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CSDR: Regulation on T+1 settlement published in Official Journal

Regulation (EU) 2025/2075 amending the Central Securities Depositories Regulation (CSDR) as regards a shorter settlement cycle in the EU has been published in the Official Journal.

The Regulation shortens the settlement period for EU transactions in transferable securities from two days (T+2) to one (T+1) and exempts certain securities financing transactions (SFTs) from the settlement cycle requirement. In order to avoid any risks of circumvention of the T+1 settlement cycle requirement, the exemption only applies if SFTs are documented as single transactions composed of two linked operations.

The Regulation will apply from 11 October 2027.

CRR: RTS on specification of long and short positions and on materiality of extensions and changes to alternative internal models published in Official Journal

The following Delegated Regulations setting out regulatory technical standards (RTS) under the Capital Requirements Regulation (CRR) have been published in the Official Journal:

- Delegated Regulation (EU) 2025/1265, which contains RTS specifying the method for identifying the main risk driver of a position and for determining whether a transaction represents a long or a short position as referred to in Articles 94(3), 273a(3) and 325a(2); and
- Delegated Regulation (EU) 2025/1311, which contains RTS specifying the conditions for assessing the materiality of extensions of, and changes to, the use of alternative internal models, and changes to the subset of the modellable risk factors.

Both Delegated Regulations will enter into force on 3 November 2025.

Investment firms: EBA and ESMA publish technical advice recommending targeted revisions to prudential framework

The European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) have issued their technical advice in response to the EU Commission's call for advice on the Investment Firms Regulation (IFR) and Investment Firms Directive (IFD). They propose limiting significant changes to the framework, which they have concluded to be fit for purpose based on stakeholder feedback during their joint consultation.

The recommendations are intended to enhance the proportionality and functioning of the prudential framework and improve the framework's ability to contribute to a level playing field among investment firms.

The technical advice addresses a range of topics including:

- the need for improved definitions, calculation methodologies, and thresholds monitoring for investment firms, while emphasising the importance of ensuring consistent application of the framework;
- the adequacy of own funds requirements;
- the implications of the Banking Package;
- the prudential consolidation of investment firm groups;
- aspects related to renumeration;
- areas where higher or lower alignment with the banking framework would be beneficial; and
- interactions between the IFR/IFD framework and other regulations, namely the Markets in Cryptoassets Regulation (MiCA), and the Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds Managers (AIFM) Directives.

The EBA and ESMA will submit the joint technical advice to the EU Commission.

ESMA publishes final report on RTS on transparency and integrity of ESG rating activities

ESMA has published its final report on three draft RTS under Articles 6(3), 12(9), 23(4) and 24(3) of Regulation (EU) 2023/3005 on the transparency and integrity of environmental, social and governance (ESG) rating activities.

ESMA consulted on the draft RTS in May 2025, with 57 responses received. ESMA has revised the three RTS to take into account the feedback received. The revisions to the final draft RTS have removed or clarified elements which could be considered unduly onerous or ambiguous.

The revisions include the following:

- in the draft RTS on authorisation and recognition, some of the information requirements have been removed or simplified;
- in the draft RTS on separation of business, the requirement for a physical separation of staff remains but other requirements, such as requirements for network segmentation, have been clarified or removed where they imposed an excessive burden; and
- in the draft RTS on disclosures, some elements have been revised to ensure they are practically achievable by ESG rating providers and others have been removed where they did not provide sufficient added value for the burden imposed.

The final draft RTS will be submitted to the EU Commission before the end of October 2025.

The draft Delegated Regulations will enter into force 20 days after they are published in the Official Journal and will apply from 2 July 2026.

ESMA publishes final report on supervisory expectations for management body of directly supervised entities

ESMA has published its final report on supervisory expectations for the management body of entities that it directly supervises such as:

- administrators of EU critical benchmarks and third-country benchmarks;
- third-country central counterparties (CCPs);
- credit rating agencies (CRAs);
- data reporting service providers (DRSPs);
- securitisation repositories (SRs); and
- trade repositories (TRs).

ESMA consulted on proposed supervisory expectations for the governance arrangements of supervised entities in July 2024 and the final report summarises the feedback received. Respondents generally supported ESMA's proposals to specify its supervisory expectations on entities' governance arrangements. Concerns were raised around the prescriptiveness of certain supervisory expectations based on proportionality grounds and ESMA's lack of legal basis to enact regulation in the corporate governance area.

