measures

18/07/25: FCA decision by 18 July on which bidders could proceed to bond CT e-auction. .

August 2025: Bond CT e-auction begin. Winner to make application for FCA authorisation.

By end-2025: FCA to make decision on Bond CTP authorisation application.

Q4 2025: FCA consultation on equities CT expected.

01/12/25: Bond transparency regime changes take effect. Bond CT go-live expected after this date.

2026: Progress on equities CT expected.

UK consolidated tapes for bonds and equities

Planned UK consolidated tapes (CTs) will consolidate, for selected asset classes, post-trade (and, for equities, potentially pre-trade) market data (such as prices and volumes) and disseminate them in a continuous, single feed. Benefits for market participants (for which consumption of CT data will not be mandatory) include a centralised source of price information against which to assess compliance with best execution obligations.

As part of the '**Smarter Regulatory Framework**' programme (see **Slide 51**) FSMA 2023 gave HM Treasury and the FCA powers to deliver on a recommendation in the Wholesale Markets Review to introduce a regulatory regime to support a consolidated tape for market data by 2024. This included powers for HM Treasury to amend the provisions around Data Reporting Service Providers (DRSPs).

Work is continuing in 2025 with a view to the bonds tape to be in place as soon as practicable.

Read more on this topic here.

What's on the horizon?

- Delivering on a recommendation from the Wholesale Markets Review (see **Slide 52**), coordinated government and FCA work is facilitating the emergence of consolidated tapes. The aim is that, by building a more complete picture of the market, CTs will reinforce the UK's position as a leading centre for the listing and trading of bonds and equities.
- Following consultations, the FCA set out its finalised policy in CP23/33 and Under the framework, all trading venues and Approved Publication Arrangements (APAs) will be mandated to connect to the consolidated tape (CT) and provide their data to the CT provider free of charge.
- HM Treasury made the Data Reporting Services Regulations 2024 (DRSRs 2024) to replace the DRSRs 2017 and relevant rained EU law. The DRSRs 2024 will enter into force on the day of revocation of the existing EU-derived legislation. FCA Handbook changes will take effect on the same date.
- On the bonds CT, the FCA published tender documents on 7 March 2025, setting out how applicants could participate in the tender process. Bidders were . The selected CT provider will need to go through the FCA authorisation process. The go-live date for the bonds CT will not be before the planned changes to the bond transparency regime in December 2025 (see **Slide 52**).
- On the equities CT (covering (shares and ETFs), the FCA published an update in December 2024, along with the results of some research it commissioned. At the same time, it issued a call for expressions of interest from potential CT providers. The FCA is considering issues such as what data would be useful to include, and whether to prioritise a post-trade CT (with a pre-trade tape to follow later). The FCA confirmed in July that it proposes to consult on an equities CT in Q4 2025.

PISCES

05/06/25: PISCES Sandbox legal framework enters into force.

June 2025: FCA finalised policy on PISCES sandbox arrangements published.

Q4 2025: Trading in the PISCES sandbox expected to begin late 2025.

June 2025 – June 2030: PISCES sandbox expected to run for five years from June 2025.

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PISCES

One proposal in the Wholesale Markets Review (**WMR** - see **Slide 52**) was for a new type of trading venue should be established for SMEs with a market capitalisation of less than £50 million. The government announced in July 2023 at Mansion House that it would instead proceed with establishing a new 'intermittent' trading venue for private company shares. This was the preferred approach of respondents to the WMR.

New 'FMI Sandbox' powers in FSMA 2023 will be used to establish the **Private Intermittent Securities and Capital Exchange System (PISCES)**, a new regulated market to be used for sale of existing shares in unlisted UK and overseas companies.

It is intended that, alongside the UK's listing reforms (see **Slide 58**), which will make it quicker and easier for companies to raise capital, PISCES will make private secondary markets more transparent and efficient. For companies, PISCES should also provide a stepping-stone to listing on public markets.

The PISCES sandbox launched in June 2025 and to run for five year period.

Read more on this topic here.

What's on the horizon?

- PISCES will be developed using a 'financial markets infrastructure (FMI) sandbox'. This will be the second use of the FSMA 2023 FMI Sandbox powers (following the creation of the Digital Securities Sandbox). Establishment requires HM Treasury to make secondary legislation under FSMA 2023 for the legal framework and for the FCA to make rules and guidance in relation to applications, and the operation and oversight of the sandbox.
- In November 2024, HM Treasury set out its proposed approach, along with draft regulations setting out the legal framework for the PISCES Sandbox. HM Treasury laid the Regulations before Parliament on 15 May, and they entered into force on 5 June 2025.
- In December 2024, the FCA consulted in CP24/29 on PISCES sandbox arrangements. The FCA published its final policy (PS25/6) in June 2025 relating to:
    - Rules for operators on establishing arrangements for pre- and post-trade disclosures in connection with trading events on PISCES;
    - Requirements for operators on organising and running trading events;
    - Requirements for operators in relation to oversight and prevention of market manipulation;
    - FCA's approach to determining sandbox applications;
    - Requirements for intermediaries establishing consumer protections for retail investors who are individuals and eligible to trade on PISCES; and
    - Guidance on how existing rules and guidance in the FCA Handbook apply to persons when they are participating in PISCES.
- The PISCES Sandbox launched in June 2025 and trading in the sandbox is expected to start later in 2025.
- The FCA has published information for firms interested in applying to be a PISCES operator.

UK T+1 SETTLEMENT

View related EU measures

February 2025 – 11/10/27: Market Participants to carry out recommended actions and critical actions pursuant to the **UK T+1 Code of Conduct**.

11/10/27: T+1 go-live date.

UK T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

As part of the Edinburgh Reforms in December 2022 (see **Slide 51**), the Chancellor announced the establishment of an industry-led Accelerated Settlement Taskforce (AST). The AST reported in March 2024, recommending, among other things that the UK commit to a move to T+1 settlement no later than 31 December 2027. It has subsequently confirmed the date as 11 October 2027.

A technical group has developed an implementation plan and code of conduct for implementation of the transition.

What's on the horizon?

- In March 2024, the UK government accepted the recommendations of the AST and endorsed the proposed timeframe including the recommendation that the UK seek to align the transition date with the date committed to by other European jurisdictions.
- The government also established an Accelerated Settlement Technical Group (ASTG) to develop the technical and operational changes necessary for the UK to transition to T+1, and to set out how these should be implemented. The group is also to determine the appropriate timing for mandating these changes, which should be a date in 2025, and the overall 'go-live' date for T+1.
- In September 2024, the ASTG published a draft recommendations report and consultation, setting out 43 principal recommendations and 14 additional recommendations as well as clarifying which instruments will be in scope of T+1 settlement.
- The ASTG confirmed in January 2025 that the final 'go-live date will be 11 October 2027. In February 2025, the technical group published an Implementation Plan for the first day of trading for T+1 settlement (i.e. 11 October 2027). The Implementation Plan sets out a **UK T+1 Code of Conduct (UK-TCC)** containing the scope, a timetable of recommended actions (including 12 'critical actions') to enhance market practices and a set of expected behaviours necessary for UK Market Participants to meet their T+1 legislative obligations under UK CSDR.
- The Bank of England estimates that the move to T+1 has the potential to release around £1 billion of margin into the financial system for more productive uses.
- China is already operating at T+0 and Japan, Singapore, Australia are all actively considering a move to real time settlement. In the UK, the AST also considered the potential for a move to T+0 and atomic/instantaneous settlement in due course, but recommended that such a move should not take place until after the move to T+1.

DEVELOPING UK CRYPTOASSSETS REGIME

View related EU measures

Q3 2025: FCA CP: Conduct standards for all cryptoasset-related regulated activities
Q3 2025: FCA CP: admissions and disclosures; market abuse.

Q4 2025-Q1 2026: FCA CP: trading platforms, intermediation, lending, staking, prudential rules (remainder).
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Mid-Late 2026: finalisation of all FCA policy for the cryptoasset regime; authorisation gateway to open.
Late 2026 (estimated): Cryptoasset regime to enter into application

Developing UK regulatory regime for cryptoassets

Significant progress is being made in 2025 with a view to commencing UK cryptoasset regulation during 2026. The government aims to promote the UK as a global hub for cryptoasset technology and the top choice for starting and scaling a cryptoasset business.

FSMA 2023 empowered HM Treasury to expand the UK's regulated activities framework (and potentially make use of the new designated activities regime (**DAR**)) to provide for regulation of cryptoasset related activities.

In April 2025, HM Treasury published draft legislation to bring cryptoassets (including stablecoins) into the UK regulatory regime.

The FCA is proceeding with its planned series of discussion papers and consultations in line with its 'Crypto Roadmap'.

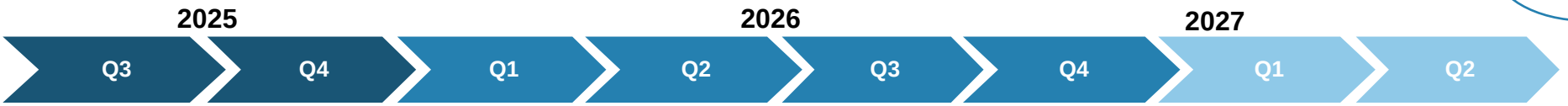
UK cryptoasset regulation is expected to go live during 2026.

Read more on these topics here, here and here.

What's on the horizon?

