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Omnibus Simplification Package: EU Council and Parliament reach agreement on simplified sustainability reporting and due diligence rules

The EU Council and Parliament have reached a provisional political agreement 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).

Under the agreed text:

- 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;
- 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 Parliament and the Council.

Listing Act: EU Commission invites feedback on draft delegated regulation on reduced content and standardised format for two EU short-form prospectuses

The EU Commission has published a draft delegated regulation further specifying the reduced content and the standardised format and sequence of the following new types of short-form prospectuses introduced by the Listing Act:

- the EU Follow-on prospectus for listed issuers wishing to issue further securities; and
- the EU Growth issuance prospectus for SMEs and companies listing on SME growth markets.

The EU Follow-on prospectus and the EU Growth issuance prospectus are set to replace the existing simplified prospectus for secondary issuances and the EU Growth Prospectus.

The Commission has invited feedback on the draft, with responses due by 1 January 2026. It intends to adopt the delegated regulation in Q4 2025.

CRR3: Amending ITS on operational risk supervisory reporting published in Official Journal

Commission Implementing Regulation (EU) 2025/2475 amending the implementing technical standards (ITS) on operational risk supervisory reporting of institutions under the Capital Requirements Regulation (CRR3) set out in Implementing Regulation (EU) 2024/3117 has been published in the Official Journal.

Commission Implementing Regulation (EU) 2025/2475 will enter into force on 28 December 2025.

BRRD: ITS on provision of information for resolution plans published in Official Journal

Commission Implementing Regulation (EU) 2025/2303 laying down ITS with regard to procedures, standard forms and templates for the provision of information for the purposes of resolution plans for credit institutions and investment firms under the Bank Recovery and Resolution Directive (BRRD), and repealing Commission Implementing Regulation (EU) 2018/1624, has been published in the Official Journal.

The Implementing Regulation is intended to harmonise reporting obligations across the EU and avoid duplication of data requests, thus reducing the cost of compliance with resolution planning reporting obligations by institutions.

The Implementing Regulation will enter into force on 30 December 2025.

ECB proposes simplification of EU banking rules

The European Central Bank (ECB) has published the recommendations of the Governing Council's high-level task force on simplification to simplify the EU regulatory, supervisory and reporting framework.

The proposals include, among other things:

- reducing the number of capital stack elements in the prudential framework, which could involve merging the different capital buffers into a non-

releasable buffers and releasable buffers and reducing the leverage ratio framework from four elements to two;

- adjusting the role of Additional Tier 1 (AT1) instruments by either enhancing the capacity of AT1 capital to absorb losses when a bank is operating normally or remove non-equity elements from the going-concern capital stack;
- increasing proportionality under EU banking rules by expanding the existing small bank regime and simplifying applicable rules;
- automatic reciprocation of macroprudential measures and a more standardised application of macroprudential tools;
- aligning minimum requirements for own funds and eligible liabilities (MREL) and total loss-absorbing capacity (TLAC) frameworks more closely and reviewing their interaction with the going-concern framework; and
- shifting EU banking rules from directives to directly applicable regulations and reviewing the number of level 2 and 3 mandates.

The recommendations will now be presented to the EU Commission. The Commission is expected to publish a report on the competitiveness of the EU banking system in 2026.

CRR3: EBA publishes final draft amending RTS on real estate risk weights assessment factors

The European Banking Authority (EBA) has published its final report (EBA/RTS/2025/08) on draft amending regulatory technical standards (RTS) on factors to be considered by national authorities when assessing the appropriateness of real estate risk weights under CRR3.

As mandated by CRR3, the EBA assessed the changes to the treatment of exposures secured by immovable property under the standardised approach of credit risk. The resulting draft RTS do not significantly amend the existing RTS, which were adopted under Delegated Regulation (EU) 2023/206, but adjust the relevant legal references to align with the CRR3.

The draft RTS will be submitted to the EU Commission for endorsement before being published in the Official Journal.

