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Omnibus Simplification Package: EU Parliament adopts directive on simplified sustainability reporting and due diligence rules

The EU Parliament has adopted 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).

Under the directive:

- only businesses with on average over 1,000 employees and a net annual turnover of over EUR 450 million would have to carry out social and environmental reporting under the CSRD and be required to provide sustainability reporting under Taxonomy rules;
- reporting standards would be further simplified and reduced, requiring fewer qualitative details, and sector-specific reporting would become voluntary;
- CSDDD due diligence requirements would only apply to large corporations with more than 5,000 employees and a net annual turnover of over EUR 1.5 billion. The due diligence directive will only apply from 26 July 2029 for all businesses within its scope;
- in-scope businesses would be expected to adopt a risk-based approach to due diligence; and
- companies would no longer need to prepare a transition plan to make their business model compatible with the Paris Agreement.

The text still needs to be formally approved by the EU Council. The directive will enter into force twenty days after its publication in the Official Journal.

EU Council and Parliament reach agreement on retail investment package

The EU Council and Parliament have reached an agreement on the EU Commission's proposed retail investment package.

The legislative package consists of a proposed Omnibus Directive amending the Markets in Financial Instruments Directive (MiFID2), the Insurance Distribution Directive (IDD), Solvency II, the Undertakings for the Collective Investment in Transferable Securities (UCITS) Directive and the Alternative Investment Fund Managers Directive (AIFMD), and a proposed Regulation amending the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation.

Amongst other things, under the proposals:

- retail investment firms will be obliged to identify and quantify all costs and charges borne by investors related to the investment products they advise on;
- 30 months after the entry into force of the new PRIIPs rules, information in Key Information Documents (KIDs) will have to be provided in a machine-readable format;
- advisers providing recommendations to consumers related to diversified, non-complex and cost-efficient instruments will no longer have to assess the client's investment knowledge and experience as part of the suitability assessment;
- the updated framework will allow more retail investors to be treated as professional clients;
- the rules on inducements will be enhanced, with a strengthened obligation on firms and advisers to act honestly, fairly and professionally, and Member States wishing to introduce an inducement ban will be allowed to do so; and
- there are new provisions on financial literacy and on 'finfluencers'.

The text still needs to be formally approved by the Parliament and the Council and technical work will continue to finalise the legal texts early in 2026. Member States will have to transpose the new rules 24 months following their publication in the Official Journal. The rules will start applying 30 months following their publication, with the exception of the new rules under PRIIPs which will start applying 18 months following their publication.

EU Council adopts conclusions on simplifying financial services regulation

The EU Council (ECOFIN) has adopted a set of conclusions on simplifying financial services regulation in the EU.

ECOFIN has concluded that simplification should be guided by a number of principles including the preservation of key pillars of the regulatory framework, such as:

- robust capital and liquidity requirements;
- strong resolution frameworks;
- high consumer and investor protection;
- effective supervision; and

- a robust framework against money laundering and terrorist financing.

In its conclusions, ECOFIN calls on the EU Commission to, among other things:

- put forward simplification packages as part of a plan for reviewing, simplifying and, where relevant, repealing existing legislative acts which should set out clear priorities, timelines and planned initiatives;
- consider improvements to impact assessment methods;
- consider improving the mandates of the European Supervisory Authorities (ESAs) with a view to ensure better reporting and greater accountability towards the co-legislators;
- produce an analysis of how to ensure less complex and burdensome regulation in the future, considering improvements to the legislative process and reducing the frequency of reporting requirements; and
- assess the scope for simplification when reviewing existing legislation and consider streamlining reporting and disclosure requirements.

ECOFIN has asked the Commission to identify additional potential for strengthening simplification in its report on the competitiveness of the EU banking system scheduled for publication in 2026.

Digital finance: EU Council agrees position on digital euro proposals

The EU Council has agreed its negotiating position on the EU Commission's June 2023 legislative package relating to the digital euro, comprising proposals for:

- a regulation establishing the legal framework for a possible digital euro;
- a regulation on the provision of digital euro services by payment services providers incorporated in Member States whose currency is not the euro; and
- a regulation on the legal tender of euro banknotes and coins.

The proposals set out a framework for a possible new digital form of the euro that may be issued in the future by the European Central Bank (ECB) as a complement to cash. The Regulation establishing the legal framework for a possible digital euro would seek to ensure that people and businesses have an additional choice, alongside existing national and international private means of payment, that allows them to pay digitally with a widely accepted, cheap, secure and resilient form of public money in the euro area.