- **Overview:** the government plans to regulate cryptoassets under FSMA 2000, introducing new specified investments and new regulated activities tailored to the stablecoin and other cryptoasset markets. Persons engaged in these activities **in or to** the UK by way of business would require authorisation. The DAR may also be used, should any cryptoasset-related be designated under that regime, which would attach regulatory obligations to those activities but not trigger an authorisation requirement.
- **Fiat-backed stablecoins:** HM Treasury will take forward October 2023 proposals to create new regulated activities for issuance and custody of fiat-backed stablecoins. This will form part of the regime for cryptoassets outlined below. A proposal to amend payments regulation to regulate use of fiat-backed stablecoins in payments chains is not proceeding,
- **Other cryptoassets:** HM Treasury set out its approach in 2023, in a February consultation followed by an October response outlining the intended regulatory outcomes the new regulatory framework would seek to achieve. The cryptoasset framework is expected initially to cover: Issuance and disclosures (resembling the new POAT regime – see **Slide 58**); venue operation (adapted MTF model); cryptoasset investment/risk management (adapted intermediation permissions); custody (adapted safeguarding and administration permissions); lending platform operation (adapted MTF model); lending/borrowing activity (adapted intermediation permissions); staking; market abuse; and tailored prudential rules. Activities such as advice, portfolio management, wholesale lending, mining, protocol validation, and post-trade activities need further consideration and will likely be covered at a future date.
- **2025 activity:** In April 2025, HM Treasury published a policy note and draft secondary legislation for the cryptoasset (including stablecoin) regime, including the mechanism tor establishing if a cryptoasset is in scope and a full list of activities that will be regulated. The FCA published a detailed 'crypto roadmap' for the sequencing of its planned programme of discussion papers (DP) and consultation papers (CP) culminating in release of finalised policy. The regime is intended to go live in 2026
- The new regime will not endorse or prohibit particular business models, but the FCA will closely scrutinise at the application stage how an applicant plans to manage conflicts of interest and risks to market integrity. Vertically integrated business models will need to comply with rules for each regulated activity they carry on. Where an applicant for authorisation is based overseas, the FCA will decide whether a physical UK presence is required (e.g., require an authorised UK subsidiary of an overseas exchange).

SHORT SELLING



14/01/25: Short Selling Regulations 2025 in force for purpose of designating activities and FCA rulemaking.

Q3 2025: FCA to publish a consultation paper, draft rules, and a draft statement of policy on the use of its emergency intervention powers.

H2 2026: FCA expected to H2 2026 in a way that allows firms to make any necessary operational and technical changes to their compliance systems before the rules go live.

TBC: UK short selling regime to take effect on revocation of UK SSR and related assimilated law, simultaneously with the date of application of new FCA rules.

Short selling

Revocation and replacement in FCA rules of the assimilated UK version of the EU Short Selling Regulation (**UK SSR**) was allocated to Tranche 2 of the '**Smarter Regulatory Framework**' programme (see **Slide 51**).

HM Treasury and the FCA have been working on a replacement UK short selling regime to enter into force on repeal of the UK SSR. The aim is to ensure that the UK's approach to regulating the short selling of shares admitted to trading reflects the specificities of UK markets and continues to facilitate the benefits of short selling, whilst also protecting market participants and supporting market integrity.

What's on the horizon?

- Following consultation on the appropriate UK framework for short selling, and a further targeted consultation on removal from scope of the sovereign debt and credit default swaps aspects of the regime, the Short Selling Regulations 2025 (**SSRs**) were made on 13 January 2025. The proposed UK regime replacing will diverge from the EU SSR. Key elements of the SSRs include:
    - Publication by FCA of anonymised aggregated net short positions, replacing the requirement for firms to publicly disclose net short positions above 0.5%;
    - No restrictions on uncovered short selling of sovereign debt or sovereign CDS, and no sovereign debt notification requirements;
    - FCA will make rules on notification of net short positions;
    - FCA rulemaking power to exempt market-making and stabilisation activities (i.e. the FCA can replace the the market maker exemption in the UK SSR);
    - FCA must publish a statement of policy on how it will use its emergency intervention powers; and
    - UK SSR equivalence regime replaced with a new 'designation' regime.
- The SSRs partly entered into force on 14 January 2025 (Regs 1-6, 8, 9 and 11) to enable designation of activities (see below) and the FCA to make rules. The remainder of the SSRs will take enter into force on the date of revocation of the UK SSR and related EU-derived legislation, in tandem with entry into application of the new FCA rules.
- As noted above, the SSRs include empowerments for the FCA to specify the firm-facing short selling requirements in its Handbook. The reformed UK short selling regime will be implemented via the new Designated Activities Regime (**DAR**) introduced under FSMA 2023. The DAR provides a enables certain 'designated' financial activities to be regulated whether or not the actor is authorised by the FCA to conduct regulated activities. The activities designated in the UK SSR are (i) entering into a short sale of an admitted share; and (ii) Entering into any transaction other than a short sale of an admitted share, where an effect of the transaction is to confer a financial advantage on the person entering into that transaction in the event of a decrease in the price or value of an admitted share.
- The April 2025 Regulatory Initiatives Grid stated that the FCA planned to publish a consultation paper, draft rules, and a draft statement of policy on the use of its emergency intervention powers in Q3 2025. The FCA proposes to publish finalised rules In H2 2026

LISTING AND SECONDARY CAPITAL RAISING REFORMS

View related EU measures

15/07/25: FCA policy statements PS25/9 and PS25/10 published.

19/01/26: POATR framework and POP regime apply from 19 January 2026.

Listing and secondary capital raising reforms

FSMA 2023 enabled the government to reform the UK's prospectus regime, to implement recommendations from Lord Hill's UK Listing Review designed to widen participation in the ownership of public companies, simplify the UK capital raising process, and make the UK a more attractive destination for initial public offerings.

HM Treasury has also been working with the Department for Business, Energy & Industrial Strategy to deliver the recommendations made to government as part of the Secondary Capital Raising Review, and more broadly on reforms to corporate governance, aiming to further enhance the attractiveness of UK public markets.

Read more on this topic here, here and here, here and here.

What's on the horizon?

- Following Lord Hill's recommendations on the proposed reform of the UK listing regime, the new UKLR regime took effect on 29 July 2024, replacing the Listing Rules.
- As part of the Smarter Regulatory Framework programme (see **Slide 51**), the UK Prospectus Regulation (assimilated law) will be revoked and replaced by a new regulatory framework created under the Designated Activities Regime (DAR) introduced by FSMA 2023. The Public Offers and Admissions to Trading Regulations 2024 (**POAT Regulations** set out the legislative framework to replace the UK prospectus regime. Among other things the POAT Regulations create a new prohibition on public offers of 'restricted securities' in the UK (subject to exemptions and exclusions). They also:
  - establish a new regime for securities 'admitted to trading' on a regulated market or multilateral trading facility (MTF);
  - introduce a new regulated activity of operating an electronic system for public offers of relevant securities; and
  - give the FCA powers to specify the content requirements for a prospectus for admission to trading of 'transferable securities' on a UK regulated market or UK primary MTF.
- Following pre-consultation engagement in 2023, the FCA issued two consultations in 2024 (CP24/12 and CP24/13) on its proposed use of new powers. The FCA published two further consultations in Q1 2025 (CP25/2 and CP25/3) on further aspects of the regime. Finalised Policy was published on 15 July 2025 in two policy statements:
  - PS25/9: New rules for the public offers and admissions to trading regime; and
  - PS25/10: Final rules for public offer platforms (**POPs**).
- The POAT Regulations and the finalised FCA rules will take effect on 19 January 2026.

UK SECURITISATION FRAMEWORK

View related EU measures

Q4 2025: PRA and FCA expected to consult on further policy changes for the UK securitisation regime.

01/01/27: UK to implement Basel 3.1, and associated amendment to the Securitisation Regulations 2024.

UK securitisation framework

Revocation and replacement of the assimilated UK version of the EU Securitisation Regulation by new framework legislation and regulatory rules was allocated to Tranche 1 of the '**Smarter Regulatory Framework**' programme (see **Slide 51**), culminating in a new UK framework in place from 1 November 2024.

The April 2025 Regulatory Initiatives Grid provided that the PRA and FCA plan to consult on proposals for some further amendments to the UK securitisation regime in Q4 2025.

Read more on this development here and here.

What's on the horizon?

- Following HM Treasury consultations on the proposed UK framework legislation in 2022 and 2023, the Securitisation Regulations 2024 were made in January 2024. The Regulations entered into force on 1 November 2024, with transitional provisions applying for securitisations which closed before that date. The Securitisation Regulations form part of the new UK securitisation framework along with PRA rules (for credit institutions and large investment firms) and FCA rules (for other firms).
- The UK securitisation framework applies in respect of a securitisation where the transaction meets the definition of a "securitisation" contained in the Securitisation Regulations and where one or more manufacturer (originator, sponsor or SSPE) is established in the UK or an institutional investor falls within the scope of regulation by the FCA or PRA.
- For UK implementation of the Basel 3.1 capital framework (see **Slide 71**), the PRA's near-final Basel 3.1 rules include a revised definition of "specialised lending" which incorporates an additional criterion related to the capacity of the borrowing entity to repay the obligation. Under regulation 3(1) of the Securitisation Regulations 2024, transactions or schemes which meet the definition of specialised lending are excluded from the definition of a "securitisation". HM Treasury intends to update the definition of "securitisation" to align with the updated Basel rules. This change would take effect alongside the implementation of the Basel 3.1 standards through PRA rules from the date of UK Basel 3.1 implementation, which has been set for 1 January 2027. The PRA's proposals on revocation and restatement of the remainder of UK CRR (see **Slide 73**), also include securitisation-relevant aspects.
- In their policy statements, the PRA and FCA committed to a further round of consultation in late 2024/early 2025 to take into account feedback to their rule consultations. Those further consultations are now expected in Q4 2025. The consultations will likely include, among other things, a redefining of what constitutes a "public" securitisation and proportionate changes to distinguish the reporting regimes for public and private securitisations.

UK RETAIL DISCLOSURE FRAMEWORK TO REPLACE UK PRIIPS REGULATION

View related EU measures

Q4 2025: FCA finalised policy on the CCI regime expected to be published late 2025.

31/12/26: Exemption for UCITS funds from the requirements of the UK PRIIPs regime expires on this date.

UK PRIIPs regulation and new UK CCI regime

On UK withdrawal from the EU, the UK onshored the EU PRIIPs Regulation and subsequently made a series of targeted amendments to the UK PRIIPs regime, including extending the exemption from PRIIPs requirements for UCITS until the end of 2026. FSMA 2023 provides for the future revocation of the UK PRIIPs regulation.

In December 2022, the UK began the process of more holistic review of the regime for retail disclosure by publishing consultation and discussion papers on repealing and replacing the UK PRIIPs regime.

In 2025, we can expect the FCA to finalise its policy for the firm-facing rules under the new framework.

Read more on this development here, here and here.

What's on the horizon?