EMIR 3: ESMA issues communication on upcoming reporting obligations

The European Securities and Markets Authority (ESMA) has published a statement providing clarifications on two upcoming reporting obligations introduced by the revised European Market Infrastructure Regulation (EMIR 3). In particular, the statement indicates that ESMA expects:

- the first reporting submission by entities subject to the Active Account Requirement (AAR) to be provided by July 2026. This first submission should include any backlog data demonstrating compliance with the AAR for the period starting 25 June 2025, along with data for 2026; and
- the first reporting of information on clearing activity at recognised third-country CCPs under Article 7d of EMIR on 2025 data to be submitted together with the 2026 reporting cycle, following the implementation of the necessary Level 2 measures.

BCBS consults on standard format for machine-readable disclosures

The Basel Committee on Banking Supervision (BCBS) has published a consultation paper proposing additions to its disclosure standard to make banks' Pillar 3 disclosures available in a machine-readable format.

The BCBS notes that most banks publish these disclosures solely in PDF format, which makes it difficult to aggregate, process and compare data across banks. To make Pillar 3 disclosure data more accessible, the BCBS is proposing that they should be made available in standardised machine-readable formats across its member jurisdictions. National supervisors would decide whether banks should publish machine-readable Pillar 3 disclosures on their own websites or via a centralised data repository. The BCBS does not expect the proposed standard to increase burdens on banks in jurisdictions where machine-readable Pillar 3 disclosures are already required.

Comments are due 5 March 2026.

BCBS issues principles for sound management of third-party risk

The BCBS has issued a set of principles for the sound management of third-party risk within the banking sector. The principles are intended to provide a common baseline for banks and supervisors to ensure robust oversight of third-party arrangements.

The BCBS has published the principles in response to the rapid adoption of innovative approaches driven by digitalisation, which has significantly increased banks' reliance on third-party service providers for activities previously managed in-house.

Building on consultation feedback, the principles are intended to establish a consistent framework for managing risks associated with third-party service provider arrangements and to retain flexibility to accommodate evolving practices and regulatory requirements across jurisdictions. These principles replace those set out in the 2005 Joint Forum paper 'Outsourcing in Financial Services' for the banking sector.

The BCBS will continue to monitor developments in the digitalisation of finance and financial technology from a prudential perspective.

BCBS and IOSCO publish report on implementation of margin requirements for non-centrally cleared derivatives

The BCBS and the International Organization of Securities Commissions (IOSCO) have published a report reviewing the implementation of margin requirements for non-centrally cleared derivatives.

BCBS and IOSCO's working group on margining requirements (WGMR) first published its framework in 2013, setting minimum standards for margin requirements for non-centrally cleared derivatives. The report outlines the results of the WGMR's review of the implementation of the framework, which relied primarily on a 2024 quantitative impact survey, a survey of WGMR members, and recent margin work by various international committees.

According to the WGMR, implementation has generally reached a steady state, and no material issues with the framework were identified. The WGMR found that the amount of margin exchanged for non-centrally cleared derivatives has increased since 2012, and that the framework's impact has

been consistent with the intended functioning of frameworks for capital and centrally cleared margins. Going forward, the WGMR recommends continued monitoring through supervisory information exchange and communication among members.

UK regulators publish ninth edition of Regulatory Initiatives Grid

The Financial Services Regulatory Initiatives Forum has published the ninth edition of the Regulatory Initiatives Grid, which outlines planned regulatory initiatives for the next two years. The Grid features 124 live initiatives which the regulators hope will support the Government's growth agenda and enhance financial stability.

Initiatives intended to ensure stability include continued implementation of Basel 3.1 standards and reform of the UK's prospectus regime. Innovation is a key focus area, with several initiatives relating to cryptoassets and the payments sector. Other initiatives are aimed at supporting consumers, such as regulation of buy now pay later products.

45 of the initiatives in the Grid are joint; these are intended to streamline regulatory processes and to ensure reforms are delivered in a coordinated way. Joint initiatives include the work of the Pensions Reform Steering Group, and collaborative work by the Bank of England (BoE), Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) on data collections.