The EU Commission has previously emphasised that while the Regulation would establish the legal framework to support a digital euro, it would be the ECB's decision if and when to issue the digital euro.

With its agreed position, the Council is now ready to enter into trilogue negotiations with the EU Parliament to agree on final legal texts.

EU Council agrees position on proposals to amend EU securitisation framework

The EU Council has agreed its negotiating position on the EU Commission's package of proposed measures to make the EU securitisation framework simpler and more fit for purpose. The proposed measures are intended to

facilitate securitisation activity in the EU while continuing to safeguard financial stability. The package includes amendments to the:

- Securitisation Regulation to reduce the high operational costs for issuers and investors in EU securitisations and simplify certain due diligence and transparency requirements;
- Capital Requirements Regulation (CRR) to introduce more risk sensitivity in the prudential framework for banks issuing securitisations; and
- Liquidity Coverage Ratio (LCR) Delegated Regulation to address inconsistencies in the existing requirements that securitisation need to comply with in order to be eligible for inclusion in banks' liquidity buffer.

With its agreed position, the Council is now ready to enter into trilogue negotiations with the EU Parliament to agree on final legal texts.

ECON Committee publishes draft reports on proposals to amend EU securitisation framework

The EU Parliament's Economic and Monetary Affairs Committee (ECON) has published its draft reports on the EU Commission's proposed amendments to the Securitisation Regulation and the CRR to make the EU securitisation framework simpler and more fit for purpose.

Listing Act: EU Commission invites feedback on draft delegated regulation on indicators of market manipulation and definition of scope of new order data exchange mechanism

The EU Commission has published a draft delegated regulation amending Commission Delegated Regulation (EU) 2016/522 as regards the list of designated trading venues that have a significant cross-border dimension in the supervision of market abuse and the indicators of market manipulation.

The Listing Act requires the setup of a mechanism to exchange order data from trading venues that have a significant cross border dimension in shares trading. Separately, the Market Abuse Regulation (MAR) empowers the Commission to further clarify the indicators of market manipulation.

The amendments to Commission Delegated Regulation (EU) 2016/522 are intended to deliver on these mandates and to strengthen national competent authorities (NCAs)' capacity to detect and enforce market abuse cases.

The Commission has invited feedback on the draft, with responses due by 14 January 2026. It intends to adopt the delegated regulation in Q1 2026.

Sustainable finance: EU Commission publishes draft notice on simplified EU Taxonomy reporting rules

The EU Commission has published a draft notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Regulation (EU) 2021/2178 (Disclosures Delegated Act) under Article 8 of the EU Taxonomy Regulation, as amended by the Omnibus Delegated Act, on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets.

The Omnibus Delegated Act, which the Commission adopted in July 2025, simplifies certain elements of the Disclosures Delegated Act. The draft notice contains FAQs on the Omnibus Delegated Act including:

- whether undertakings are required to apply the reporting rules for financial year 2025;
- the interpretation and application of the two-year opt-out set out in Article 7(9) of the Disclosures Delegated Act;
- the materiality approach towards Taxonomy reporting; and
- issues pertaining to exposures of reporting financial undertakings to special purpose vehicles (SPVs).

The Commission expects to adopt the final version of the notice in all EU languages in Q1 2026 following the publication of the Omnibus Delegated Act in the Official Journal.

DORA: ESAs report to EU Commission on statutory auditors and audit firms review clause

The ESAs have published a joint report responding to the EU Commission's request under Article 58(3) of the Digital Operational Resilience Act (DORA) to assess whether statutory auditors and audit firms should be subject to strengthened digital operational resilience requirements by means of their inclusion in the scope of DORA or by means of amendments to the Audit Directive (2006/43/EC).

The report provides an overview of the regulatory framework applicable to statutory auditors and audit firms, including the limited role played by the ESAs in the context of their supervision, before considering the implications of extending the scope of DORA to them. It concludes that including statutory auditors and audit firms within DORA's scope is not warranted at this stage.

CRR3: EBA publishes final draft RTS on structural FX positions

The European Banking Authority (EBA) has published its final draft regulatory technical standards (RTS) on structural foreign exchange (FX) under CRR3. The final RTS retain the overall approach of the existing EBA guidelines, while introducing targeted enhancements, which are intended to ensure a more transparent framework and supervisory convergence in the application of structural FX positions across the EU.