- The UK has extended the exemption for UCITS funds from the requirements of the UK PRIIPs regime until 31 December 2026. The FCA has similarly extended the ability for the manager of a NURS to choose whether to provide a PRIIPs KID or a NURS-KII until 31 December 2026. From 1 January 2027, these funds will need to comply with the requirements of the Retail Disclosure Framework.
- As part of the December 2022 Edinburgh Reforms (see **Slide 51**), HM Treasury consulted between December 2022 and March 2023 on repeal of the UK PRIIPs regulation and its replacement with a more flexible regime for PRIIPs and UCITS disclosures, to be set out in the FCA Handbook.
- In its consultation response on 11 July 2023, HM Treasury confirmed, among other things, that it wiould entirely remove all PRIIPs firm-facing retail disclosure requirements from legislation, and that UCITS vehicles will be brought into scope of the new retail disclosure regime. HM Treasury also set out its vision for the future UK retail disclosure framework, including some additional tailored powers for the FCA to deliver the regime in respect of certain unauthorised firms and overseas funds.
- The Consumer Composite Investments (Designated Activities) Regulations 2024 (SI 2024/1198) were made on 21 November 2024. The regulations entered into force for limited purposes on 22 November 2024 and will apply in full on the revocation of the UK PRIIPs regulation. These regulations set out the legislative basis for the new UK retail disclosure framework. Products formerly under the PRIIPs regime and UCITS disclosure requirements, including overseas funds in the Overseas Funds Regime (OFR), will fall under the umbrella of Consumer Composite Investments (CCIs). All CCI product information rules will be in the FCA Handbook.
- The regime will apply to any firm (whether or not an authorised person) that manufactures or distributes a CCI to retail investors in the UK. Designated Activities regulations were made in January 2025 to bring CCI-related designated activities within the FCA supervisory and enforcement framework.
- Following a December 2022 discussion paper, the FCA consulted between December 2024 and March 2025 (CP24/30) on proposed firm-facing rules. This was followed by a further consultation (CP25/9) which closed on 28 May 2025. The FCA proposes to publish a single policy statement covering both consultations late in 2025. The FCA envisages a more flexible regime, with firms using their judgement more, focusing on consumer outcomes aligned with the Consumer Duty (see **Slide 78**).
- The CCI regime will apply in tandem with HM Treasury's revocation of the UK PRIIPs regime. It is expected that a transitional period will apply before firms must comply with the new CCI regime.

UK DEVELOPMENTS

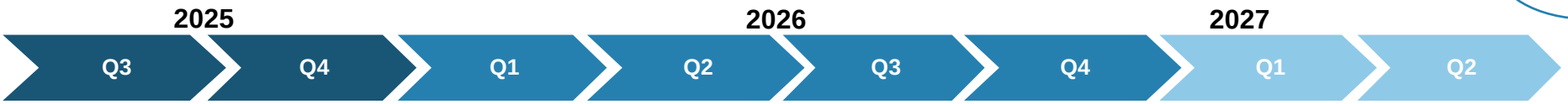
II. ESG

UK ESG: IN THIS SECTION

View related EU measures

UK ESG Developments

UK GREEN STRATEGY



July 2025: UK Financial Sector Growth and Competitiveness strategy published. Decision not to take forward development of UK Green Taxonomy.

Q4 2025: ESG Ratings legislation by end-2025 – see **Slide 67**.

Q4 2025: Government response on VCNM expected.

15/09/25: Transition Finance Council Progress Report expected, on scaling a high-integrity transition finance market.

17/09/25: Closure of government consultations on sustainability disclosures, assurance of sustainability reporting, and transition plans – see **Slide 65**.

UK Green Strategy

At Mansion House in July 2025, the government reiterated its intention to create a world-leading framework for sustainable finance. A range of measures were announced in the Mansion House Speech and the Financial Services Growth & Competitiveness Strategy.

It is not yet fully clear what reforms may be made to the Modern Slavery Act 2015 (**MSA**), as recommended by the House of Lords in an October 2024 report on how the MSA should be updated for international alignment. The report included recommendations on supply chain due diligence (similar to CS3D in the EU). The government responded in December 2024, and subsequently updated its Transparency in Supply Chains Guidance on compliance with section 54 of the MSA.

Read more on this development here and here.

What's on the horizon?

- The UK's Financial Services Growth & Competitiveness Strategy, published July 2025, identifies sustainable finance as one of the priority growth opportunities for the financial sector.
- Building on her November 2024 Mansion House speech, the UK Chancellor reiterated at Mansion House 2025 the government's ambition to create a world-leading framework for sustainable finance. The Strategy outlines a multi-faceted approach including:
    - **UK Green Taxonomy** – the decision not to take forward plans for a UK Green Taxonomy as part of the UK's wider sustainable finance framework, on the footing that it would not be the most effective tool for UK green transition,
    - **Corporate sustainability disclosures, development and implementation of transition plans, and assurance of sustainability reporting** – the government sees these three elements as the core of the UK's sustainable finance framework, that will together enhance transparency and comparability and support the efficient allocation of capital to sustainable activities to drive the global transition to net zero – see **Slide 65**.
    - **Transition finance** – working to scale transition finance (provision of funding for meeting the decarbonisation commitments to transition to net zero), including through the **Transition Finance Council** (established with the City of London Corporation), to carry forward the recommendations of the Transition Finance Market Review, and through supporting the FCA, PRA and Green Finance institute on a transition finance pilot (timing TBC).
    - **ESG ratings providers** - confirmation that legislation to regulate ESG ratings providers will be introduced by the end of the year. See **Slide 67**.
    - **Voluntary Carbon and Nature Markets (VCNM)** – the government has published a set of principles for voluntary carbon and nature market integrity and consulted in April 2025 on their implementation. The government plans to respond with next steps by the end of 2025.

CLIMATE-RELATED DISCLOSURES – SELL-SIDE

30/07/25: Response deadline for PRA CP10/25 on an update to SS3/19.

TBC: PRA revised SS3/19 will take effect immediately on publication. PRA supervisors will not ask firms to evidence their internal assessments, gap analyses, action plans or other steps taken to meet the updated expectations, until a period of **six months** has elapsed from publication.

TBC: FCA may consult on ESG (including climate-related) disclosures and MIFIDPRU clarifications.

Climate related disclosures – sell-side

The UK formally committed in 2017 to using the recommended disclosures from the Task Force on Climate-related Financial Disclosures (TCFD) as a basis for mandatory climate related financial disclosures in the UK.

Sell side firms are subject to an expanding range of climate-related disclosures obligations. For banks and PRA regulated investment firms, this includes Pillar III disclosures under the prudential framework, obligations arising under the PRA's expectations as set out in SS3/19, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and the Listing Rules.

FCA-only regulated MiFID investment firms are not currently required to make specific disclosures under the FCA's MIFIDPRU rules, but the FCA may potentially consult in 2025/2026 on ESG (including climate-related) disclosures and MIFIDPRU clarifications.

What's on the horizon?

- The FCA was expected to consult during 2024 on ESG disclosures under the Investment Firms Prudential Regime (IFPR)., which would affect firms subject to MIFIDPRU. This consultation was not issued and may potentially be issued in 2025/2026 (see **Slide 74**).
- The PRA will in 2025 continue active supervision of PRA-regulated firms' compliance with its expectations under its supervisory statement SS3/19, including its to expectations for disclosures (qualitative and quantitative) against the TCFD framework. As previewed in its Business Plans for 2024/2025 and 2025/2026, in April 2025 the PRA launched CP10/25 – Enhancing banks' and insurers' approaches to managing climate-related risks – Update to SS3/19, seeking responses by 30 July 2025. The PRA also intends to consolidate published PRA climate-related guidance (including thematic feedback and thematic findings) in one place and update it to reflect both the PRA and international standard setters' increased understanding of the impact of climate risks.
- Having set out its early thinking in 2021 on climate change and regulatory capital, in a March 2023 report on climate related risks and the regulatory capital framework, the PRA explained that it was engaged in ongoing work to establish if there are 'regime gaps' in the capital framework, including with the Basel Committee on Banking Supervision (BCBS) to establish whether climate related risks should be accounted for in banks' Pillar 1 capital framework. The 2023 report is referenced in the proposed update to SS3/19.
- Developments arising from the UK's Green Strategy (see **Slide 63**) are likely to have a bearing on disclosure obligations, for example one impact of the code of practice for ESG data and ratings providers and the proposed regulatory regime for ESG ratings providers (see **Slide 67**) is that it may help address some of the data gaps which impair firms' ability to make quantitative disclosures.
- At an international level, following a consultation in November 2023 on a possible Pillar 3 disclosure framework for climate-related financial risks, the BCBS finalised and published a Framework for the voluntary disclosure of climate-related financial risks in June 2025.

CLIMATE-RELATED DISCLOSURES – LISTED ISSUERS

17/09/25: Response deadlines for:

- DBT consultation on UK SRS 1 and UK SRS 2 exposure drafts.
- DESNZ consultation on transition plan requirements.
- DBT consultation on assurance of sustainability related financial disclosures.

Q4 2025: If endorsed, the government aims to publish the final UK SRS S1 and UK SRS S2 in autumn 2025.

Q4 2025: By the end of 2025, FCA will consult on updating its TCFD-aligned listing rules to refer to UK SRS.

Q3/Q4 2025: FCA to consult on strengthening its expectations for listed issuers' transition plan disclosures, with reference to the TPT Disclosure Framework.

2026: Follow-on work from government and FCA's 2025 consultations.

Climate-related disclosures – listed issuers

In line with the UK Government's 2020 roadmap to introduce mandatory TCFD-aligned disclosure requirements across the UK economy by 2025, the FCA first introduced climate-related disclosure rules for listed issuers with a premium listing in 2020 (reporting from 2022), followed by extension of the requirement to standard listed issuers in 2021 (reporting from 2023).

The UK is now working towards adoption of the disclosure standards developed by the International Sustainability Standards Board (**ISSB standards**) which has involved both government and FCA consultations in 2025.

Read more on this development here, here and here.

What's on the horizon?