ESMA has made a number of revisions to the structure and content of the supervisory expectations, which are set out in Annex III of the final report. The guidance has been transformed into a set of 12 high-level principles, which it expects entities to build on in order to enhance their governance and oversight arrangements.

The more detailed supervisory expectations contained in the consultation paper are reflected as guidance under the principles. ESMA believes the supporting guidance provides useful insights for entities into how it assesses governance and oversight arrangements. It also accepts that adherence to the corresponding core principle may be achieved using a variety of approaches proportionate to an entity's nature, scale and complexity.

ESMA publishes final report on amendments to the RTS on settlement discipline

ESMA has published its final report recommending significant amendments to the RTS on settlement discipline. These changes are intended to improve settlement efficiency across the EU, support the transition to a shorter settlement cycle (T+1) by 11 October 2027, and reduce the administrative burden on central securities depositories (CSDs) and market participants.

The proposed changes include:

- same-day (trade date) timing for trade allocations and settlement instructions;
- machine-readable formats for allocations and confirmations;
- mandatory implementation of key functionalities such as hold and release, auto-partial settlement, and auto-collateralisation;
- updated provisions for the monitoring and reporting of settlement fails; and

- a phased-in implementation schedule, beginning in December 2026 and concluding by 11 October 2027, intended to ensure a smooth transition to the new regime.

The draft amendments have been submitted to the EU Commission, which has three months to decide on their adoption.

ESAs publish 2026 work programme

The European Supervisory Authorities (ESAs) have published their annual work programme, outlining key areas of collaboration for 2026. The programme is intended to strengthen the financial system's digital operational resilience, ensure the continued protection of consumers and identify risks that could undermine financial stability.

The programme sets out the ESAs' plans for joint work to:

- ensure the effective operation of the oversight framework for critical third-party ICT providers;
- perform joint risk analyses amid ongoing geopolitical tensions and heightened uncertainties;
- further financial education and consumer protection in the EU's financial sector, including within the context of the EU Commission's Savings and Investments Union (SIU) initiative;
- monitor developments on the securitisation market;
- collaborate on other cross-sectoral matters such as financial conglomerates, innovation facilitators and credit assessment institutions; and
- support the planned review of the Sustainable Finance Disclosure Regulation (SFDR).

SRB consults on communication guidance for banks

The Single Resolution Board (SRB) has launched a public consultation on operational guidance for banks' communication in resolution, as well as a communication testing supplement to its operational guidance for resolvability testing for banks.

Principles 6.1 and 6.2 of the SRB's Expectations for Banks set out that banks should:

- have developed a communication plan informing relevant stakeholders of the implications of the resolution, with the aim of limiting contagion and avoiding uncertainty; and
- put in place governance arrangements to ensure effective execution of the communication plan, in close coordination with the SRB.

The operational guidance on banks' communication further clarifies these expectations and provides banks with a deadline of 30 June 2027 to meet them.

The communication testing supplement contains the guidance for specific testing. Once finalised, the relevant information will be integrated into the guidance. The three testing sub-areas for communication are:

- management of the information and communication environments;
- adaptation of the communication plan; and

- execution and monitoring of the communication plan.

Comments are due by 12 December 2025.

FSB Chair writes to G20 finance ministers and central bank governors on reform implementation

The Chair of the Financial Stability Board (FSB), Andrew Bailey, has written a letter to G20 finance ministers and central bank governors ahead of their meeting on 15-16 October 2025.

In the letter, the Chair stresses the importance of multilateral cooperation and the risks of incomplete reform implementation. The FSB has published an interim report from the G20 strategic review of the FSB implementation monitoring work alongside the letter.

The preliminary report from the strategic review shows that full, timely and consistent implementation of G20 and FSB reforms has not been completely achieved, despite the active programme of implementation monitoring by the FSB and standard-setting bodies. The letter highlights the importance of global standards and cooperation to prevent crises and as a foundation to support sustainable growth.

In response, the FSB intends to enhance its surveillance capabilities by improving its agility to recognise and respond to emerging vulnerabilities and strengthening engagement with stakeholders, including the private sector. It also plans to improve the communication of its assessments, to enable public and private sector stakeholders to better mitigate risks.

FSB peer review highlights gaps and inconsistencies in implementation of crypto and stablecoin recommendations

The FSB has published a thematic peer review report on its global regulatory framework for cryptoasset activities.

The report assesses the progress in implementing the FSB's 2023 global framework, including recommendations on cryptoasset service providers and stablecoin arrangements, data reporting and collection, and cross-border cooperation and coordination.