Amongst other things, the RTS:

- allow for maximum open position computation by providing that institutions may consider only credit risk own funds requirements when determining the position that neutralises sensitivity to capital ratios, where credit risk is the main driver of ratio variability;
- include further guidance on how institutions should remove FX risk positions from own funds requirements; and
- introduce dedicated provisions for currencies that are illiquid in the market, including those affected by EU restrictive measures.

CSDR: EBA publishes final draft RTS on threshold for prudential risk management requirements

The EBA has published final draft RTS on the threshold up to which non-banking central securities depositories (CSDs) may use banking CSDs or credit institutions for cash settlement without entities needing additional authorisation.

Specifically, the RTS set out:

- a minimum threshold level of EUR 3.75 billion and 1.5% of annual settlement volume and a maximum threshold of EUR 6.25 billion and 2.5% of annual settlement volume;
- a dynamic threshold that adjusts according to the risk profile of both the designating CSD and the designated credit institution; and
- accompanying risk management and prudential measures which are proportionate to the threshold.

The EBA has made minimal changes to the proposals consulted on in March 2025.

MiFIR Review: ESMA publishes final RTS on derivatives transparency

The European Securities and Markets Authority (ESMA) has published a final report on RTS specifying certain provisions set out in the MiFIR Review.

The report covers the RTS on transparency for derivatives, package orders and input/output data for the derivatives consolidated tape (CTP).

Following feedback on its draft proposals in April 2025, ESMA has made a number of changes to the RTS in order to:

- streamline and improve the deferral regime, particularly in relation to equity ETDs and single-name credit default swaps;
- ensure that the new deferral regime is in place ahead of the go live of the OTC derivatives CTP;
- adapt the RTS on package orders to the changes introduced to the transparency framework following the MiFIR Review;
- propose an amendment to the RTS on input/output data to outline the list of fields to be transmitted to and disseminated by the OTC derivatives CTP and provide a clarification on the scope of the bonds CTP with respect to exchange traded commodities/exchange traded notes instruments; and
- consolidate all derivative-related amendments into one review, setting a single application date across RTS, removing transparency reporting to ESMA and using static thresholds which do not require annual updating and streamlining post-trade data in order to apply the simplification and burden reduction principle.

ESMA has submitted the report to the EU Commission for endorsement. The new RTS are expected to apply from 1 March 2027.

ESMA reviews impact of fund naming guidelines on ESG and sustainability-related terms

ESMA has published research assessing the impact of its guidelines on ESG and sustainability-related terms in fund names. The report highlights improved

consistency in the use of ESG terms through better alignment of fund names and investment strategies and stronger investor protection through reduced greenwashing risks.

Based on shareholder notifications from asset managers, the study found that 64% of funds changed their names, often removing ESG terminology, while 56% updated investment policies to reinforce sustainability objectives. A further review of ESG-labelled funds found that funds with higher fossil fuel exposure were more likely to drop ESG terms, whereas those retaining them reduced fossil fuel holdings significantly.

ESMA will present the findings in a webinar on 20 January 2026 and continue monitoring naming trends to support sustainable finance regulation.

ESMA publishes amended guidelines on liquidity management tools of UCITS and open-ended AIFs

ESMA has published a report setting out targeted amendments to its guidelines on the selection and calibration of liquidity management tools (LMTs) by UCITS and AIFMs of open-ended AIFs for the purposes of liquidity risk management and mitigating financial stability risks.

The amendments are intended to ensure consistency between the guidelines and the delegated regulations on LMTs adopted by the EU Commission in November 2025. In particular, they relate to the following areas:

- redemption gates; and
- transaction costs for anti-dilution LMTs.

HM Treasury consults on new benchmarks and benchmark administrators regulatory regime

HM Treasury has launched a consultation on a new Specified Authorised Benchmark Regime (SABR) to replace the Benchmarks Regulation.

The Government's stated aim is to create a more agile, proportionate framework for the UK than the current Benchmarks Regulation. The SABR would only regulate those benchmarks or benchmark administrators that are designated due to their importance to the integrity of the UK financial markets. It is aimed at ensuring that market participants can continue to access a wide range of benchmarks to support UK financial services and economic growth. HM Treasury has estimated that the number of benchmark administrators in the scope of the new regulation could reduce by up to 90%.

In the consultation, HM Treasury notes that it should not be assumed that non-regulated benchmarks are of lower quality than regulated benchmarks, and there will no longer be an obligation for authorised firms to use only benchmarks on a Financial Conduct Authority (FCA) register.