Targeted support: HM Treasury publishes consultation response

HM Treasury has published its consultation response to its July 2025 targeted support policy note, summarising the feedback received and setting out its final position on proposed changes to the Regulated Activities Order 2001 (RAO) to enable the implementation of targeted support. Targeted support will enable authorised firms to provide more support with investments and pensions, making recommendations that are designed for groups of consumers with similar characteristics and circumstances.

Respondents were generally supportive of the Government's approach and welcomed the introduction of targeted support. The Government will now proceed to lay the draft statutory instrument, The Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2025, as soon as Parliamentary time allows.

FCA publishes near-final rules on targeted financial support and consults on modernising pensions rules

The FCA has issued a policy statement (PS25/22) on its near-final rules for a new regulatory framework for targeted support in pensions and retail investments. The framework covers the design, delivery and purpose of targeted support.

The FCA has published the rules in near-final form to give firms as long as possible to prepare, and it intends to enable firms to begin applying for permission to provide targeted support from March 2026, before the new rules come into effect, subject to legislation. It expects the rules to take effect from 6 April 2026. There is also a pre-application support service (PASS) for firms planning to apply for a targeted support permission. The FCA has issued joint statements with the Financial Ombudsman Service (FOS) and the Information Commissioner's Office (ICO) setting out the approach to consumer complaints

and redress, and how to consider existing direct marketing rules such as Privacy and Electronic Communications Regulations (PECR).

The FCA has also published a consultation paper (CP25/39) on adapting its requirements for a changing pensions market, which sets out proposals for:

- a new regime for interactive digital pension planning tools for in-force pensions; and
- a new process to support non-advised consumers to make informed decisions about whether and where to transfer or consolidate defined contribution (DC) pensions.

Comments are due by 12 February 2026.

FCA sets out final rules on Consumer Composite Investments and invites views on client categorisation, conflicts of interest and expanding consumer access to investments

The FCA has set out a package of measures intended to enhance the UK's investment culture.

The package comprises:

- a policy statement (PS25/20) setting out the final rules for the Consumer Composite Investments (CCI) regime, which will replace the Packaged Retail and Insurance-based Investment Products (PRIIPs) regime and the Undertakings for Collective Investment in Transferable Securities (UCITS) disclosure requirements with a single framework tailored to UK consumers and markets, in an effort to make it easier for consumers to understand investments;
- a discussion paper (DP25/3) on expanding consumer access to investments, which invites views on how the FCA can improve and streamline its Handbook to increase consumer confidence in investing and how it should prioritise future work on this. Comments are due by 6 March 2026;
- a consultation paper (CP25/36) on proposals to amend the rules on client categorisation and conflicts of interest. Amongst other things, the proposals include (i) removing the current COBS 3.5.3R(2) 'quantitative test'; (ii) enhancing the qualitative assessment that firms carry out on clients, (iii) introducing an alternative wealth assessment; (iv) improving safeguards around clients opting out of retail protections; and (v) rationalising the rules in the Senior Management Arrangements, Systems and Controls sourcebook (SYSC) 10 and SYSC 3. Comments are due by 2 February 2026; and
- a statement on Consumer Duty expectations for firms working together to manufacture products or services.

FCA publishes final policy on serious non-financial misconduct in financial services

The FCA has published a policy statement (PS25/23) setting out guidance on applying its rules on tackling non-financial misconduct (NFM) in financial services.

The FCA is amending the Code of Conduct (COCON) and Fit and Proper test for Employees and Senior Personnel (FIT) sourcebooks to include additional

guidance on how firms can apply the rules on minimum standards of behaviour for financial services employees, and the factors they should take into account when assessing whether someone is fit and proper for their role. The changes to the sourcebooks are set out in the Non-Financial Misconduct (No 2) Instrument 2025.

Following feedback to its July 2025 consultation, the FCA has made minor changes to its proposed guidance in order to:

- add new examples and flow diagrams to help apply COCON consistently;
- ensure clearer alignment with employment law;
- clarify that managers' accountability is relative to their knowledge and authority;
- withdraw or amend examples and factors that risked imposing disproportionate burdens; and
- clarify that firms are not expected to investigate trivial or implausible allegations or breach privacy laws when assessing fitness and propriety.