The review found that, while jurisdictions have made progress in regulating cryptoasset activities and to a lesser extent global stablecoin arrangements, there are gaps and inconsistencies that could pose risks to financial stability and to the development of a resilient digital asset ecosystem.

The FSB has warned that uneven implementation creates opportunities for regulatory arbitrage and complicates oversight of the inherently global and evolving cryptoasset market. To address this, the report puts forward eight recommendations which are addressed to jurisdictions as they develop their regulatory regimes, and to the FSB, standard-setting bodies, and international organisations as they consider further work on the subject.

IOSCO publishes final report on implementation of cryptoasset market recommendations

The International Organization of Securities Commissions (IOSCO) has published its final report on its thematic review assessing the implementation of its recommendations for crypto and digital asset markets.

The thematic review was conducted by IOSCO's Fintech Task Force and its Assessment Committee and examines how twenty jurisdictions have implemented IOSCO's 2023 policy recommendations for crypto and digital asset markets. These recommendations focus on investor protection and market integrity, covering topics such as governance, conflicts of interest, fraud and market abuse, cross-border cooperation, custody, retail client protections, and disclosures. While IOSCO's review focuses on market integrity and investor protection, a complementary review focusing on financial stability was undertaken by the Financial Stability Board (FSB); both reports have been published with a joint information note.

Overall, the IOSCO review finds that significant progress is being made with regards to implementation of the recommendations and regulation of cryptoasset markets. It notes, however, that implementing jurisdictions should continue to monitor risks and take steps to address these, such as strengthening enforcement practices. IOSCO also highlights a need for improved international co-operation and information sharing.

Financial Services and Markets Act 2023 (Commencement No. 11 and Saving Provisions) Regulations 2025 made

The Financial Services and Markets Act 2023 (Commencement No. 11 and Saving Provisions) Regulations 2025 (SI 2025/1078) have been made.

The Regulations revoke and repeal retained EU law and related legislation, including:

- the MiFID Organisational Regulation, which will be revoked on 23 October 2025;
- the UK Prospectus Regulation, which will be revoked on 19 January 2026;
- the UK PRIIPS Regulation, which will be revoked on 6 April 2026; and
- certain provisions of UK MiFIR, including provisions on systematic internalisers, waivers for equity instruments and ancillary activities, which will be revoked on 1 December 2025, 30 March 2026 and 1 January 2027 respectively, as well as other linked provisions concerning ancillary activities which will be revoked on 1 January 2027 and 1 January 2028.

The Regulations also makes savings provisions relating to the revocation of the MiFID Org Regulation and the UK Prospectus Regulation.

Public Offers and Admissions to Trading (Amendment and Consequential and Transitional Provisions) Regulations 2025 made

The Public Offers and Admissions to Trading (Amendment and Consequential and Transitional Provisions) Regulations 2025 (SI 2025/1076) have been made and laid before Parliament.

The Regulations relate to the revocation of assimilated EU law on prospectuses that will coincide with the coming into force in January 2026 of the Public Offers and Admissions to Trading Regulations 2024 (POATR), which will replace the UK Prospectus Regulation and create a new framework for the offering of securities to the public in the UK.

SI 2025/1076 makes consequential amendments to reflect those revocations, repeals and amendments to ensure continuity at the point of revocation. It

also sets out transitional provisions in relation to the new regulated activity introduced under the POATR, and updates the FCA's powers to appoint investigators to investigate suspected breaches of the relevant rules and requirements following the Financial Services and Markets Act 2000 (Designated Activities) (Supervision and Enforcement) Regulations 2025.

Regulation 2 comes into force on 3 November 2025. The remaining provisions come into force on 19 January 2026, which is the day the UK Prospectus Regulation will be revoked.

FCA consults on progressing fund tokenisation

The Financial Conduct Authority (FCA) has launched a consultation (CP25/28) on its proposed new rules for fund tokenisation and direct-to-fund dealing.

The FCA's proposals are intended to give firms more clarity and confidence to adopt tokenisation in fund management and include:

- guidance for operating a tokenised fund under the Blueprint model;
- rules and guidance for an alternative, streamlined dealing model for conventional and tokenised authorised funds, referred to as 'direct to fund' (D2F). D2F has wider application than just to tokenised funds, but the FCA believes that allowing this new dealing model will enable tokenisation;
- a roadmap to advance fund tokenisation and address key barriers; and
- a discussion on future tokenisation models that use DLT to provide tokenised portfolio management at retail scale and how regulation may need to change to be fit for the future.

