

INTERNATIONAL REGULATORY UPDATE 6 –10 OCTOBER 2025

- EU Commission announces de-prioritisation of non-essential financial services Level 2 legislation
- EU Parliament adopts regulation on financial reporting requirements
- SEPA: ITS on reporting of charges for credit transfers, instant credit transfers and payments accounts, and share of rejected transactions published in Official Journal
- EMIR 3: ESMA publishes final RTS on CCP authorisations, extensions and validations
- MiFIR/MiFID2 Review: ESMA issues second public statement on transition
- MiCA: EBA responds to EU Commission's proposed changes to RTS on liquidity requirements of reserve of assets
- EBA publishes report on competent authorities' approaches to AML and CFT supervision of banks
- EBA reports on tackling money laundering and terrorist financing risks in cryptoasset services through supervision
- FSB publishes 2025 consolidated progress report on G20 roadmap for enhancing cross-border payments
- FSB reports on monitoring adoption of AI and related vulnerabilities in financial sector
- Motor finance: FCA consults on consumer redress scheme
- FCA and PRA publish policy statements on MiFID Org Reg
- BoE consults on FMI fee rates for 2025/26
- HKEX consults on proposed enhancements to structured products listing framework
- Securities and Futures (Designated Benchmarks) (Withdrawal and Revocation) Order 2025 and Securities and Futures (Financial Benchmarks) (Amendment) Regulations 2025 gazetted
- MAS and industry partners publish technical report on proof-of-concept sandbox for quantum-safe communications in financial sector
- Recent Clifford Chance briefings: Navigating global trade in a time of change; emerging sustainability and ESG trends; and more. Follow this link to the briefings section.

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EU Commission announces de-prioritisation of non-essential financial services Level 2 legislation

The EU Commission has published a [letter](#) addressed to the European Supervisory Authorities (ESAs) and the Anti-Money Laundering Authority (AMLA) on the de-prioritisation of certain Level 2 acts in financial services legislation.

The Commission notes that between 2019 and 2024, Level 1 acts adopted by the co-legislators empowered it to adopt 430 Level 2 measures. According to the Commission, a high volume of Level 2 acts can lead to compliance costs and regulatory complexity for stakeholders, while demanding significant resources from co-legislators to scrutinise them.

The Commission has consulted with the EU Parliament and Council and categorised the acts into the three categories, with 115 measures being categorised as non-essential. The Commission has announced that it will not adopt those non-essential acts before 1 October 2027. Where there is an obligation to act within a specific deadline, it will propose to amend or repeal the empowerments in the context of any ongoing reviews of the relevant Level 1 acts.

The Commission has set out the 115 non-essential measures in an annex to the letter.

EU Parliament adopts regulation on financial reporting requirements

The EU Parliament has [adopted](#) the proposed regulation amending Regulations (EU) No 1092/2010, (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010, (EU) No 806/2014, (EU) 2021/523 and (EU) 2024/1620 as regards certain reporting requirements in the fields of financial services and investment support.

The proposed regulation updates existing rules on data sharing between the European Supervisory Authorities (ESAs) and other financial sector authorities with the aim of reducing the administrative burden for authorities in the financial sector.

The regulation will enter into force on the twentieth day following that of its publication in the Official Journal.

SEPA: ITS on reporting of charges for credit transfers, instant credit transfers and payments accounts, and share of rejected transactions published in Official Journal

[Commission Implementing Regulation \(EU\) 2025/1979](#) laying down implementing technical standards (ITS) under the Single Euro Payments Area (SEPA) Regulation with regard to the uniform reporting templates, instructions and methodology for the reporting of the level of charges for credit transfers, instant credit transfers and payments accounts, and the share of rejected transactions has been published in the Official Journal.

Specifically, the ITS set out the information that payment service providers (PSPs) are required to submit in relation to:

- the level of charges for credit transfers, instant credit transfers and payment accounts; and

- the share of instant credit transfer transactions that have been rejected due to targeted financial restrictive measures, including separate data for national and cross-border transactions.

PSPs shall submit the information required in the data exchange formats and representations specified by the competent authorities.

Commission Implementing Regulation (EU) 2025/1979 will enter into force on 26 October 2025.