- The International Sustainability Standards Board (ISSB) launched the first of its IFRS Sustainability Disclosure Standards in June 2023: (i) **IFRS S1** (General requirements for disclosure of sustainability related financial information); and (ii) **IFRS S2** (Climate related disclosures). These requirements, which aim to encourage reporting of consistent, decision-useful information, have been effective for reporting periods starting 1 January 2024. They were endorsed by IOSCO in July 2023.
- UK endorsement involves the development of UK Sustainability Reporting Standards (**UK SRS**) based on IFRS S1 and IFRS S2. The government laid out a framework in May 2024 for the assessment, endorsement and implementation process. On 25 June 2025, the Department for Business and Trade (DBT) published a consultation seeking views, by 17 September 2025, on exposure drafts of UK Sustainability Reporting Standards: UK SRS 1 and UK SRS 2.
- Two further consultations were launched at the same time as the consultation on the UK SRS exposure drafts:
    - A consultation from the Department for Energy Security and Net Zero (DESNZ) on introducing climate-related transition plan requirements; and
    - A consultation from DBT on developing an oversight regime for the assurance of sustainability-related financial disclosures.
- Following UK SRS endorsement, the FCA will consult by the end of 2025 on updates to existing TCFD-aligned disclosure obligations for disclosures against UK SRS.
- The FCA plans to launch a consultation (estimated Q3-Q4 2025) on expectations for listed companies' transition plan disclosures, drawing on the outputs of the government's Transition Plan Taskforce (TPT), the resources of which are now hosted by the IFRS.

SUSTAINABILITY DISCLOSURES AND INVESTMENT LABELS

View related EU measures

02/12/25: SDR Regime entity-level disclosures due from larger asset managers (AUM >£50bn).

02/12/26: SDR Regime entity-level disclosures due from smaller asset managers (AUM >£5bn).

2025-2026: FCA to continue to consider further expansion to the regime and possibly consult.

TBC: Delayed HM Treasury consultation (originally expected Q3 2024) may be issued on applying the regime to funds in the Overseas Funds Regime (OFR).

Sustainability disclosure requirements and investment labels

The FCA has introduced a sustainability disclosure framework with supporting product labels, primarily to ensure financial products that marketed as sustainable are in fact sustainable and that sustainable claims are appropriately evidenced. The SDR and labelling regime is designed to build trust in ESG products by ensuring consumers and other stakeholders have all necessary information.

An anti-greenwashing rule for all FCA authorised firms was introduced in May 2024, with the SDR and labelling regime starting to take effect (for in-scope firms) from 31 December 2024. The requirements are being introduced on a phased basis.

In 2025-2026, we can expect compliance deadlines for firms to meet aspects of the regime for the first time, as well as possible consultations from the FCA on expansion of the regime beyond its current scope, and from HM Treasury on the regime's scope of application.

Read more on this development here, here and here.

What's on the horizon?

- The SDR and labelling regime has introduced new requirements entering into force on a range of dates between 31 May 2024 and 2 December 2026. The regime comprises:
  - An anti-greenwashing rule (ESG 4.3.1R, in force from 31 May 2024). The FCA published guidance (FG24/3) on the application of the rule.
  - Product labels ('sustainability focus', 'sustainability improvers', 'sustainability impact' and 'sustainability mixed goals'), available for use since 31 July 2024, subject to relevant criteria and required disclosures.
  - Disclosures for asset managers (customer-facing, pre-contractual, and ongoing product and entity-level), which started to apply from 2 December 2024.
  - Naming and marketing rules for asset managers, which have applied from 2 December 2024, subject to temporary flexibility for certain firms until 2 April 2025.
  - Targeted rules for distributors of relevant investment products to retail investors in the UK.
- Following feedback to its consultation (CP24/8) on expansion of the regime to portfolio managers, the FCA announced in April 2025 that it would engage further with portfolio managers with a view to expansion at a later date, given broad support for extending the SDR to portfolio management. In the meantime, the FCA would prioritise the forthcoming multi-firm review into model portfolio services announced in its February 2025 Asset Management & Alternatives portfolio letter.
- In the medium term, the FCA will consider potential further expansion of the regime to financial advisers, pension products and/or other investment products.
- The FCA also intends to build on its disclosure requirements over time in line with other UK developments (see, e.g., **Slide 65**) and international developments.

UK REGULATION OF ESG RATINGS PROVIDERS

View related EU measures

Q4 2025: HM Treasury to introduce secondary legislation to bring ESG ratings providers within the UK regulatory perimeter.

2026: FCA expected to consult on rules applicable to ESG ratiings providers.

UK Regulation of ESG ratings

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem. However, provision of ESG ratings has given rise to concerns including on the transparency of methodologies, how rating processes are governed and how conflicts of interest are managed.

ESG ratings and data provision has been largely unregulated in the past. Jurisdictions globally have recently adopted voluntary codes or regulatory regimes to improve transparency on providers' methodologies and objectives and improve conduct in the sector.

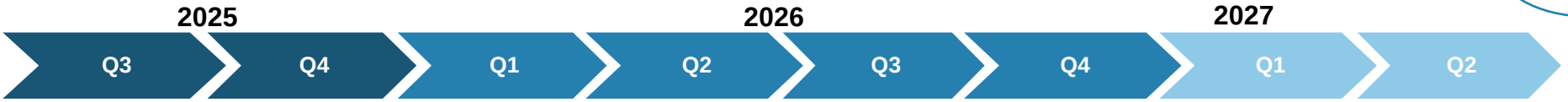
Since December 2023, the UK has had in place a voluntary Code of Conduct for ESG ratings and data products providers. In 2025 the government plans to take forward plans to bring ESG ratings providers within the UK regulatory perimeter. The FCA will then consult on regulatory rules.

Read more on this development here and here.

What's on the horizon?

- A voluntary Code of Conduct for ESG ratings and data products providers was finalised on 14 December 2023. The code is a precursor to introduction of a regulatory regime for ESG ratings providers in the UK.
- Following a consultation March 2023 and a further announcement in the March 2024 Spring Budget, the government confirmed in November 2024 that it would bring ESG ratings providers into UK regulation and published draft legislation (for comments by 14 January 2025) to make provision of ESG ratings a regulated activity, requiring FCA authorisation.
- HM Treasury originally expected to lay the legislation before Parliament in early 2025, but announced on 15 July 2025 in the Financial Services Growth and Competitiveness Strategy that it would introduce the legislation by the end of 2025.
- HM Treasury intends to introduce a "regulated products and services" exclusion from the new regulated activity. Under the exclusion, firms would not need to apply for permission to provide ESG ratings where, in the course of carrying on another regulated activity in respect of which they are authorised, they create an ESG rating as part of the development and delivery of that other regulated activity.
- Similar to the approach taken by other jurisdictions, HM Treasury does not intend to make ESG data provision a regulated activity. Although providers of pure ESG data products will not be subject to FCA regulation, they may choose to adopt the voluntary Code of Conduct.
- The FCA is expected to consult on a regulatory framework to enhance transparency of ESG ratings products and methodologies, and to promote strong governance, operational systems and conflicts management. Affected firms would then go through the authorisation process with the regime ultimately going live at the end of the authorisation gateway. This timeline would be subject to various factors, including the number of firms in scope of the regime. The FCA launched a voluntary survey in March 2025 to assist with the development of the future regime.

DIVERSITY IN FINANCIAL SERVICES



2025: Wider D&I proposals halted.
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Q4: FCA Policy Statement to CP25/18 expected.

10/09/25: Response deadline for FCA CP25/18: Tackling non-financial misconduct in financial services

01/09/26: new COCON rule (COCON 1.1.7FR) will come into force on 1 September 2026.

Diversity in financial services

On 7 July 2021, the FCA, PRA and Bank of England published a joint discussion paper (DP21/2) on diversity and inclusion (**D&I**) in the financial services sector. The discussion paper sought views on how to accelerate the rate of change in D&I in the financial services sector. It set out the roles of the regulators in this context, steps that the regulators have taken to promote D&I, the regulators' existing requirements and expectations, and a series of questions intended to seek views on ways of improving D&I measures.

The discussion paper was followed by further consultations in September 2023, and finalised policy on supporting D&I in financial services was originally expected to be published in H2 2025. However, given the need to avoid duplication with the wider policy and legislative agenda in the area, only the proposals in relation to non-financial misconduct are now being taken forward.

Read more on this development here, here and here.

What's on the horizon?

- For financial years starting on or after 1 April 2022, FCA rules for public company boards and executive committees have required firms to meet 'comply or explain' targets on gender and ethnic diversity and make annual disclosures.
- As a follow-up to a 2021 joint FCA-PRA discussion paper, in September 2023 the regulators published consultations (PRA CP 18/23 and FCA CP 23/20) on draft measures to support D&I in the financial sector, which closed for responses on 18 December 2023. In broad terms, the regulators consultations' proposed measures across several policy areas: Non-financial misconduct, D&I Strategies, Data Reporting, D&I Disclosure obligations and setting D&I Targets.
- In July 2023, the House of Commons Treasury Committee launched an inquiry into Sexism in the City, looking at the barriers faced by women in finance. The Committee's report in March 2024 recommended that the proposals for data reporting and for setting D&I targets be dropped. The Committee made recommendations on tackling prevalence of sexual harassment and bullying and poor handling of allegations about this misconduct by firms. In the FCA's response it stated it would prioritise work on non-financial misconduct and issue its policy statement on that aspect early in 2025.
- In March 2025, the FCA wrote to the Treasury Committee to explain that, while work on **non-financial misconduct** would proceed, it recognised that there is a very active policy and legislative agenda (including on employment rights, gender action plans and disability and ethnicity pay gap reporting) and that therefore, to avoid duplication and unnecessary costs, it did not plan to publish new rules on diversity and inclusion. The PRA also wrote to the Treasury Committee in a similar vein.
- The FCA launched CP25/18: Tackling non-financial misconduct in financial services on 2 July 2025, which closes for comments on 10 September. This confirmed the FCA would more closely align the rules between banks and non-banks and bring more incidents into the scope of COCON, to make it clearer that serious non-financial misconduct can be a breach of the conduct rules. The FCA is also consulting on additional guidance (in COCON and FIT) to make it easier for SM&CR firms to interpret and consistently apply the conduct rules, and to clarify statutory and FCA requirements for fitness and propriety. FCA will publish finalised policy before the end of 2025.