The new rules on tackling NFM in financial services will apply from 1 September 2026.

FCA consults on enhancing fund liquidity risk management

The FCA has published a consultation paper (CP25/38) on proposals to enhance liquidity risk management and anti-dilution measures for authorised fund managers (AFMs). The consultation seeks feedback on measures designed to ensure AFMs have appropriate tools and systems to manage fund liquidity effectively and mitigate dilution risks.

The proposals apply to UCITS schemes and non-UCITS retail schemes (NURS), with particular focus on portfolios holding fewer liquid assets. They outline requirements for AFMs to maintain robust liquidity risk management processes and implement effective anti-dilution tools.

Comments are due by 23 February 2026.

BoE consults on exempting post-trade risk reduction transactions from clearing obligation

The BoE has published a consultation paper on exempting transactions carried out as part of a post-trade risk reduction (PTRR) service from the derivatives clearing obligation.

The BoE is proposing to exempt transactions arising from PTRR services to support its financial stability objective by reducing complexity and increasing the efficiency of PTRR services. This is intended to support access to PTRR services for a wider range of market participants, allowing them to reduce their counterparty, operational and basis risk. The BoE expects that in turn, this could unlock resources that would otherwise be managing these risks for other purposes, such as increasing greater liquidity in the system which in turn benefits financial stability or as capital, to support innovation and growth.

Comments are due by 11 March 2026.

PRA publishes policy statement on deletion of banking reporting templates

The PRA has published a policy statement (PS27/25) on the deletion of banking reporting templates as part of its future banking data (FBD) programme. PS27/25 follows responses to the PRA's consultation paper CP21/25, in which it set out its proposals to delete certain regulatory reporting requirements for banks, building societies and designated investment firms.

PS27/25 confirms the PRA's intention to delete 37 reporting templates and to consolidate the remaining financial reporting (FINREP) requirements into a single section of the PRA rulebook. All five respondents to CP21/25 supported these proposals, as well as encouraging the PRA to further review the FINREP framework and suggesting additional templates for deletion. Respondents also supported broader reforms under the FBD programme, such as simplifying Pillar 3 disclosures; the PRA notes that these are out of the scope of CP21/25 but will consider some comments as part of future work.

The revised rules and related amendments to regulatory reporting guidelines will take effect on 31 December 2025 and will apply to reporting reference dates that fall on that day.

BaFin and FIU update guidance on ML/TF suspicious activity reporting

The German Federal Financial Supervisory Authority (BaFin) and the Financial Intelligence Unit (FIU) have published an updated version of their guidance on suspicious activity reports, incorporating private sector feedback and practical examples. The guidance is intended to assist obliged entities in filing such reports.

A reportable situation arises when facts indicate money laundering or terrorist financing under Section 43 para 1 of the German Money Laundering Act (GwG). The guidance clarifies the requirements of 'immediacy' and 'completeness' for these reports.

The guidance supplements previous FIU and BaFin publications and is based on BaFin's Interpretation and Application Guidance (AuA) on the GwG and the FIU's General Requirements for the Presentation of Facts (Financial Sector).

According to section 10.3 of the AuA, if there is uncertainty about whether the reporting requirements under Section 43(1) GwG are met, the institution must submit a suspicious activity report in case of doubt.

BaFin has emphasised that the obligation to report suspicious activity is central to combating money laundering and terrorist financing and is a key requirement under the GwG, and that breaches may result in fines.

BaFin applies new ESMA guidelines on outsourcing to cloud service providers

BaFin has announced that it will apply ESMA's guidelines on outsourcing to cloud service providers, published on 30 September 2025. The guidelines are designed to help institutions identify, address, and monitor risks arising from cloud outsourcing arrangements.

In Germany, these guidelines apply only to depositaries of alternative investment funds (AIFs) that are not financial entities to which the Digital Operational Resilience Act (DORA) applies.