EMIR 3: ESMA publishes final RTS on CCP authorisations, extensions and validations

The European Securities and Markets Authority (ESMA) has published its final reports on the regulatory technical standards (RTS) on central counterparties' (CCPs) authorisations, extensions of authorisation and model validations following the review of the European Market Infrastructure Regulation (EMIR 3).

In particular, the RTS set out:

- the [conditions for extensions of authorisation and the list of required documents and information for applications by CCPs for initial authorisations and extensions](#); and
- the [conditions for validations of changes to CCP's models and parameters and the list of required documents and information for applications for validations of such changes](#).

The two sets of RTS will now be submitted to the EU Commission for endorsement, following which they will be subject to scrutiny by the EU Parliament and the Council.

MiFIR/MiFID2 Review: ESMA issues second public statement on transition

ESMA has issued a [public statement](#) in relation to the application of certain provisions following the review of MiFIR and MiFID2.

The statement follows ESMA's March 2024 statement on the transition to the revised rulebook and is intended to provide practical guidance to markets participants on:

- the application of the provisions of MiFID2 amended by the MiFID2 Review in relation to commodity derivatives and derivatives on emission allowances and to the new regime applicable to systematic internalisers (SI regime);
- the single volume cap mechanism (VCM) in MiFIR as amended by the MiFIR Review; and
- the application of the revised transparency rules for bonds, structured finance products, emission allowances, and equity instruments introduced by the MiFIR Review.

ESMA has emphasised that notwithstanding potential changes in the timing for the adoption of delegated and implementing acts by the Commission, market participants are expected to comply with the provisions as amended by the MiFID2/MiFIR Review, unless otherwise specified.

MiCA: EBA responds to EU Commission’s proposed changes to RTS on liquidity requirements of reserve of assets

The European Banking Authority (EBA) has published [two opinions](#) in response to the EU Commission’s amendments relating to the draft RTS specifying the composition and liquidity requirements of the reserve of assets under the Markets in Cryptoassets Regulation (MiCA). The EBA considers that the Commission’s proposed substantive amendments are not consistent with the prudential framework established by MiCA.

On 28 August 2025, the Commission informed the EBA of its intention to endorse, with amendments, the draft RTS specifying the highly liquid financial instruments (HLFI) with minimal market, credit and concentration risk, and the liquidity requirements of the reserve of assets under MiCA.

The EBA notes that the Commission’s amendments could be interpreted as allowing investments of issuance proceeds into non-highly liquid financial instruments (non-HLFI such, as commodities or cryptoassets), classifying all money market funds as HLFI while relaxing concentration and look-through limits, and removing undertakings for collective investment in transferable securities concentration rules.

While supporting the proposed drafting clarifications, the EBA considers these substantive amendments inconsistent with Articles 36(1)(b) and 38(1) under MiCA, on the basis that they would introduce material liquidity risk, weaken alignment with the banking liquidity framework, and open scope for regulatory arbitrage.

EBA publishes report on competent authorities’ approaches to AML and CFT supervision of banks

The EBA has published a [report](#) that takes stock of the actions taken by all competent authorities to address the EBA’s findings and recommendations in relation to improving the effectiveness of anti-money laundering and counter terrorism financing (AML/CFT) supervision.

The report finds that overall, national competent authorities (NCAs) have made significant progress over the past six years in adopting a risk-based approach to AML/CFT supervision and most NCAs now have dedicated AML/CFT strategies, targeted supervisory plans, and manuals that guide supervisors and ensure consistency across the sector. It also finds that supervisory manuals have been enhanced to ensure that AML/CFT supervision becomes more consistent and effective. NCAs have also made substantial efforts to strengthen coordination and information exchange with the relevant public authorities within their respective Member States. However, there are some Member States where further improvement is required.

The new EU Anti-Money Laundering Authority (AMLA) will be moving forward with AML/CFT supervision and the report forms part of the EBA’s handover to AMLA.

EBA reports on tackling money laundering and terrorist financing risks in cryptoasset services through supervision

The EBA has published a [report](#) on tackling money laundering and terrorist financing (ML/TF) risks in cryptoasset services including issuance, trading and service provision. The report summarises findings from actions taken by AML/CFT authorities and the EBA to identify and manage ML/TF risks in cryptoasset businesses, both before and after MiCA was implemented.