UK DEVELOPMENTS

III. PRUDENTIAL

UK PRUDENTIAL: IN THIS SECTION

View related EU measures

UK Prudential Developments

UK CRR REFORMS FOR BASEL 3.1 IMPLEMENTATION

View related EU measures

05/09/25: Comments on draft transitional and restatement regulations and ORRs invited by this date. PRA CP17/25 closes to comments.

Q3 2025: PRA to consult on incorporation of UK CRR definitions into PRA Rulebook.

Q4 2025: HM Treasury to publish draft of UK Overseas Prudential Requirements Regimes (replacing UK CRR equivalence).

2026: HM Treasury to lay commencement legislation in sufficient time to implement Basel 3.1 by 1 January 2027.

01/01/27: UK Basel 3.1 implementation date. UK CRR revocation date. New PRA rules enter into force.

UK CRR reforms for Basel 3.1 implementation

UK implementation of the final revisions to the Basel III framework agreed in December 2017 (referred to as **Basel 3.1**) requires a combination of legislation (revocation of parts of the retained Capital Requirements Regulation (575/2013) (**UK CRR**)) and revisions to **PRA rules and supervisory materials**. This forms part of the government's Smarter Regulatory Framework programme enabled by FSMA 2023 and outlined in the Edinburgh Reforms (see **Slide 51**).

HM Treasury initially consulted on the repeal of provisions of the UK CRR in November 2022, and since then the PRA has been consulting on the PRA rules that will replace UK CRR, to implement the majority of the Basel 3.1 standards with effect from 1 January 2027. These proposals will all be finalised in 2026.

The PRA is also developing an adapted application of Basel 3.1, a '**strong and simple**' prudential framework, to non-systemically important or internationally active UK banks and building societies. Initial work is focused on small domestic deposit takers (**SDDTs**). This framework, which will take several years to establish, is discussed further on **Slide 72**.

Read more on this development here and here.

What's on the horizon?

- Implementation of the Basel 3.1 standards in the UK was originally set for 1 July 2025, but the implementation date has been changed to 1 January 2027, with full implementation by 1 January 2030 (when the output floor will be set at a final level of 72.5%). In July 2025, the government and PRA confirmed that the market risk elements relating to the internal model approach (IMA) would be delayed by one year to 1 January 2028. Other elements of the market risk framework, including the trading book boundary, and the standardised and advanced approaches (SSA and ASA) will still be implemented on 1 January 2027.
- HM Treasury published a September 2024 policy update and the draft regulations for the revocation of relevant articles of UK CRR for Basel 3.1 implementation. This was followed by a further policy update on 15 July 2025, draft transitional regulations to delay implementation of the new market risk capital requirements under the internal model approach until 31 December 2027, and draft regulations to restate key UK CRR definitions in UK legislation. HM Treasury also published guidance on proposed Overseas Recognition Regimes (ORRs). Comments invited by 5 September 2025.
- The PRA previously published its near-final rules for Basel 3.1 implementation in two parts: (i) Part 1: PS17/23 (December 2023) – covering market risk, CVA risk, counterparty credit risk and operational risk; and (ii) Part 2: PS9/24 (September 2024) – covering credit risk, credit risk mitigation, the output floor, Pillar 2, and reporting and disclosure requirements. In July 2025, the PRA consulted in CP17/25 on proposed adjustments to the near final market risk rules to reflect the decision to delay application.
- The draft secondary legislation, and the PRA near-final rules, will be finalised and take effect on 1 January 2027 on revocation by HM Treasury of the UK CRR and related assimilated law, using its powers under FSMA 2023.
- UK CRR reforms for Basel 3.1 implementation will still leave a complex prudential regulatory framework across legislation, PRA rules and remaining technical standards. HM Treasury and the PRA are also working on the repeal and replacement of the remainder of the prudential legislative framework as soon as possible. This is discussed further on **Slide 73**.

STRONG AND SIMPLE FRAMEWORK: NEW SDDT REGIME

15/07/25: PRA CP17/25 proposes implementation of strong and simple Simplified Capital Regime of 1/1/27, to coincide with Basel 3.1 implementation.

05/09/25: PRA CP17/25 closes to comments.

Q4 2025: PRA to finalise the Simplified Capital Regime for SDDTs.

TBC: Application of the Basel 3.1 market risk requirements to SDDTs to be confirmed in due course (following consultation in CP7/24).

01/01/27: Basel 3.1 implementation date. Proposed Simplified Capital Regime implementation date.

SDDT regime

HM Treasury and the PRA are finalising proposals in 2025 for UK implementation of the final revisions to the Basel III framework agreed in December 2017 (referred to as **Basel 3.1**). This is outlined on **Slide 71**.

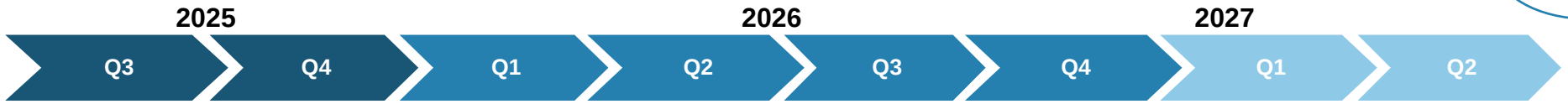
Basel 3.1 will apply to firms that are systemically important and/or internationally active. In response to criticisms that the prudential framework is complex and disproportionately burdensome and costly for smaller banks and building societies, the PRA also plans adapted application of Basel 3.1, a '**strong and simple**' prudential framework, to non-systemically important or internationally active UK banks and building societies. This framework will introduce a scale-up of capital and liquidity requirements according to the size or complexity of firms, equating to a simplified application of the Basel rules for smaller firms, while remaining consistent with the BCBS Core Principles for effective banking supervision.

The PRA's Initial work on the strong and simple framework has focused on small domestic deposit takers (**SDDTs**). The April 2025 version of the Regulatory Initiatives Grid gave no update on timing of proposals for extension of the strong and simple framework beyond SDDTs.

What's on the horizon?

- Implementation of the Basel 3.1 standards in the UK was originally to take effect from 1 July 2025, which was subsequently changed to 1 January 2026, and most recently to 1 January 2027, with full implementation by 1 January 2030. The implementation date for the Simplified Capital Framework for the SDDT regime was previously set at 1 January 2026, but as noted below, the PRA has now proposed a Basel 3.1-aligned date of 1 January 2027.
- The near final policy published by the PRA on UK Basel 3.1 implementation (see **Slide 71**) is relevant for SDDTs. On the SDDT regime specifically, a range of consultations have taken place. The PRA published its first policy statement (PS15/23) in December 2023 on SDDT eligibility criteria, liquidity and disclosure requirements, along with a Statement of Policy on operation of the SDDT regime.
- In September 2024, the PRA published CP7/24 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs) setting out proposals for the proposed simplified capital regime and additional liquidity simplifications for SDDTs.
- **Interim Capital Regime (ICR):** The ICR was designed to act as a bridge so that small firms would not need to apply the Basel 3.1 standards before the future implementation date of the permanent capital framework (Simplified Capital Regime) for the SDDT regime. The PRA published a policy statement (PS 19/24) in November 2024 on the definition of an ICR firm and a Statement of Policy on operating the Interim Capital Regime.
- On 15 July 2025, the PRA published consultation CP17/25, which, among other things, proposes that the Simplified Capital Regime apply on the Basel 3.1 implementation date of 1 January 2027. Should this proposal be carried forward (as it is expected to be), **the ICR would no longer be required**. Comments on CP17/25 are invited by 5 September 2025.

BEYOND BASEL 3.1: REMAINING UK CRR REVOCATION AND REPLACEMENT



15/07/25: BoE publishes revised MREL SoP.

17/07/25: PRA publishes PS12/25 – definition of capital, ECAI mapping, securitisation.

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31/07/25: finalised policy (PS8/25) on capital buffers framework takes effect on this date.

H2 2025: PRA to finalise remaining policy on UK CRR restatement following CP13/24.

01/01/26: Planned application date of BoE's revised MREL SoP.

H1 2026: Expected implementation of PRA revised policy on definition of capital following CP14/25.

2026: HM Treasury expected to lay legislation in sufficient time to enable PRA to complete restatement of remaining (non-Basel 3.1) UK CRR provisions.

01/01/27: UK Basel 3.1 implementation date. UK CRR revocation date. Implementation date for PRA revised MREL reporting (following CP15/25) and Pillar 3 disclosures (following CP16/25).

TBC: HM Treasury to lay further legislation if needed, for any consequential amendments to the UK statute book following UK CRR revocation.

Revocation and replacement of the non-Basel 3.1 elements of UK CRR

Draft legislation and PRA rules in development for UK implementation of the final revisions to the Basel III framework agreed in December 2017 (referred to as **Basel 3.1**) is discussed on **Slide 71**.

Both Basel 3.1 implementation and replacement of the remaining EU-CRR-derived framework form part of the government's Smarter Regulatory Framework programme enabled by FSMA 2023 and outlined in the Edinburgh Reforms (see **Slide 51**).

The Government has recognised that implementation of Basel 3.1 will repeal elements of UK CRR but will still leave the UK a complex prudential regulatory framework across legislation, PRA rules and remaining technical standards.

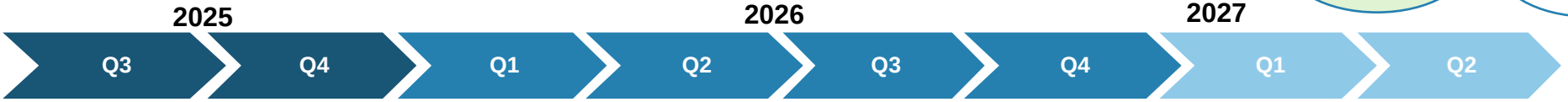
HM Treasury and the PRA are developing proposals for revocation and replacement of the remaining ('non-Basel 3.1') elements of the prudential legislative framework as soon as possible.

What's on the horizon?