Comments on the proposals in chapters 2 to 4 are due by 21 November 2025 and comments on future tokenisation models are due by 12 December 2025.

FCA issues policy statement on definition of capital for investment firms

The FCA has published a policy statement (PS25/14) on the definition of capital for FCA investment firms. This follows the FCA's April 2024 consultation paper (CP25/10) proposing the removal of references to the UK Capital Requirements Regulation (UK CRR) from the definition of regulatory capital for FCA investment firms within MIFIDPRU 3.

PS25/14 sets out the final rules, removing all cross-references to UK CRR from MIFIDPRU 3 and establishing a standalone framework for regulatory capital tailored specifically to investment firms. The new rules do not change the overall levels of regulatory capital firms must hold or require firms to alter their capital structures, but are instead intended to:

- clarify what qualifies as own funds;
- reduce unnecessary complexity; and
- remove provisions designed for banks that are not relevant to investment firms.

The new rules will come into effect on 1 April 2026.

PRA and FCA announce changes to banker bonuses for 2025

The Prudential Regulation Authority (PRA) and FCA have published a policy statement following their November 2024 consultation on remuneration

reform. The policy statement provides feedback on the consultation and sets out the regulators' final remuneration rules and expectations for banks, building societies and PRA designated investment firms. The simplified rules are intended to reverse a trend whereby banks increased fixed pay over bonuses, potentially leaving them less reactive to financial shocks.

The policy statement confirms plans to increase flexibility around senior banker pay, alongside changes to create better links between bonus awards and responsible risk taking. The changes include:

- the amount of time senior bankers must wait before receiving their full bonus (bonus deferral period) being cut from eight to four years;
- part payment of bonuses for the most senior bankers being allowed from year one rather than three, as it was previously;
- lifting restrictions on the proportion of bonuses that need to be deferred. Previously, 60% of the full amount of any bonuses above the GBP 660,000 threshold needed to be deferred. Now only 60% of amounts over that threshold need to be deferred; and
- increased flexibility to allow a greater share of the cash element of bonuses to be received up front. More of the component comprised of shares and other instruments can now be deferred, which is intended to promote responsible risk taking.

These changes are intended to strengthen the link between the actions of senior bankers and their financial rewards, encouraging firms to tie bonuses closer to not just the successes of executives but also any risk management failures.

The new rules came into force on 16 October 2025, in time for 2025 pay awards and any other awards made but not yet fully paid.

PRA consults on low impact amendments

The PRA has launched a consultation (LIAC02/25) on a series of low impact amendments to its rules and policy materials.

The proposals include:

- the conditional disapplication of the PRA General Provisions to give effect to the deference arrangements under the UK Swiss-Berne Financial Services Agreement;
- amending the Transitional Measure on Technical Provisions Part of the PRA Rulebook, TMTP Calculation, Rule 5.2;
- amending the Insurance Special Purpose Vehicle Part of the PRA Rulebook, Solvency Requirements, Rule 2.2A(3); and
- miscellaneous amendments to the PRA Rulebook.

All comments are due by 13 November 2025.

BaFin expands FAQs to address intermediate custody of guarantee assets outside EEA

The German Federal Financial Supervisory Authority (BaFin) has updated its FAQs on Circulars 7/2016 (VA) and 6/2017 (VA) regarding the establishment and maintenance of an asset register. The update introduces a new FAQ addressing the custody of guarantee assets outside the territories of EU

Member States and EEA contracting states, confirming that such intermediate custody is, in principle, permissible.

The additional FAQ clarifies that, in accordance with section 125 para 4 sentence 1 of the Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG), insurance companies and pension funds do not require BaFin's approval if they hold guarantee assets with a Germany-domiciled intermediate custodian that, in turn, holds the assets with a third-party custodian outside the territories of the Member States and contracting states, **provided that** the intermediate custodian is licensed to conduct custody business pursuant to section 1 para 1 sentence 2 no 5 of the German Banking Act (KWG), is subject to the requirements of the Securities Deposit Act (DepotG), and complies with the DepotG and all other applicable regulatory requirements when safeguarding the guarantee assets.

BaFin issues supervisory notice on authorisation requirement for leasing agreements with de facto imputed amortisation

BaFin has issued a supervisory notice on the authorisation requirement for leasing agreements with de facto imputed amortisation. The notice confirms that during the ongoing legislative process for the Banking Directive Implementation and Bureaucracy Relief Act (BRUBEG), BaFin will maintain the administrative practice set out in its May 2021 guidance note on finance leases, which requires authorisation for such agreements.