The report is intended to inform supervisory approaches to the authorisation and oversight of cryptoasset service providers (CASPs) and issuers, and to support the strengthening of AML/CFT frameworks. It outlines strategies used by certain CASPs and issuers to circumvent national AML/CFT supervision, details the safeguards introduced by MiCA and the revised AML/CFT regime, and identifies key elements essential for the effective implementation of the new EU framework.

FSB publishes 2025 consolidated progress report on G20 roadmap for enhancing cross-border payments

The Financial Stability Board (FSB) has published a [consolidated progress report](#) for 2025 on the actions taken by the FSB, the Bank for International Settlements Committee on Payments and Market Infrastructures (CPMI) and other partner organisations under the G20 roadmap for enhancing cross-border payments.

The report notes that significant process has been made over the last year and that most of the major policy development initiatives set out have been achieved. These include:

- levelling the playing field between bank and non-bank payment service providers (PSPs);
- mitigating data-related frictions in cross-border payments; and
- the Financial Action Task Force (FATF)'s revision of its standards for data in cross-border payments.

However, the FSB has warned that despite most roadmap actions being completed, this has not resulted in tangible improvements for end-users at a global level. The FSB considers it unlikely that satisfactory improvements at a global level will be achieved in line with the roadmap's timetable of the end of 2027.

FSB reports on monitoring adoption of AI and related vulnerabilities in financial sector

The FSB has published a [report](#) looking at how authorities are monitoring the adoption of artificial intelligence (AI) and related vulnerabilities in the financial sector, which builds on the FSB's 2024 report on the financial stability implications of AI.

The report highlights the challenges faced by authorities, including data gaps and the lack of standardised taxonomies, and identifies a range of indicators to support monitoring AI adoption and related vulnerabilities in the financial system. It also includes a case study on recent developments in the AI supply chain and the implications of financial institutions' reliance on a few critical third-party providers. These include vulnerabilities related to criticality, concentration, and substitutability.

Motor finance: FCA consults on consumer redress scheme

The Financial Conduct Authority (FCA) has launched a consultation ([CP25/27](#)) on an industry-wide compensation scheme covering regulated motor finance agreements taken out by consumers between 6 April 2007 and 1 November 2024 where commission was payable by the lender to the broker.

The scheme would consider whether there had been adequate disclosure of the commission arrangements and any contractual ties between lenders and brokers. The proposed rules would apply to lenders and brokers. For the purposes of the scheme, consumers would include sole traders and small partnerships.

Comments on the redress scheme proposals are due by 18 November 2025.

The FCA is also consulting on extending how long firms have to provide a final response to motor finance complaints to 31 July 2026. Comments on these proposals are due by 4 November 2025.

The FCA has [indicated](#) that it will confirm by 4 December 2025 whether it will extend the deadline for motor finance firms to provide a final response to customer complaints. If the redress scheme goes ahead, the FCA expects to publish its policy statement and final rules by early 2026.

The FCA has also published two Dear CEO letters on [the action it expects firms to take now](#) and [setting out its expectations for claims management companies \(CMCs\) involved in motor finance commission claims](#).

FCA and PRA publish policy statements on MiFID Org Reg

The FCA and the Prudential Regulation Authority (PRA) have published policy statements setting out their final policy in relation to the MiFID Organisational Regulation (MiFID Org Reg).

The PRA's [PS16/25](#) provides feedback to responses received to its consultation paper (CP9/25). It also contains the PRA's final policy, which is a restatement of existing organisational requirements for firms contained in the MiFID Org Reg into the PRA Rulebook, with no material changes.

The FCA's [PS25/13](#) responds to feedback on CP24/24 and CP24/11 which proposed, among other things:

- to transfer the firm-facing requirements of MiFID Org Reg into FCA Handbook rules;
- to remove Conduct of Business Sourcebook (COBS) 16A.4.3UK so it no longer applies as a rule to optional exempt (Article 3) firms, in line with MiFID firms; and
- to amend the definition of 'durable medium' in the Glossary to make electronic communications the default mode of communication with retail clients.

