

INTERNATIONAL REGULATORY UPDATE 20 – 24 OCTOBER 2025

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EU Commission publishes 2026 work programme

The EU Commission has published its 2026 [work programme](#), which sets out the key strategies, action plans and legislative initiatives it intends to work on in the coming year.

Amongst other things, these include:

- a 28th regime for Innovative Companies (legislative, Q1 2026);
- a European Innovation Act (legislative, Q1 2026);
- a Cloud and AI Development Act (legislative, Q1 2026);
- a Quantum Act (legislative, Q2 2026);

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**International Regulatory Group
Contacts**

[Marc Benzler](#) +49 69 7199 3304

[Caroline Dawson](#) +44 207006 4355

[Steven Gatti](#) +1 202 912 5095

[Rocky Mui](#) +852 2826 3481

[Lena Ng](#) +65 6410 2215

[Gareth Old](#) +1 212 878 8539

**International Regulatory Update
Editor**

[Joachim Richter](#) +44 (0)20 7006 2503

To email one of the above, please use [firstname.lastname@cliffordchance.com](#)

Clifford Chance LLP,
10 Upper Bank Street,
London, E14 5JJ, UK
www.cliffordchance.com

- an update of the rules on shareholder rights (legislative, Q4 2026); and
- an update of the European venture capital funds Regulation (legislative, Q3 2026).

Pending legislative proposals which the Commission intends to withdraw within six months include the proposed Council Directives on:

- implementing enhanced cooperation in the area of financial transaction tax; and
- laying down rules on a debt-equity bias reduction allowance and on limiting the deductibility of interest for corporate income tax purposes.

Annexes to the communication set out the new policy and legislative initiatives, the annual plan on evaluations and fitness checks, pending legislative files, intended withdrawals of pending proposals and a list of repeals. A factsheet on the work programme has also been published.

Alongside the work programme, the Commission has adopted its [first overview report](#) on simplification, implementation and enforcement.

Regulation on financial reporting requirements published in Official Journal

[Regulation \(EU\) 2025/2088](#) 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, has been published in the Official Journal.

The 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 apply from 10 November 2025.

Omnibus Simplification Package: EU Parliament to finalise its negotiating mandate on simplified sustainability reporting and due diligence rules in November

The EU Parliament plenary has [rejected](#) the mandate adopted by the Legal Affairs Committee in its report dated 13 October 2025 on the EU Commission's Omnibus proposal to reduce the scope of the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD).

The mandate was rejected by the plenary with 309 votes in favour, 318 against and 34 abstentions. The Parliament is now expected to vote on amendments to the text and finalise its negotiating mandate at the plenary session in Brussels on 13 November 2025, before entering trilogue with the EU Council, which adopted its negotiation position in June 2025. The aim is to finalise the legislation by the end of 2025.

Listing Act: ESMA publishes final draft RTS on EU code of conduct for issuer-sponsored research

The European Securities and Markets Authority (ESMA) has published its [final report](#) on draft regulatory technical standards (RTS) establishing an EU code of conduct for issuer-sponsored research under the Listing Act Directive.

The EU code of conduct sets out standards of independence and objectivity for research providers and specifies procedures and measures for the identification, prevention, and disclosure of conflicts of interest, with a view to enhance the trust in and use of issuer-sponsored research.

The final report sets out ESMA's feedback to responses received to its December 2024 consultation on the draft RTS. Following stakeholder feedback, ESMA has amended clause 7 of the code of conduct, on information sharing with investment firms for clarification purposes.

The RTS will enter into force on the twentieth day following that of their publication in the Official Journal, and will apply from 6 June 2026.

AIFMD: ESMA publishes final report on draft RTS on open-ended loan-originating alternative investment funds

ESMA has published its [final report](#) on the draft RTS on open-ended loan-originating alternative investment funds (OE LO AIFs) under the Alternative Investment Fund Managers Directive (AIFMD).

ESMA consulted on the draft RTS in December 2024 and received 18 responses. The main point raised during the consultation concerned the requirement for alternative investment fund managers (AIFMs) to determine an appropriate amount of liquid assets that OE LO AIFs shall hold to meet redemption requests.

Following this feedback, ESMA has revised the draft RTS and removed the fixed asset requirement and instead stipulated that AIFMs must ensure their OE LO AIFs have sufficient liquidity to honour redemption requests.