ESMA previously issued guidelines in this area in 2021, but targeting a broader range of financial market participants, including investment firms, central counterparties, and rating agencies. These entities are now covered by DORA.

BaFin issues general decree raising reporting threshold for managers' own-account transactions

BaFin has issued a general decree raising the reporting threshold for managers' own-account transactions from EUR 20,000 to EUR 50,000 from 1 January 2026.

Following a consultation launched on 27 October 2025 and consideration of feedback received, BaFin has decided to increase the threshold to ease the burden on executives and issuers, while maintaining a balance between transparency and the volume of notifications.

BaFin expects the number of notifications to decrease without reducing transparency. The monitoring of insider trading prohibitions remains unaffected by the higher threshold.

From 1 January 2026, managers must report own-account transactions once they reach a total of EUR 50,000 in a calendar year, calculated without netting.

Hong Kong Government consults on implementation of cryptoasset reporting framework and common reporting standard amendments

The Hong Kong Government has launched a public consultation on the implementation of the Cryptoasset Reporting Framework (CARF) and amendments in relation to the Common Reporting Standard (CRS) issued by the Organisation for Economic Co-operation and Development (OECD).

In response to the rapid development of digital asset markets in recent years, in 2023, the OECD: (i) introduced CARF to provide for the automatic exchange of tax information on cryptoasset transactions with partner jurisdictions on an annual basis, and (ii) amended the CRS to include new digital financial products and enhanced requirements regarding reporting and due diligence.

Under the consultation, the Government proposes amendments to the Inland Revenue Ordinance (the Ordinance) to implement CARF and the amended CRS in Hong Kong. The Government plans to complete the necessary legislative amendments in 2026, with a view to commencing the automatic exchange of tax information on cryptoasset transactions with relevant partner jurisdictions from 2028, and implement the amended CRS from 2029. The automatic exchange of tax information will be implemented on a reciprocal basis with suitable partners who meet the standards relating to the protection of data confidentiality and security.

In light of the OECD's second round of review on the effectiveness of Hong Kong's administrative framework for CRS implementation, the Government also proposes, through amendments to the Ordinance, to introduce mandatory registration for financial institutions to enhance identification, as well as to raise the penalty levels and enhance the enforcement mechanism.

Comments are due by 6 February 2026.

MAS introduces Financial AI Builder Programme to support financial institutions in developing and scaling AI applications

The Monetary Authority of Singapore (MAS) has introduced the Financial AI Builder Programme, Buildfin.ai, to support financial institutions in developing and scaling artificial intelligence (AI) applications.

BuildFin.ai programme provides a collaborative platform for AI-focused institutions to pioneer cutting-edge solutions in a regulated environment. It is intended to facilitate partnerships between financial institutions, technology providers, and research institutes to co-develop AI solutions that address real market needs, such as customer service automation, risk assessment, and operational efficiency improvements, while ensuring compliance with regulatory requirements.

Operating within Singapore's established regulatory framework for AI in financial services, BuildFin.AI assists institutions in implementing AI solutions within proven risk management frameworks to ensure sustainable deployment and customer protection. The programme also provides guidance on integrating AI solutions with existing compliance systems and regulatory reporting requirements, in order to support the development of scalable AI applications across different markets and regulatory environments.

MAS responds to consultation feedback on proposed amendments to requirements for preparation of financial statements and reports under CIS Code

The MAS has published its responses to the feedback it received on its August 2024 consultation on proposed amendments to the requirements for the preparation of financial statements and reports under the Code on Collective Investment Schemes (CIS Code).