PS25/13 also sets out the FCA's final policy which is contained in the Markets in Financial Instruments (Transfer of MiFID Organisational Regulation) Instrument 2025 and the Technical Standards (Markets in Financial Instruments Regulation) (Organisational Requirements) Instrument 2025.

The changes to PRA policy, the FCA Instruments, and the removal of COBS 16A.4.3UK will come into effect with HM Treasury's commencement of the

revocation of the MiFID Org Reg under the Financial Services and Markets Act (FSMA) 2023, which is set for 23 October 2025. The changes to the durable medium definition will come into force three months after publication of the final rules on 12 January 2026.

BoE consults on FMI fee rates for 2025/26

The Bank of England (BoE) has launched a [consultation](#) on the fees regime for financial market infrastructure (FMI) supervision for 2025/26.

The consultation sets out:

- the proposed fee rates to meet the BoE's 2025/26 funding requirement for its FMI supervisory activity and the policy activity that supports this, which represent a 7.8% increase for UK central counterparties (CCPs) and a 15.2% increase for UK central securities depositories (CSDs) compared to 2024/25;
- a proposal to introduce a new category three ratio for UK payment systems and a change to ratio fees across all FMI types to support new entrants and encourage innovation; and
- the proposed hourly rates for special project fees (SPFs) for 2025/26.

According to the BoE, the increases in fee rates reflect the expansion in chargeable policy work, including enhancing resilience and supporting innovation, work to create the UK CCP rulebook being estimated to take six months longer than originally expected, and activity to start scoping the work needed to repeal and replace the UK Central Securities Depositories Regulation (CSDR).

Comments are due by 9 December 2025.

HKEX consults on proposed enhancements to structured products listing framework

The Stock Exchange of Hong Kong Limited (SEHK), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEX), has launched a [consultation](#) on proposed enhancements to the listing regime for structured products by amending Chapter 15A of the rules governing the listing of structured products on the SEHK.

The SEHK has highlighted the importance of ensuring that the requirements under Chapter 15A continue to: (i) be commensurate with the development of the structured products market over time; and (ii) balance investor protection and product choice for investors. The proposals set out in the consultation are intended to achieve the following objectives:

- market competitiveness - to support new product development and enable greater diversity in product choice, thus deepening the Hong Kong market as an international financial centre;
- market quality and investor protection - to enhance the eligibility requirements for structured products issuers; and to keep investors fully informed of matters relevant to them in a timely manner; and
- market efficiency and transparency - to streamline the structured product listing process and to provide greater transparency on the SEHK's requirements, rule intention and regulatory expectations.

Comments on the consultation are due by 11 November 2025.

Securities and Futures (Designated Benchmarks) (Withdrawal and Revocation) Order 2025 and Securities and Futures (Financial Benchmarks) (Amendment) Regulations 2025 gazetted

The Singapore Government has gazetted the [Securities and Futures \(Designated Benchmarks\) \(Withdrawal and Revocation\) Order 2025](#).

As of 1 October 2025, the Order withdrew the designations of all the designated benchmarks set out in the Schedule to the Securities and Futures (Designated Benchmarks) Order 2018, namely, the Singapore Interbank Offered Rate and the Singapore Dollar Swap Offer Rate. This withdrawal was based on the Monetary Authority of Singapore (MAS)'s opinion that the considerations under section 123B of the Securities and Futures Act 2001 are no longer satisfied. Consequently, the 2018 Order was also revoked with effect from the same date, i.e., from 1 October 2025.

In conjunction with this, the Securities and Futures (Financial Benchmarks) (Amendment) Regulations 2025 have also been gazetted to make consequential amendments to the Securities and Futures (Financial Benchmarks) Regulations 2018 with effect from 1 October 2025.

MAS and industry partners publish technical report on proof-of-concept sandbox for quantum-safe communications in financial sector

The MAS, in collaboration with DBS, HSBC, OCBC, UOB, SPTel and SpeQtral, has [completed](#) a proof-of-concept sandbox to evaluate the use of Quantum Key Distribution (QKD), which is a secure communication method for exchanging cryptographic keys only known between shared parties, for secure communications in the financial sector. This follows the signing of a memorandum of understanding between the parties in August 2024 to explore the technical viability, effectiveness and applicability of quantum-safe technologies in financial services, as well as the Post-Quantum Cryptography experiment with Banque de France in 2024.