- Implementation of the Basel 3.1 standards in the UK will take place (apart from certain market risk provisions - see **Slide 71**) on 1 January 2027, with full implementation by 1 January 2030.
- In September 2024, HM Treasury published a policy update on its approach to Basel 3.1 implementation, including the proposed approach to revocation of the TLAC provisions in UK CRR and additionally its approach to revoking the remainder of assimilated law in the CRR and the Capital Buffers Regulations 2014 (CBR). In relation to the TLAC proposals, In October 2024 the BoE published a consultation on amendments to its MREL Statement of Policy (SoP), with a view to finalisation in H1 2025 for implementation from 1 January 2026.
- HM Treasury's policy update was accompanied by draft regulations on Restatement of provisions on capital buffers and on Revocation of CRR provisions on the definition of capital. The PRA published related consultations: (i) CP8/24 on the definition of capital; (ii) CP10/24 on proposals to streamline some of its policy materials on capital buffers as part of the restatement process, to enhance usability and clarity. In September 2024, the PRA also published consultation CP13/24 setting out the PRA's proposals to restate/not to restate UK CRR's provisions, relating to: the level of application of requirements; securitisation requirements; counterparty credit risk; settlement risk; mapping of external credit ratings (ECAI mapping); and certain other provisions.
- In July 2025, the PRA finalised its updates to the capital buffer framework in PS8/25, and the BoE published its revised MREL SoP. The PRA published related consultations CP14/25, CP15/25 and CP16/25 on MREL reporting and disclosures and on raising the resolution assessment threshold for retail deposits. On 17 July 2025, PRA published PS12/25, setting out finalised policy on the definition of capital, ECAI mapping, and securitisation expectations. The PRA is expected to finalise the remainder of its policy following CP13/24 in the second half of 2025.
- In a further policy update on 15 July 2025, HM treasury confirmed, among other things, that it is making legislation to revoke (with effect from 1 January 2026) various parts of UK CRR related to the definition of capital and TLAC.

INVESTMENT FIRMS PRUDENTIAL REGIME (IFPR)

View related EU measures



H2 2025: FCA expected to publish policy statement on definition of capital following CP25/10.

01/01/26: New MIFIDPRU-based definition of capital to be in place.

Q4 2025/ Q1 2026: FCA to publish an engagement paper on market risk capital framework for MIFIDPRU firms.

2026: FCA consult and finalise policy on market risk capital requirements for specialised trading firms.
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TBC: FCA potentially to consult on ESG disclosures and MIFIDPRU clarifications.
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Investment Firms Prudential Regime (IFPR)

The UK introduced the IFPR, a revised prudential regime for FCA-authorised investment firms, on 1 January 2022.

The IFPR is based on, but not identical to, the EU IFD and IFR package. It incorporates key concepts from that package, including the calculation of capital using the so-called 'K-factors', governance and risk management requirements and a new remuneration code.

The IFPR applies to a significant number of FCA-authorised firms including, in addition to MiFID investment firms, collective portfolio management investment firms (so-called 'CPMI firms'), i.e., UCITS managers and AIFMs that, in either case, have MiFID top-up permissions.

What's on the horizon?

- IFPR applies to investment firms engaged in MiFID (Markets in Financial Instruments Directive) activities such as fund managers, asset managers, investment platforms, firms which deal on their own account, depositaries, and securities brokers. The majority of the FCA rules relating to the IFPR are located within MIFIDPRU, the prudential sourcebook for solo-regulated investment firms.
- MIFIDPRU defines regulatory capital through a number of cross-references to a 'frozen in time' version of the UK Capital Requirements Regulation). FCA consulted in April 2025 (in CP25/10) on removing these references, bringing the definition into MIFIDPRU, tailored where necessary to investment firms. That consultation closed on 12 June 2025. The FCA is expected to finalise its policy in H2 2025, with a view to the new regime being in place by 1 January 2026.
- In the April 2025 edition of the Regulatory Initiatives Grid, it was noted that the FCA intends to launch a discussion or engagement paper on market risk capital requirements for MIFIDPRU investment firms that deal on own account. The paper would examine whether capital requirements for trading firms remain appropriate. The paper may be published slightly earlier, as the government's Financial Services Growth and Competitiveness Strategy published on 15 July 2025 noted that the FCA engagement paper would be published by the end of 2025.
- The FCA indicated in the November 2023 version of the Regulatory Initiatives Grid that it planned to issue a further consultation paper in Q2 2024 in relation to ESG disclosures and MIFIDPRU clarifications. This consultation was not published in 2024 or mentioned in the April 2025 edition of the Regulatory Initiatives Grid. The consultation may potentially be published in due course.

RING-FENCING REGIME

July 2025: HM Treasury and Bank of England to undertake short review of the ring-fencing regime.

Q1 2026: Report on ring-fencing regime review expected.

TBC: Legislative changes following ring-fencing regime review to be brought forward when Parliamentary time allows.

TBC: PRA expected to publish policy statement on RFBs' management of risks from third-country subsidiaries and branches, following CP20/23.

TBC: HM Treasury policy response on aligning ring-fencing and resolution regimes expected.

Ring-fencing Regime

The UK's ring-fencing regime aims to contribute to financial stability by requiring banking groups within the scope of the ring-fencing requirements (those with more than £35 billion of core retail deposits) to split out their retail banking activities from their investment banking activities. The threshold was increased from £25 billion to £35 billion on 4 February 2025.

An independent panel appointed by HM Treasury to review the operation of the regime, led by Keith Skeoch, published its report in March 2022. The panel noted that the regime has been beneficial for financial stability and should be retained, but that its benefit is likely to reduce with time once the UK's resolution regime is fully embedded.

The panel made some recommendations to improve the operation of the regime, including for reforms to the scope of the regime, the scope of excluded activities, the restrictions on servicing relevant financial institutions and the ability of firms to establish operations or service customers outside the EEA.

What's on the horizon?

- HM Treasury published its response to the panel's recommendations in December 2022, and consulted in 2023 on draft secondary legislation to amend the main statutory instruments relating to ring-fencing. HM Treasury published its formal response, 'A Smarter ring-fencing regime' in November 2024.The finalised secondary legislation, The Financial Services and Markets Act 2000 (Ring-fenced Bodies, Core Activities, Excluded Activities and Prohibitions) (Amendment) Order 2025 (SI 2025/30), entered into force on 4 February 2025. Among other things this legislation:
    - increased the ringfencing deposit threshold to £35 billion of core deposits;
    - Introduced a new secondary threshold that will take large UK banking groups that have only minimal investment banking operations out of scope;
    - allows ring-fenced bodies (RFBs) to incur an exposure of up to £100,000 to a single relevant financial institution (RFI) at any one time;
    - removed the geographic restrictions on where RFBs can operate, allowing RFBs to operate branches and subsidiaries outside of the UK or EEA, subject to PRA rules;
    - introduced a four-year transition period for complying with the ring-fencing regime where ringfenced banking groups acquire another bank that is not subject to ringfencing; and
    - Introduced other provisions to facilitate provision of finance to SMEs.
- Following consultation (CP20/23) in 2023, the PRA is expected to finalise its policy in due course on how RFBs should manage risks from third country subsidiaries and branches, reflecting the removal the legislative prohibition on RFBs having non-EEA branches and subsidiaries.
- The government is expected in due course to publish a formal policy response on proposals for alignment of the ring-fencing and resolution regimes, following a call for evidence in March 2023 and a summary of responses in September 2023.
- In its Financial Services Competitiveness and Growth Strategy in July 2025, the government announced plans to review the regime, both legislation and PRA rules to: (a) assess allowing ring-fenced banks to provide more products and services to UK businesses; (b) address inefficiencies in how ring-fencing is applied to banking groups; and (c) examine the case for allowing banks to share resources and services more flexibly across the ring-fence. The report is expected in Q1 2026.

UK DEVELOPMENTS

IV. CROSS SECTORAL

UK CROSS-SECTOR: IN THIS SECTION

View related EU measures

UK Cross-sectoral Developments

UK CONSUMER DUTY

31/07/25: Firms' annual reports due on compliance with the Consumer Duty.

September 2025: FCA to publish full programme of work on streamlining the Handbook.

30/09/25: FCA to report to Chancellor on review of application of Consumer Duty to wholesale firms.

31/07/26: Firms' annual reports due on compliance with the Consumer Duty.

Q4 2025: FCA expects to finalise policy on the CCI regime.

The Consumer Duty

The 'Consumer Duty' introduced in July 2023 aims to create a higher level of consumer protection in retail financial markets. The Consumer Duty comprises a package of measures, comprised of a new Principle 12 (the 'Consumer Principle') of the FCA's Principles for Businesses, supported by detailed rules and guidance.

The Consumer Duty applies to products and services sold to retail clients and will extend to firms that are involved in the manufacture or supply of products and services to retail clients even if they do not have a direct relationship with the end retail customer where the firm's role in the manufacture and distribution chain of the product or service allows it to determine, or exercise a material influence over, retail customer outcomes.

The Consumer Duty has applied from 31 July 2023 to new and existing services and additionally from 31 July 2024, the first annual board reports from firms with open products and the rollout of the to closed products and services. In 2025, the FCA is monitoring firms' compliance and conducting targeted thematic and other work to assess how well the Duty has been embedded. Consultations on FCA Handbook changes, on the new retail disclosure framework and on the redress framework will also impact Consumer Duty-related policy.

Read more on this development here and here.

What's on the horizon?

- With the Consumer Duty in force for all products since 31 July 2024, the FCA continues to impress on firms in speeches and announcements that the Consumer Duty is not a 'once and done' project. Compliance with the Consumer Duty requires firms to ensure that customers' interests are central to their culture and purpose, and that this is embedded throughout the organisation in their strategy, governance, leadership and people policies.
- The FCA has been focused on assessing how firms have embedded the Duty and publishes feedback from its ongoing work in specific sectors, which includes retail banking, payments, consumer finance and retail investments. In May 2025, the FCA published its findings following work reviewing the clarity of foreign exchange (FX) pricing in payment services.
- Some key specific outputs in H2 2025 include:
    - In February 2025, the FCA provided interim feedback following responses to its 2024 call for input on the FCA Handbook changes that might be made following introduction of the Consumer Duty to, e.g., remove overlapping rules and reduce regulatory uncertainty. The FCA also committed in January in a letter to the Prime Minister to streamlining its Handbook to support economic growth. The FCA expects to outline its full programme of work in September 2025.
    - The July 2025 Financial Services Growth and Competitiveness Strategy noted that the FCA has been asked to report to the Chancellor by end-September 2025 on how it plans to deal with concerns about the way the Consumer Duty is working for wholesale firms engaged in distribution chains which impact retail consumers and provide certainty on the categorisation of professional clients.
    - In late 2025, the FCA also expects to publish finalised policy on the new, more Consumer Duty-reliant, retail disclosure regime that will replace the UK PRIIPs Regulation (the CCI regime – see **Slide 60**).