Amongst other things, the MAS has clarified the following in its response:

- authorised schemes will be required to prepare their financial statements in accordance with the Singapore Financial Reporting Standards (International) (SFRS(I));
- authorised schemes using SFRS(I) may voluntarily assert compliance with IFRS. The MAS has also clarified that, notwithstanding other permissible accounting standards under the Variable Capital Companies (VCCs) Act 2018, all authorised schemes (including retail VCCs) should prepare their financial statements in accordance with SFRS(I);
- real estate investment trusts (REITs) will be required to adopt SFRS(I), without any exceptions, including those REITs previously granted waivers from complying with the Statement of Recommended Accounting Practice 7: Reporting Framework for Investment Funds (RAP 7);
- to address concerns regarding the effort required to transition from RAP 7 to SFRS(I), the MAS has worked with the Institute of Singapore Chartered Accountants (ISCA) to put in place support measures, including the issuance of a financial reporting guidance by ISCA and an illustrative set of financial statements for authorised schemes (including REITs) based on SFRS(I);
- the MAS will proceed with its proposal to retain certain RAP 7 disclosures that are not required by SFRS(I); and

- to provide clarity on the placement of the additional disclosures, the MAS has amended the CIS Code to specify that all the additional disclosures will be set out in the financial statements, including the notes thereto. These disclosures will be subject to audit, consistent with the current requirements under RAP 7.

Authorised schemes (including REITs) will be required to comply with the amended CIS Code for financial years ending on or after 31 December 2028, but may adopt SFRS(I) earlier if they wish.

RECENT CLIFFORD CHANCE BRIEFINGS

EU financial markets – new supervisory tasks for ESMA

The European Commission has published a package of legislative proposals aiming to integrate EU financial markets, which include proposals to transfer the supervision of significant EU financial market infrastructure and of EU cryptoasset service providers from national competent authorities to ESMA.

This briefing paper outlines the proposed criteria for determining which operators of regulated markets and other trading venues, central securities depositories, central counterparties and cryptoasset service providers would come under ESMA supervision.

https://www.cliffordchance.com/briefings/2025/12/eu-financial-markets--new-supervisory-tasks-for-esma.html

New investors and sector changes drive growth in vehicle fleet securitisation

Further interest in vehicle fleet securitisation is growing across Europe, particularly within the car rental sector, with private credit and non-bank investors being increasingly attracted to this esoteric asset class.

This briefing paper discusses securitisation fleet financing and how the rise of specialised vehicle rental services and new offerings from tech companies, such as car sharing and subscription models, is prompting market participants to consider new financing platforms as they come of sufficient scale.

https://www.cliffordchance.com/briefings/2025/12/new-investors-and-sector-changes-drive-growth-in-fleet-securitisation.html

What happened at COP30?

While COP30 did not see any major breakthroughs in the official agreements reached, the Global Mutirão, which translates as ‘collective efforts’, confirms key themes relevant to business, including the deployment of private capital in both mitigation and adaptation, and the importance of trade.

This briefing paper discusses the outcomes of COP30 in Belém, with a particular focus on what the negotiations mean for businesses, international climate financing and the voluntary carbon markets. As in previous COPs, at COP30 there was a focus on achieving a unanimous decision. The final text of the Decision, ‘Global Mutirão: Uniting humanity in a global mobilization against climate change,’ was agreed in the early hours of 22 November.

https://www.cliffordchance.com/briefings/2025/12/what-happened-at-cop30-.html

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Supreme Court rules no deemed fulfilment of conditions precedent in English law

On 12 November 2025, the Supreme Court handed down judgment in *King Crude Carriers and others v Ridgebury November and others* [2025] UKSC 39, holding that the principle in the Scottish case of *Mackay v Dick* - that where a party wrongfully prevents the fulfilment of a condition precedent to its own debt obligation, that condition is deemed fulfilled - does not exist in English law.

This briefing paper discusses the Supreme Court's finding that the principle in *Mackay v Dick* rests on a legal fiction, treating a condition precedent as fulfilled where in reality it has not been performed. The Court held that such fictions undermine transparent reasoning and should be removed wherever possible, noting that there is simply 'no convincing explanation for *Mackay v Dick* as a principle of law'.

https://www.cliffordchance.com/briefings/2025/12/supreme-court-rules-no-deemed-fulfilment-of-conditions-precedent-in-english-law-king-crude-carriers-and-others-v-ridgebury-november-and-others-2025-uksc-39.html