The QKD sandbox enabled the MAS and the participating banks (DBS, HSBC, OCBC and UOB) to collaborate and deepen their understanding of quantum security technologies, such as QKD. The sandbox also provided insights into the benefits and limitations of QKD solutions that the MAS and the participating banks intend to draw on when making decisions on quantum-safe strategies and strengthening the sector's cyber resilience against quantum threats.

A technical report detailing the results and takeaways from the sandbox has been published. Key findings include the following:

- QKD has the potential to strengthen the security of communication networks used by financial institutions;
- there is a need for QKD providers and the telecommunications sector to further strengthen QKD security assurance; and
- additional efforts are required to achieve greater interoperability between different QKD providers.

The sandbox also highlighted the need for strong senior management support in building in-house competency and allocating sufficient budget and resources for quantum-safe initiatives.

RECENT CLIFFORD CHANCE BRIEFINGS

Navigating global trade in a time of change

Global trade and investment are undergoing dramatic change. Geopolitical and regulatory developments are fast-moving and often unpredictable. Over the past few months, the Trump administration has made the most sweeping US tariff changes in decades. At the same time sanctions, export controls, investment screening and regulatory developments are increasingly influenced by national security, trade and industrial policy objectives - with important implications for all businesses engaged in cross-border activities. These developments collectively have a significant impact on business resilience and global supply chains.

While uncertainty and change are common themes, geopolitical and regulatory developments are playing out in different ways across regions, sectors and policy areas. 'To remain competitive in this new environment, businesses need a holistic and dynamic strategy for responding to emerging developments that is informed by integrated cross-jurisdictional expertise encompassing tariffs, sanctions, export controls, foreign investment regimes and broader regulatory considerations' says Jessica Gladstone, a Partner at Clifford Chance based in London. This new environment demands that businesses:

- embed real-time monitoring of trade and regulatory developments into compliance systems and cross-functional co-ordination across management and legal, trade, compliance, strategy and procurement teams;
- conduct trade and regulatory horizon-scanning and scenario-planning, to inform business and advocacy strategies;
- integrate flexibility into supply chain and investment strategies, to enable rapid responses to emerging developments;
- review, and where necessary adapt, contractual terms to pre-empt and react to sudden changes in the geopolitical and regulatory landscape; and
- focus on enforcement risk arising from heightened scrutiny of compliance and litigation risk, whether with counterparties, investors or shareholders.

This report examines these developments and their impact on trade.

https://www.cliffordchance.com/insights/thought_leadership/trade-tariffs-export-controls-fragmented-regulation.html

Regulatory Resets, Divergence, Increased Litigation – Emerging Sustainability and ESG Trends

Political shifts in 2025 have highlighted diverging attitudes towards ESG and the resulting tensions have important consequences. Among the key trends to emerge are regulatory and enforcement reversals in the US, regulatory policy shifts across several jurisdictions, including the EU which has been at the forefront of sustainability regulation, and the rise of ESG-related litigation, as stakeholders increasingly turn to the courts to pursue their goals.

This report examines these trends, focusing on recent regulatory and enforcement developments and the rise in litigation across the US, Europe and APAC. The implications for companies are profound: navigating a

labyrinth of fragmented standards, mitigating legal risks and aligning ESG strategies with the realities of each jurisdiction.

https://www.cliffordchance.com/insights/thought_leadership/regulatory-resets-divergence-increased-litigation-emerging-sustainability-and-esg-trends.html

Restructuring plans update – key developments

Over the course of summer 2025, the UK restructuring landscape has undergone a series of notable developments, with the courts being busy with several restructuring plans (RPs) and publishing a revised court Practice Statement on schemes of arrangement and RPs.

This briefing paper provides an overview of the key judgments, themes, and judicial commentary that have shaped the market in recent months. With retailers in particular facing challenging economic conditions, we expect to see retailers continuing to use RPs to address both operational and financial liabilities.

<https://www.cliffordchance.com/briefings/2025/10/restructuring-plans-update---key-developments.html>

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