The consultation also considers whether the endorsement and recognition regimes for overseas benchmarks would still be necessary, where only designated overseas administrators and benchmarks would need to comply with an overseas regime to provide their benchmarks in the UK.

Comments are due by 11 March 2026.

Consumer Composite Investments (Designated Activities) (Amendment) Order 2025 made and laid before Parliament

The Consumer Composite Investments (Designated Activities) (Amendment) Order 2025 (SI 2025/1347) has been made and laid before Parliament, along with an explanatory memorandum.

The Consumer Composite Investments (Designated Activities) Regulations 2024 replaced the assimilated law relating to the PRIIPs regime and enabled the FCA to establish a new consumer composite investments (CCI) regime.

Under the new CCI regime, CCI disclosure documents will be subject to the financial promotion restriction and the scheme promotion restriction set out in the Financial Services and Markets Act (FSMA) 2000. Under the current PRIIPS regime, KIDs are exempted from these restrictions. SI 2025/1347 provides temporary exemptions for disclosures produced during the FCA transitional period between the two regimes. The exemption will apply until 8 December 2028.

SI 2025/1347 comes into force on 6 April 2026.

Financial Services and Markets Act (FSMA) 2000 (Regulated Activities) (ESG Ratings) Order 2025 made

The Financial Services and Markets Act (FSMA) 2000 (Regulated Activities) (ESG Ratings) Order 2025 (SI 2025/1349) has been published, along with an explanatory memorandum.

SI 2025/1349 amends the Regulated Activities Order (RAO) to make the provision of an environmental, social and governance (ESG) rating subject to authorisation by and the supervision of the FCA when the rating is likely to influence a decision to make a specified investment.

The Order inserts a new Chapter 15F into the RAO which defines the scope of the new regulated activity (Article 63U) and sets out a number of exclusions (Articles 63V to 63Z5). These include exclusions for regulated products and services, unregulated benchmarks, unregulated credit ratings, intra-group ratings, private use, ancillary non-commercial provision, public authorities, central banks and international organisations, accreditation or certification, regulatory or legal requirements, and proxy advice.

It also includes transitional and savings provisions to allow persons who are within scope of the new regulated activity and have applied for the relevant permission to continue providing ESG ratings during a limited period following commencement, subject to appropriate conditions and FCA supervision.

The main commencement date for SI 2025/1349 is 29 June 2028. The transitional regime will expire on 29 June 2029, unless extended by direction of the FCA in defined circumstances.

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

The Financial Services and Markets Act 2023 (Prudential Regulation of Credit Institutions) (Consequential Amendments) Regulations 2025 (SI 2025/1333) have been published, along with an explanatory memorandum.

The Regulations make consequential amendments to legislation to reflect the revocation and restatement of provisions of the UK 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 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.

FCA consults on crypto rules

The FCA has published the following three consultation papers setting out its proposals for the UK's regulatory regime for cryptoassets:

- CP25/40, which sets out proposed rules and guidance for firms conducting regulated cryptoasset activities such as trading platforms, intermediaries (including cryptoasset lending and borrowing), staking and decentralised finance;
- CP25/41, which sets out proposed requirements for admissions, disclosures and the market abuse regime for cryptoassets; and
- CP25/42, which sets out proposed prudential requirements for cryptoasset firms.

Comments on all three consultations are due by 12 February 2026.

The FCA has also published two research notes on its latest crypto consumer research and on an online experiment that explored the impact of regulation on consumers' behaviour and beliefs in the context of regulating cryptoassets.

The FCA's consultations follow the Government laying the final draft Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 before Parliament on 15 December 2025, which will see the creation of new regulated activities for cryptoassets from 25 October 2027.

The FCA has indicated that it will issue further consultations on Consumer Duty and other consumer protection matters for cryptoassets, including its approach to financial promotions, in the near future.

FCA sets out plans for mortgage market reform

The FCA has published a feedback statement (FS25/6) on its review of mortgage rules.

FS25/6 sets out the FCA's response to its June 2025 discussion paper (DP25/2) on the planned mortgage rule review and the future of the mortgage market. It sets out an indicative timeline for formal stakeholder consultation as well as a roadmap which groups steps into the following themes:

- expanding access for first-time buyers and underserved consumers;

- enhancing later life lending;
- enabling innovation; and
- protecting vulnerable consumers.

The FCA intends to commence policy development on all themes by the end of 2026.

FCA seeks feedback on bespoke market risk rules for investment firms

The FCA has published an engagement paper seeking views on market risk capital requirements for FCA investment firms.