ESMA has also updated the draft RTS to require that AIFMs managing OE LO AIFs must carry out liquidity stress tests at least once a year, rather than every quarter as previously proposed in the consultation paper, and clarified a number of other provisions.

ESMA has submitted the draft RTS to the EU Commission and they are included on the list of the non-essential Level 2 acts that the EU Commission will not adopt before 1 October 2027 at the earliest.

ESRB reports on systemic risks from cryptoassets

The European Systemic Risk Board (ESRB) has published a [report](#) on cryptoassets and decentralised finance, with a particular emphasis on risk. The report focuses on stablecoins, cryptoasset investment products and multi-function groups. The report notes that stablecoin market capitalisation has more than doubled since 2023, and cryptoasset products are becoming increasingly accessible to institutional and retail investors.

The ESRB identifies particular risk from stablecoins that are jointly issued by EU and third-country entities. It argues that a run could strain reserves and delay redemptions, potentially amplifying further runs within the EU. As the Markets in Cryptoassets Regulation (MiCA) does not explicitly address these

joint issuances, the ESRB believes the legislation as it stands cannot adequately address these risks.

In response to the report the ESRB has [recommended](#) that the EU Commission issue a clarification that it does not consider third-country multi-issuer stablecoin schemes to be permitted by the current MiCA framework by the end of 2025. In the absence of such a clarification from the Commission, the ESRB recommends that the relevant authorities implement safeguards by 2027 to mitigate the risks. Safeguards suggested include enhanced supervisory measures and legal reform.

Draft Financial Services and Markets Act 2023 (Prudential Regulation of Credit Institutions) (Consequential Amendments) Regulations 2025 laid

The [draft Financial Services and Markets Act 2023 \(Prudential Regulation of Credit Institutions\) \(Consequential Amendments\) Regulations 2025](#) have been laid in Parliament according to the affirmative procedure.

The draft Regulations make consequential amendments to legislation to reflect the revocation and restatement of provisions of the UK Capital Requirements Regulation (CRR) relating to prudential requirements for credit institutions and investment firms and other related Regulations under the Financial Services and Markets Act (FSMA) 2023.

As most revoked CRR provisions will be replaced by Prudential Regulation Authority (PRA) rules, the amendments made by the draft Regulations are limited to cases where there would be no corresponding PRA rule to replace the revoked provisions. Specifically, they make amendments to:

- the Banking Act 2009;
- the Bank Recovery and Resolution (No. 2) Order 2014;
- the Financial Conglomerate and Other Financial Groups (Amendment etc.) (EU Exit) Regulations 2019; and
- the Bank Levy (Loss Absorbing Instruments) Regulations 2020.

The Regulations will come into force on 1 January 2026.

HM Treasury publishes progress update on Regulation Action Plan

HM Treasury has published a [progress paper](#) on its work to upgrade the UK regulatory system under the Regulation Action Plan.

The paper sets out the progress made since the Government published its action plan in March 2025, as well as next steps. The future commitments focus on:

- tackling complexity and the burden of regulation;
- reducing uncertainty across the UK regulatory system; and
- challenging and shifting excessive risk aversion in the system.

The Government's approach to calculating administrative burdens is set out in a technical annex.

UK Government publishes response to consultation on anti-money laundering and counter-terrorism financing supervision reform

The UK Government has published its [response](#) to its 2023 consultation on reform of the anti-money laundering/counter-terrorism financing (AML/CTF) supervision regime. The consultation was launched in response to HM Treasury's 2022 review of the AML/CTF regime, which found that structural reform was required to address regulatory and supervisory weaknesses. Respondents were asked to reflect on four models for reform:

- giving increased powers to the Office for Professional Body Anti-Money Laundering Supervision;
- reducing the number of private sector professional body supervisors (PBSs) from 22;
- creating a single public body with AML/CTF supervisory duties for professional services; and
- creating a single public body with responsibility for all AML/CTF supervision.

The Government has decided to create a single professional services supervisor that will work with the sector, other regulators and law enforcement agencies to strengthen the UK's money laundering defences. The Financial Conduct Authority (FCA) will take on this role, while existing PBSs will retain duties such as upholding professional standards.

Primary legislation will be required to implement the new regime. The final timeline for this will depend on parliamentary time. Separately, in November 2025 HM Treasury will consult on the powers the FCA will require to successfully carry out its new remit.