OPERATIONAL RESILIENCE

View related EU measures

H2 2025: Policy finalisation expected following FCA, PRA and BoE consultations on operational incident, outsourcing and third-party arrangements reporting.

H2 2025: HM Treasury expected to make the first CTP designations.

H2 2025: Consultations expected on management of ICT and cyber resilience risks.

H2 2026: New rules on operational incident, outsourcing and third-party arrangements reporting expected to apply.

TBC: Policy finalisation on any proposed changes to expectations of firms' management of ICT and cyber resilience risks.

Operational resilience

The FCA, PRA and BoE introduced a new operational resilience regime in 2021. The regime included an implementation period, under which firms and FMIs needed to complete certain actions before 31 March 2022. The initial implementation deadline was followed by a transitional period which is due to end on 31 March 2025. The UK operational resilience regime requires firms and FMIs to have strategies, processes and systems that enable them to address risks to their ability to remain within their impact tolerance for each of their important business services in the event of a severe but plausible disruption.

FSMA 2023 introduced the framework for a Critical Third Parties regime (CTP regime) for oversight of the resilience of cloud service providers and other designated 'critical third parties' providing services to UK regulated firms and FMIs. The regulatory rules for the CTP regime took effect on 1 January 2025.

More recently, the regulators have consulted on introducing proposed operational incident, outsourcing and third-party arrangements reporting obligations.

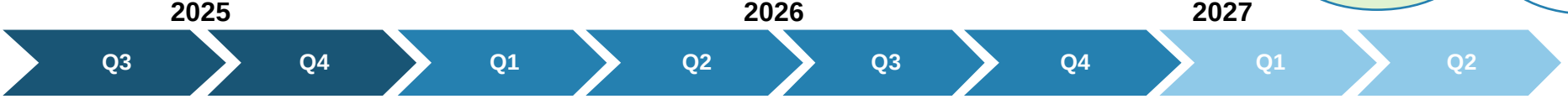
Read more on this development here, and here.

What's on the horizon?

- FSMA 2023 introduced (from 29 August 2023) a new Part 18 Chapter 3C into FSMA, to establish the **CTP regime**. HM Treasury has been given a power to designate third party providers of services to financial sector firms and FMIs as as critical third parties (**CTPs).** The gives a range of powers to the regulators with respect to CTPs, which apply to each CTP as of the date they are designated.
- The regulators published finalised rules in November 2024, with a view for the CTP regime becoming operational from 1 January 2025. The new rules align with international standards and similar regimes such as **EU DORA**.
- In December 2024, the BoE, PRA and FCA published joint consultation papers on operational incident, outsourcing and reporting of third-party arrangements reporting, to:
  - clarify what information firms/FMIs should submit when operational incidents occur; and
  - collect certain information on firms' outsourcing and third-party arrangements, to manage the risks that they may present to the FCA's, PRA's or BoE's objectives, including resilience, concentration and competition risks.
- That consultation closed on 13 March 2025. The regulators expect to finalise their policy in H2 2025, with new incident and third-party arrangements reporting rules to take effect in H2 2026.
- In H2 2025, HM Treasury is expected to begin designating the first third party service providers as CTPs, to be subject to regulator oversight.
- In December 2024, the Bank of England announced that, to further enhance the financial sector's operational (including cyber) resilience capabilities, the regulators intend to start consulting in H2 2025 on expectations around the management of Information and Communication Technology (ICT) and cyber resilience risks. This includes risks arising from IT transformations, and the sector's ability to detect, withstand and recover from disruptions in the event of ICT and cyber incidents.

UK PAYMENTS, OPEN BANKING AND OPEN FINANCE

View related EU measures



15/07/25: PVDC update issued.
H2 2025: FCA plans to publish next steps for open banking. HM Treasury to consult on open banking regulatory framework.

September 2025: HM Treasury to consult on abolishing the PSR.
Q3/Q4 2025: FCA expected to publish **'i**nterim state' changes to safeguarding rules.
Q4 2025: PVDC expected to publish strategy for retail payments infrastructure and Payments Forward Plan.

By March 2026: Government and FCA to published Open Finance roadmap.
TBC: FCA to establish smart data schemes and launch a Smart Data Accelerator to inform regulatory policy for Open Finance.

2026: FCA expected to take over PSR's functions in 2026, until which time it retains its powers and remains an independent regulator.

2025-2026: Work ongoing on reform of payments legislation under the Smarter Regulatory Framework.

UK Payments, Open Banking and Open Finance

In November 2024, the new UK government outlined the long-awaited articulation of the future of UK payments, in the form of the National Payments Vision. Fintech has been highlighted as one of the priority growth areas for the financial sector.

With refreshed remits and strategies, the FCA and PSR are working on multiple workstreams in 2025. Work on reform of EU-derived payments legislation, which was allocated in Tranche 2 of the Smarter Regulatory Framework programme (see **Slide 51**), will also progress in 2025.

The July 2025 Financial Services Growth and Competitiveness Strategy outlined new innovation- and growth- supporting initiatives for the fintech sector.

Read more on this development here and here.

What's on the horizon?

- **National Payments Vision (NPV):**. Tasked with delivering on the NPV, the Payments Vision Delivery Committee (PVDC) published an update on 15 July 2025 confirming it will publish a strategy for retail payments infrastructure in the Autumn. By the end of 2025, the PCDV will publish a sequenced plan of broader future initiatives (the Payments Forward Plan), and a recommended monitoring approach.
- **FCA and PSR:** The FCA and PSR were given a new growth focused remit in relation to payments regulation. The PSR refreshed its strategy and the FCA also issued a new 2025-2030 strategy in March 2025. It was announced in March that the FCA will take over the functions of the PSR and the PSR will be abolished. The Financial Services Growth and Competitiveness Strategy published in July 2025 confirmed that HM Treasury will consult in September 2025 on abolishing the PSR.
- **UK Competitiveness and Growth:** Fintech has been identified as one of the priority growth opportunities for the financial sector. The strategy announced that the FCA and PRA will launch a Scale-Up Unit to enhance engagement with fast-growing, innovative regulated firms, as well as cross-cutting reforms to improve authorisation timeframes.
- **Open Banking**: The FCA and PSR, among other things, plan to put in place a new open banking payment method, variable recurring payments, to increase competition and choice. The April 2025 Regulatory Initiatives Grid confirmed that FCA will set out next steps for open banking in H2 2025, and HM Treasury will consult on a regulatory framework for open banking, with draft legislation.
- **Open Finance:** The Data (Use and Access) Act, which received Royal Assent in June 2025, lays out a framework for the establishment of "smart data" schemes in the UK. The Government and FCA will publish an Open Finance Roadmap by March 2026. The FCA will also launch a Smart Data Accelerator to facilitate the testing of use cases and encourage the development of solutions, and help shape regulatory policy for Open Finance.
- **Safeguarding and the Smarter Regulatory Framework (SRF)** – Following its October 2024 consultation on near- and long-term changes to the safeguarding regime for UK payments and e-money firms, the FCA originally expected to finalise the rules for the 'interim state' in H1 2025 – now expected H2 2025. During the 'interim state', the PSRs and EMRs will continue to apply (with enhancements). The 'end state' will begin when the safeguarding requirements in the PSRs and EMRs are revoked under the SRF programme. More work on revocation and replacement of payments legislation under the SRF is expected during the year.

UK AML/CTF REGIME

View related EU measures

07/07/25: FCA revised PEP guidance published.

17/07/25: HM Treasury consultation response published.

H2 2025: HM Treasury expected to lay secondary legislation on improving effectiveness of the MLRs 2017.

H2 2025: HM Treasury expected to lay secondary legislation aligning MLRs 2017 with new UK cryptoassets regulatory regime.

Ongoing: Work on realising the benefits of Digital ID.

Late 2026: UK cryptoasset regime expected to begin to apply.

TBC: Post-2026 Economic Crime Plan expected to be published in due course.

UK AML/CTF Regime

The UK's anti-money laundering and counter and terrorist finance (AML/CTF) system must continually evolve to tackle new and emerging threats, technological change and changes in the legislative landscape.

In March 2023, the UK's Economic Crime Plan 2023-2026, outlined an ambition for an improved end-to-end response to tackling money laundering, which would require further targeted consultations.

Additionally, HM Treasury has been conducting a wider review of the AML regime in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (**MLRs 2017**). HM Treasury published a report on this in June 2022, recommending further reform to the UK's AML regime, including to its supervisory framework. This was followed by HM Treasury consultations in June 2023 and March 2024. In a response document published in July 2025, HM Treasury indicated it would lay legislation to make changes to the MLRs 2017 later in 2025.

The UK Government's Financial Services Competitiveness and Growth Strategy published in July 2025 included a government commitment to work closely with the regulators and industry to realise the benefits of using personal digital ID for AML checks, now that digital ID has been put on a statutory footing in the Data (Use and Access) Act 2025.

In its 5-year Strategy 2025-2030, the FCA has committed to continuing its efforts to disrupt financial crime, including through greater use of technology and bringing enforcement action.

Read more on AML/CTF developments here.

What's on the horizon?