In its 2021 guidance note, BaFin – based on the German Federal Court of Justice's (BGH) jurisprudence on consumer loans – classified leasing agreements with de facto imputed amortisation as finance leases. These have been subject to authorisation under section 32(1) of the German Banking Act (KWG) as financial services (section 1(1a) sentence 2 no 10 KWG) since the 2009 Annual Tax Act (Jahressteuergesetz 2009).

The German Federal Government now considers statutory clarification necessary to confirm the authorisation requirement under section 1(1a) sentence 2 no 10 KWG for leasing agreements with de facto imputed amortisation. To prevent legal uncertainty, BaFin's supervisory notice clarifies that the administrative practice outlined in the 2021 guidance note remains in effect during the legislative process.

DNB reports continued growth and market shift in Dutch fintech lending

De Nederlandsche Bank (DNB) has published new data indicating robust growth in lending via Dutch fintech platforms, with total outstanding loans reaching EUR 4.4 billion by the end of 2024, a 27% year-on-year increase. The majority of this growth was driven by small and medium-sized enterprise (SME) financing, which rose by EUR 0.7 billion to EUR 3.2 billion.

The report notes that fintech platforms are increasingly significant in the SME lending market, now holding a 2.8% market share (up from 2.2% in 2023), and over 8% for loans under EUR 25,000. This expansion comes as traditional bank lending to SMEs by the three largest Dutch banks declined by EUR 0.7 billion over the same period.

The DNB notes that most fintech lending is facilitated by intermediary platforms, such as crowdfunding and investment platforms, which connect borrowers and lenders directly. Nearly half of the capital for these loans

originates from private households. The remainder is provided by platforms lending from their own balance sheets or via dedicated financing arrangements.

SFC launches new dedicated REIT channel and streamlines authorisation process

The Securities and Futures Commission (SFC) has launched the REIT Channel to facilitate the authorisation of new real estate investment trusts (REITs) for public offerings. The new dedicated one-stop channel enables both local and global REIT applicants to consult the SFC regarding their applications on a confidential basis.

Concurrently, the SFC has streamlined the authorisation process and documentary requirements for REITs, taking into account the latest updates under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and market practices. Under the streamlined process, the SFC anticipates that a new REIT authorisation application can be decided on within four weeks from take-up under normal circumstances. The authorisation timeframe is subject to, amongst other things, whether the application submission is complete and whether the applicant responds to the SFC's questions in a timely manner.

To facilitate secondary offerings of existing SFC-authorised REITs, the SFC has also issued a circular to REIT managers to set out certain streamlined documentary requirements.

MAS responds to consultation feedback on prudential treatment of cryptoasset exposures and requirements for additional Tier 1 and Tier 2 capital instruments for banks

The Monetary Authority of Singapore (MAS) has published its response to the feedback it received on its March 2025 consultation on amendments to the standards relating to the regulatory framework for capital and large exposures for Singapore-incorporated banks and the regulatory framework for liquidity for banks in Singapore.

In respect of the prudential treatment and disclosures of cryptoasset exposures, the MAS will defer implementation to 1 January 2027 or later, and provide updates on the final cryptoasset standards and implementation date in due course. In the interim, until the implementation date of the cryptoasset standards, banks with existing or proposed cryptoasset exposures will be required to notify and engage with the MAS on the appropriate prudential treatment for such exposures. Banks are also expected to apply a prudential treatment for their cryptoasset exposures that is substantially aligned with the provisions set out in the March 2025 consultation paper.

In respect of the minimum requirements for Additional Tier 1 (AT1) and Tier 2 Capital instruments:

- regarding transactions of AT1 and Tier 2 capital instruments in the secondary market, where a Reporting Bank sells such capital instruments to an intermediary, the sale and purchase agreement must provide that the intermediary must not sell the capital instruments to a person who is a retail investor in Singapore. In this regard, the MAS has communicated its expectations to relevant intermediaries that they should not distribute or facilitate Singapore retail investors' access to AT1 and Tier 2 capital

instruments issued by banks incorporated in Singapore, as well as investment products that reference these instruments;

- capital instruments which are included as AT1 and Tier 2 capital immediately before 1 January 2026 will be grandfathered and continue to be recognised as AT1 and Tier 2 capital, even if they were previously issued to a retail investor in Singapore. There is no expiry to this grandfathering period. However, these instruments must continue to meet the rest of the existing requirements in Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore (MAS Notice 637) to qualify as AT1 or Tier 2 capital instruments respectively; and
- these requirements will take effect for new issuances of AT1 and Tier 2 capital instruments on or after 1 January 2026, as proposed in the March 2025 consultation paper.