Amendment to Polish Act on Investment Funds and Management of Alternative Investment Funds published

An [Act amending the Act on Investment Funds and Management of Alternative Investment Funds](#) has been published in the Journal of Laws.

The aim of the amendment is to simplify the rules for combining participation units of open-end investment funds. Currently, an investment fund may merge entities of the same category only with a significant decrease in their value if the statutes provide for this. The amendment removes the requirement of a decrease in the value as a condition for mergers, leaving the possibility of merging entities only on the basis of the provisions of the statutes of an open-end investment fund.

The Act will come into force at the beginning of November 2025.

Spanish Ministerial Order on lending of certain securities and financial instruments by collective investment institutions published

The Spanish Ministry of Economy, Trade and Business has issued [Ministerial Order ECM/1155/2025](#) of 14 October, regulating the lending of certain securities and financial instruments by collective investment institutions (CIIs).

The Order is intended to:

- enable the practice of securities lending by CILs, in accordance with Article 30.6 of Law 35/2003 of 4 November, on Collective Investment Institutions, with the objective of enhancing the returns offered to unit-holders and shareholders, while safeguarding investor protection and the integrity of investments; and
- establish a comprehensive regulatory framework that governs the execution of securities lending transactions, defines the applicable collateral requirements, imposes internal control obligations on management companies and investment entities, and sets out specific duties for depositaries responsible for overseeing compliance with the applicable rules.

The Order is consistent with the provisions of Article 51.2 of Directive 2009/65/EC on undertakings for collective investment in transferable securities (UCITS).

The Order also takes into account the European Securities and Markets Authority (ESMA) guidelines on exchange-traded funds (ETFs) and other UCITS-related matters (ESMA/2014/937ES), as well as Order EHA/888/2008 of 27 March.

The Order entered into force on 18 October 2025.

MAS launches BLOOM initiative to extend settlement capabilities

The Monetary Authority of Singapore (MAS) has [announced](#) a new initiative entitled BLOOM (Borderless, Liquid, Open, Online, Multi-currency) to extend the settlement capabilities offered by financial institutions.

The BLOOM initiative builds on the groundwork established through Project Orchid, which explored use cases for a digital Singapore dollar and the infrastructure required to support it. The MAS will collaborate with the financial industry to enable settlement in tokenised bank liabilities and well-regulated stablecoins, in an effort to address growing interest among private sector participants in these settlement assets, whilst managing risks in the rapidly evolving digital settlement asset landscape through standardised approaches.

BLOOM encompasses: (i) the use of multiple currencies, namely G10 and Asian currencies; (ii) domestic and cross-border payments; and (iii) wholesale use cases, such as corporate treasury management, trade finance, and agent payments.

BLOOM members will collaborate to address challenges and opportunities of common interest to the industry. Initial focus areas include:

- coordinating disparate networks to enable the seamless use, transfer and redemption of different forms of settlement assets;
- the use of standardised mechanisms for compliance checks, which will enable more: (i) consistency in implementations and lower cost of compliance, and (ii) cost-effective cross-border wholesale settlement arrangements; and
- exploring the use of artificial intelligence agents that execute transactions automatically within pre-defined limits and conditions, thereby reducing the

burden of managing payments manually and optimising costs by timing transfers to when conditions are most favourable.

ASIC annual report highlights growth in enforcement action and investigations and focus on strengthening markets

The Australian Securities and Investments Commission (ASIC) has published its [annual report](#), which highlights a growth in enforcement activity and ASIC's focus on addressing regulatory complexity and strengthening Australia's markets.

The report states that ASIC's ongoing operational improvements have resulted in a 50% increase in investigations, an almost 20% increase in new civil enforcement proceedings, and the completion of 829 targeted surveillances.

The outcomes from ASIC's programme of work during the 2024–25 financial year include:

- publishing ASIC's first discussion paper into the dynamics of Australia's public and private markets;
- launching the Regulatory Simplification Consultative Group;
- initiating an inquiry into the Australian Securities Exchange's governance, capability and risk management following serious and repeated failures;
- identification of death benefit failures in the superannuation sector;
- reviewing the use of artificial intelligence by financial services and credit licensees;
- taking down over 6,900 investment scam and phishing websites; and
- securing AUD 104.1 million in court-ordered civil penalties and AUD 16.8 million in court-imposed criminal fines.

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

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London, E14 5JJ

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