- The Economic Crime Plan 2023-2026 set out a range of commitments aimed at combatting the criminal abuse of cryptoassets. FCA engagement commitments have included actions to improve understanding of the UK cryptoasset regime and providing tailored communications where necessary to improve understanding of cryptoasset regulation; and engaging with cryptoasset businesses and monitoring their compliance with the "travel rule".
- The UK's incoming cryptoasset regime will require consequential amendments the MLRs 2017 to align its provisions with the proposed new cryptoasset-related regulated activities. Cryptoasset exchanges and custodian wallet providers already registered with the FCA for the purposes of the MLRs 2017 will be permitted to continue their operations while they apply for full authorisation under the new regime (see **Slide 56**).
- The FCA is consulting in CP25/14 as part of a series of consultations under its Crypto Roadmap, on proposals that, to meet necessary legal requirements under UK anti-money laundering, counter-terrorist financing, and counter-proliferation financing legislation, stablecoin issuers will need to have appropriate systems and controls for financial crime. That consultation closes on 31 July 2025 (see **Slide 56**).
- From June-September 2023, HM Treasury consulted on potential reform of the AML/CTF supervisory regime, which set out four possible future supervisory models. In March 2024, HM Treasury launched a further consultation on proposals to improve the effectiveness of the MLRs 2017 (confirming at the same time that it was still reviewing responses to its June 2023 consultation). Building on the findings of its 2022 review, HM Treasury highlighted areas for improvement, including: clarifying the scope of the MLRs 2017, Customer Due Diligence (CDD), trust registration services requirements, and better co-ordination in the AML system. That consultation closed in June 2024. HM Treasury's response document was published on 17 July 2025. HM Treasury confirmed it would lay draft secondary legislation later in 2025 to improve the effectiveness of the regime.
- FSMA 2023 mandated the FCA to review its guidance on the treatment of Politically Exposed Persons (PEPs). The FCA consulted in July 2024. In July 2025 it published revised guidance (FG 25/3).

DEVELOPING UK AI REGIME

View related EU measures

30/09/25 – 09/01/26: FCA's Supercharged Sandbox will provide participants with opportunity to experiment with AI using NVIDIA's Accelerated Computing and AI Platform.

Q2/Q3 2026: Draft AI Bill expected to be laid before Parliament mid-2026.

TBC: House of Commons Treasury Committee to deliver report from its Inquiry on AI in Financial Services.

2025 - 2026: Ongoing work delivering recommendations of the UK AI Opportunities Action Plan.

2026: DRCF expected to provide an update on horizon scanning work on agentic AI.

2025-2026: DRCF working on regulatory coherence and regulatory uncertainty.

Ongoing: DSIT guidance on implementing the cross-sectoral AI regulation principles developing over time.

Developing UK regime for Artificial Intelligence

A government white paper in 2023 outlined a principles-based approach to the embrace of AI in the UK economic sectors, which would rely on sector-specific regulatory guidance.

In 2024 the UK hosted the AI safety summit at which a non-binding agreement was signed by major AI firms, including OpenAI, Google DeepMind, and Anthropic, signed a non-binding agreement to allow partner governments to evaluate their large language models for risks before their release.

To put that voluntary agreement on a statutory footing, a draft AI Bill was expected to be introduced in 2024/2025 but has been delayed to mid-2026. The AI Bill will focus on advanced "frontier" AI models (the most powerful models that generate text, images and videos) and potentially copyright issues related to AI.

A steady stream of developments is expected in 2025 with delivery of recommendations for increasing AI adoption in the AI Opportunities Action Plan published in January 2025.

Read more on this development here.

What's on the horizon?

- In March 2023, the government published a white paper, AI regulation: a pro-innovation approach, setting out the government's proposals for implementing a proportionate, future-proof and pro-innovation framework for regulating AI.
- The UK will not have a single AI regulator. Instead, the white paper set out a set of cross-sectoral principles (covering safety, fairness, transparency, accountability and redress) for all existing regulators to develop sector-specific guidelines for AI development and use. This regulatory guideline approach is intended to apply to all models except frontier AI. 'Phase 1' guidance on implementing the principles was published in 2024, with further phases to be rolled out over time.
- Timing for introduction of the proposed AI Bill is uncertain at this stage but likely to be after the next King's Speech (expected May 2026). The Bill's scope is expected to be expanded beyond AI safety and security to include a comprehensive framework for copyright issues related to AI.
- The UK's January 2025 AI Opportunities Action Plan, set a strategy for harnessing AI to help meet the UK's goals for sustained economic growth. The UK government has endorsed all 50 of its recommendations, with most of the immediate next steps scheduled for delivery during 2025.
- The Digital Regulation Cooperation Forum (DRCF) ran a pilot initiative, the DRCF AI and Digital Hub to support AI and digital innovators with free (non-legally binding) advice on how regulations apply to their AI and digital products. The pilot period ended in April 2025. In its 2025/26 Workplan, the DRCF will focus, among other things, on regulatory consistency in AI and AI assurance, including gaining deeper understanding of each others' regulatory regimes and on industry perceptions of regulatory uncertainty.
- The FCA is focused in 2025/26 on working with firms to support the adoption of AI use cases (including through testing in its AI Lab) and on working with the Information Commissioner's Office (ICO) to assess General Data Protection Regulation (GDPR) barriers to AI innovation. From 30 September 2025, successful applicant firms will be able to test early-stage proofs of concept within the FCA's Supercharged Sandbox.
- The PRA is continuing to monitor trends and risks in the use of AI.


Prob
71.4%
71.4%
71.5%
71.9%
72.3%
72.9%
72.9%
72.9%
73.0%
Implied Probability
for 06/30/16
Track
Annotate
Percent (%)
6.00
5.00
4.00
3.00
2.00
1.00
Current Spot
1.0218
1.1037

GLOSSARY

GLOSSARY

AI - Artificial Intelligence

AI Act - Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act)

AMLA – Anti Money Laundering Authority

AMLA Regulation - Regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010

AML Regulation - Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing

AML/CTF - Anti-money laundering and counter-terrorist financing

Basel 3.1 - The final Basel III standards agreed by the Basel Committee on Banking Supervision (BCBS) in December 2017, comprising further revisions to the Basel III framework designed to reduce excessive variability in the calculation by banks of their risk weighted assets (RWA) for regulatory capital purposes.

BoE – Bank of England

CCI – Consumer Composite Investment

CCP - Central counterparty

Commission - The European Commission

CMDI - Crisis Management and Depositor Insurance

CRD6/CRDVI – Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks

CRR3 - Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor

CSD – Central securities depository

CSDR - Central Securities Depositories Regulation (Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012)

CSDR REFIT - Regulation (EU) 2023/2845 of the European Parliament and of the Council of 13 December 2023 amending Regulation (EU) No 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third-country central securities depositories and amending Regulation (EU) No 236/2012

CSMAD - Criminal Sanctions for Market Abuse Directive (Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse)

CS3D - Corporate Sustainability Due Diligence Directive

CT – Consolidated Tape

CTP – Critical Third Party

DORA - Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA) entered into force on 16 January 2023 and will start to apply from 17 January 2025

EBA – European Banking Authority

EMIR - European Market Infrastructure Regulation (Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories)

EMIR 3.0 - Regulation (EU) 2024/2987 of the European Parliament and of the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets

EMIR 3.0 Directive - Directive (EU) 2024/2994 of the European Parliament and of the Council of 27 November 2024 amending Directives 2009/65/EC, 2013/36/EU and (EU) 2019/2034 as regards the treatment of concentration risk arising from exposures towards central counterparties and of counterparty risk in centrally cleared derivative transactions

ESAP - European Single Access Point

ESAs – European Supervisory Authorities

ESG - Environmental, social and governance

ESG Ratings Regulation - Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, and amending Regulations (EU) 2019/2088 and (EU) 2023/2859

ESMA – European Securities and Markets Authority

FCA – UK's Financial Conduct Authority

FIDA - Proposal for a Regulation on a framework for Financial Data Access and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2022/2554. Interinstitutional reference 2023/0205 (COD)

Financial Collateral Directive - Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements

FSMA 2023 - The Financial Services and Markets Act 2023, which was enacted on 29 June 2023.

GLOSSARY (CONTINUED)

Green Bond Regulation - Regulation (EU) 2023/2631of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds

IFD - Investment Firms Directive (Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU)

IFPR – Investment Firms Prudential Regime

IFR - Investment Firms Regulation (Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014)

ITS – Implementing Technical Standards

Listing Act Package – (i) Directive ((EU) 2024/2811) introducing targeted adjustments to MiFID2 to enhance visibility and facilitate listing of companies (especially SMEs) on EU stock exchanges, to introduce regulation for issuer-sponsored research, and to repeal the original EU Listing Directive to enhance legal clarity (ii) Regulation ((EU) 2024/2809) amending the EU Prospectus Regulation, the EU Market Abuse Regulation (MAR) and EU MiFIR to streamline and clarify listing requirements applying on primary and secondary markets, while maintaining an appropriate level of investor protection and market integrity and (iii) Directive ((EU) 2024/2810) on multiple-vote share structures

MAR - Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC

MiCA - Regulation (EU) 2023/1114 on markets in cryptoassets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937

MiFID 2 - Second Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU)

MiFID 3 - Directive (EU) (2024/790) amending Directive 2014/65/EU (the MiFID II Directive) on markets in financial instruments

MiFIR - Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

MiFIR 2 - Regulation (EU) 2024/791 amending the Markets in Financial Instruments Regulation (600/2014) (MiFIR) as regards enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimising the trading obligations and prohibiting receiving payment for order flow

MLD 4 – Fourth Money Laundering Directive (Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC

MLD5 - Fifth Money Laundering Directive (Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU

MLD6 - Directive (EU) 2024/1640 on the mechanisms to be put in place by member states for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849

PISCES - Private Intermittent Securities and Capital Exchange System

POAT regime – Public Offers and Admissions to Trading regime

PRA – UK's Prudential Regulation Authority

PRIIPs – Packaged retail and insurance-based investment products

PRIIPs Regulation - Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products

PSD3/PSR – (i) Proposal for a Directive on payment services and electronic money services in the internal market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC. Interinstitutional reference 2023/0209 (COD) and (ii) Proposal for a Regulation on payment services in the internal market and amending Regulation (1093/2010). Interinstitutional reference 2023/0210 (COD).

PSR – UK's Payment Systems Regulator

RTS – Regulatory Technical Standards

GLOSSARY (CONTINUED)

Securitisation Regulation - Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017

Settlement Finality Directive - Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems

SFDR - Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector)

SFTR - Securities Financing Transactions Regulation (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012)

SRD2 - Second Shareholder Rights Directive (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement)

Taxonomy Regulation - Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088)

TCFD - Task Force on Climate-Related Financial Disclosures

Unfair Commercial Practices Directive (UCPD) - Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005