The current Investment Firms Prudential Regime is based on the UK CRR, which was originally designed for banks. The FCA is seeking stakeholder comments on different approaches which could be used for specialised investment firms, including how approaches could encourage wholesale trading, improve market liquidity and reduce barriers to entry for specialised trading firms.

The engagement paper will be of interest to solo-regulated investment firms that have permission to deal in investments as principal in MiFID financial instruments and manage a trading book as part of their regulated activities.

Comments are due by 10 February 2026.

FCA publishes policy paper on changes to ancillary activities test

The FCA has published a policy paper (PS25/24) on changes to the ancillary activities test (AAT). The AAT allows firms to be exempt from authorisation as an investment firm when their trading in commodity derivatives, emission allowances or derivatives of emission allowances qualifies for use of the ancillary activities exemption (AAE). PS25/24 follows the FCA's consultation (CP25/19) on the changes.

PS25/24 introduces three separate and independent tests to assess whether a firm can use the AAE. A new annual threshold or '*de minimis'* test will exempt firms that undertake trading in commodity derivatives on a relatively small scale. The existing trading test and capital employed test will be retained but their applicable thresholds modified to 50%. Firms will only need to meet the conditions of one test to qualify for the AAE.

The new framework will come into effect on 1 January 2027. To support the transition, the Government will retain Article 72J of the Regulated Activities Order (RAO) for a further 12 months, and revoke it from 1 January 2028.

BaFin publishes guidance on AI related ICT risks

The German Federal Financial Supervisory Authority (BaFin) has published guidance on ICT risks associated with the use of artificial intelligence (AI) in financial undertakings to help companies manage ICT risks in accordance with the requirements of DORA.

The guidance is non-binding. It is intended to help financial institutions implement the regulatory requirements under DORA when using AI and thus manage their ICT risks effectively. In particular, the guidance is addressed to institutions subject to the Capital Requirements Regulation and insurers supervised under Solvency II.

Particular emphasis is placed on ICT risk management and ICT third-party risk management. The guidance addresses ICT risks throughout the AI lifecycle – including data procurement, model development and deployment, ongoing operation, and decommissioning. The security and resilience of an AI system must be ensured at every stage. In addition to specific protective measures for ICT assets, it is crucial that AI systems are also considered within the existing ICT risk management framework.

The guidance also considers industry experience with the use of AI systems.

Polish Council of Ministers adopts draft Act Amending the Act on the Exchange of Tax Information with Other Countries and Certain Other Acts

The Polish Council of Ministers has adopted the draft Act Amending the Act on the Exchange of Tax Information with Other Countries and Certain Other Acts.

The amendment contains provisions:

- on the automatic exchange of tax information on transactions involving cryptoassets;
- introducing changes to the automatic exchange of tax information on reported accounts;
- improving (strengthening) a number of other provisions related to administrative cooperation with respect to taxation;
- on the automatic exchange of information for the purposes of compensatory taxation; and
- adjusting the existing content of the regulations implementing DAC7.

Where provisions on cryptoassets are concerned, cryptoassets that can be used for payment or investment purposes must be declared.

Exchanges and cryptoasset platforms will be required to collect information on anyone buying and selling such assets and to file reports with the director of the National Tax Administration Office.

HKMA provides guidance on combating high-end money laundering

The Hong Kong Monetary Authority (HKMA) has issued a circular providing guidance on combating high-end money laundering.

The HKMA notes that evolving money laundering and terrorist financing (ML/TF) typologies involve the use of sophisticated methods in an attempt to circumvent the anti-money laundering and counter-financing of terrorism (AML/CFT) controls of financial institutions (referred to as 'high-end money laundering'). In its thematic review conducted to assess the adequacy and effectiveness of authorised institutions (AIs)' AML/CFT controls with regard to high-end money laundering, the HKMA observed that whilst AIs have generally established adequate and effective AML/CFT controls, there are some areas for improvement. Amongst other things, the HKMA has advised AIs to:

- ensure that they adequately understand and assess the reasonableness of certain customer characteristics and/or material changes in customer profiles;

- periodically monitor the portfolios of retail high-net-worth customers and apply additional customer due diligence measures proportionate to the associated ML/TF risks;
- provide front-line staff with sufficient operational guidance and support for the effective handling of higher-risk customer relationships, referencing relevant guidance issued by the HKMA and the Hong Kong Association of Banks;
- adequately assess the reasonableness of transactions, taking into account the customer risk profiles and historical transactions; and
- share information concerning customer relationships presenting higher-risk indicators amongst affiliates of their banking groups operating in different jurisdictions.