Following the consultation, the MAS has amended its Notice 637 mainly to:

- revise Annex 10C of Part X to incorporate the Basel Committee on Banking Supervision's revised methodology used to calculate interest rate shocks in the interest rate risk in the banking book (IRRBB) standard, and update the IRRBB standardised interest rate shock scenarios based on the revised methodology;
- revise the minimum requirements for AT1 and Tier 2 capital instruments to disqualify AT1 or Tier 2 capital instruments which are issued to retail investors in Singapore as regulatory capital; and
- enhance the clarity of requirements on the computation of the capital conservation buffer and countercyclical buffer and the recognition of credit risk mitigation under synthetic securitisations.

The amendments to MAS Notice 637 will take effect from 1 January 2026, except for the amendments in Annex 10C of Part X, which will come into effect from 31 December 2025.

MAS consults on proposed amendments to related party transaction requirements for banks

The MAS has launched a consultation on proposed amendments to related party transaction (RPT) requirements for banks.

Currently, the MAS' requirements relating to banks' RPTs are set out in Notice 643 on Transactions with Related Parties, Notice 643A on Exposures and Credit Facilities to Related Concerns, and Notice 656 on Exposures to Single Counterparty Groups for Banks Incorporated in Singapore, as well as the Banking Act 1970. The proposed amendments are intended to enhance oversight of RPTs, address the risks arising from conflicts of interest, and ensure alignment with international best practices (including the updated core principles for effective banking supervision issued by the Basel Committee on Banking Supervision).

The MAS proposes to update the definition of 'related parties' under Notice 643 to include:

- persons who can exert influence over executive officers and directors, supplementing current rules that cover entities under these officers' influence; and

- indirect controllers (and their affiliates and family members) to capture persons with influence over the bank beyond an interest in shares and control of voting rights.

Consequential amendments will be made to Notice 643A to include the expanded definition of related parties.

The MAS also proposes to refine the scope of intragroup transactions (i.e. transactions between a bank in Singapore, or its bank group entities, and any entity in its related corporation group) excluded from RPT governance requirements that are currently set out in Notice 643.

Further, the MAS proposes to: (a) consolidate the RPT requirements by moving existing limits on a Singapore-incorporated bank's exposures to a substantial shareholder group and major stake entity group from Notice 656 to Notice 643, and (b) enhance the limit framework to more comprehensively capture and limit potential losses from each of these related party groups going forward, as the existing limits under Notice 656 do not apply to exposures to all the related party groups defined under Notice 643. Consequential amendments will be made to:

- Notice 643A to include the reporting requirements for related party exposures and associated limits for Singapore-incorporated banks; and
- Notice 656 to remove the: (a) exposure limits currently imposed on any substantial shareholder group, director group, and major stake entity group of Singapore-incorporated banks, as well as the corresponding reporting requirements, (b) large exposures limit that would otherwise apply to any connected related party group.

To minimise the compliance burden on Singapore-incorporated banks, the MAS proposes to apply Notice 656's existing approach to: (a) measure exposures, (b) allow disaggregation of exposures for substantial shareholder group and major stake entity group, and (c) exempt exposures, for the proposed related party exposure limits under Notice 643.

The large exposures limit imposed on Singapore-incorporated banks' exposures to any individual counterparties or connected counterparty groups under MAS Notice 656 remains unchanged. Accordingly, a Singapore-incorporated bank's exposures to its non-exempted related corporations continue to be subject to the large exposures limit under Notice 656, including where exposures to such related corporations are aggregated as a connected counterparty group to the Singapore-incorporated bank.

To provide banks with sufficient time to prepare for compliance with the requirements, the MAS intends for the proposed amendments to Notices 643, 643A and 656 to be effective from 30 November 2026, or at least six months from the issuance of Notice 643, whichever is later.

Comments on the consultation paper are due by 14 November 2025.

The MAS has indicated that it is also reviewing the RPT requirements for merchant banks and will take reference from the revised RPT framework for banks, while taking into account the business model and associated risks of merchant banks. It will consult the industry separately in due course.