The HKMA expect AIs to review their existing AML/CFT controls through a gap analysis and give consideration to optimising AML/CFT controls based on the areas for enhancement outlined in the circular.

HKEX concludes consultation on proposed amendments to listing rules relating to ongoing public float requirements

The Stock Exchange of Hong Kong Limited (SEHK), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEX), has published the conclusions to its consultation on ongoing public float requirements.

SEHK notes that enhancing the ongoing public float framework is part of HKEX's continuous efforts to provide issuers with greater flexibility and efficiency in their capital management, whilst ensuring market transparency and continuous orderly trading. The key reforms adopted include the following:

- an alternative ongoing public float threshold – issuers may choose to comply with an alternative threshold (instead of the percentage threshold prescribed at the time of listing) to maintain a public float representing (a) at least 10% of total issued shares in the listed class and (b) a market value of over HKD 1 billion, allowing more flexibility to conduct transactions for capital management purposes;
- a bespoke ongoing public float requirement for A+H issuers – public float of H shares must represent at least 5% of total issued shares in the class to which H shares belong (i.e. A shares and H shares), or have a market value of over HKD1 billion, to ensure a 'critical mass' of H shares remains in public hands on an ongoing basis;
- new regular public float reporting requirements for all listed issuers, as well as additional public float disclosure obligations and a restriction from corporate actions for those issuers with public float shortfalls, to enhance transparency and encourage timely restoration of public float; and
- identifying issuers with a significant public float shortfall with reference to their public float market value and percentage – these issuers will be identified by a stock marker at the end of their stock name, instead of being suspended. Such issuers will be delisted if they fail to restore public float within 18 months (12 months for GEM Listing Rules).

The Listing Rule amendments to implement the proposals will come into effect on 1 January 2026 and apply to all listed issuers. The new requirements will supersede and replace the transitional ongoing public float requirements currently in effect. A new Guidance Letter (HKEX-GL121-26) on public float requirements will also take effect on the same day.

HKEX consults on enhancements to board lot framework

The SEHK has published a consultation on proposed enhancements to the board lot framework in the Hong Kong securities market. The proposed changes are intended to enhance the operational efficiency of the secondary market, and support investor participation by making board lot values more accessible for retail investors. The key proposals include the following three components:

- reduction of board lot value floor guidance – HKEX proposes to decrease the existing board lot value floor from HKD 2,000 to HKD 1,000;
- introduction of board lot value ceiling guidance – HKEX proposes to introduce board lot value ceiling at HKD 50,000; and
- standardisation of board lot units – HKEX proposes to define a set of eight board lot units (i.e., 1, 50, 100, 500, 1,000, 2,000, 5,000 and 10,000 share(s)) which would be available for issuers to use.

The new board lot framework will be rolled out in phases to ensure a smooth transition for the market. In the first phase, new issuers will be required to list with the standardised board lot units and adhere to the board lot value guidance, while existing issuers will be required to follow the updated guidance on board lot values. During phase two, each existing issuer will be required to adopt one of the standardised board lot units, within a specified period following their transition to uncertificated shareholding under the uncertificated securities market initiative.

Meanwhile, the HKEX is also considering enhancements to its odd lot trading mechanism to improve trading efficiency under the new board lot framework.

Comments on the consultation are due by 12 March 2026.

RECENT CLIFFORD CHANCE BRIEFINGS

FCA guidance on non-financial misconduct in the financial services sector

From 1 September 2026, the FCA Code of Conduct sourcebook (COCON) will clarify that the non-financial misconduct (NFM) rules on bullying, harassment and similar behaviour between staff apply to non-banks as well as banks. On 12 December the FCA confirmed that it would proceed with proposed NFM guidance in its Policy Statement 25/23: Tackling non-financial misconduct in financial services. The final form NFM guidance includes new content:

- additional guidance (including illustrative tables) on how the non-financial misconduct elements of COCON apply to mixed businesses (i.e. where a firm also conducts non-SMCR financial activities);
- flow-charts to help firms navigate which rules/ guidance apply (and their application); and
- clarification of the extent to which firms must investigate unproven allegations about private life (and interaction with social media provisions.

CLIFFORD
CHANCE

This briefing paper explores the finalised NFM guidance and suggests preparatory steps that in-scope firms should consider taking.

https://www.cliffordchance.com/briefings/2025/12/fca-guidance-on-non-financial-misconduct-in-the-financial-servic.html