Clifford Chance

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EU Commission consults on reform of EU venture and growth capital funds

The EU Commission has launched two consultations on EU venture and growth capital funds reform: a targeted consultation addressing key stakeholders such as fund managers, businesses, institutional investors as well as public authorities and supervisors and a public consultation.

Both consultations are intended to gather feedback on the barriers that arise from the application of the European Venture Capital Funds Regulation (EuVECA), the Alternative Investment Fund Managers Directive (AIFMD) and national legal frameworks for investment funds, as well as on possible policy measures addressing such barriers.

Comments are due by 12 March 2026. The Commission is planning to adopt a review of the EuVECA Regulation in Q3 2026, possibly alongside a broader policy initiative covering a wider range of venture and growth capital fund managers.

ESMA publishes new digital strategy and updates data strategy

The European Securities and Markets Authority (ESMA) has adopted a new digital strategy and updated its data strategy.

The digital strategy, which covers the years 2026 to 2028, sets out a roadmap for achieving the key objectives of:

- building EU digital synergies by promoting digital integration across ESMA, national competent authorities and EU institutions;
- enhancing ESMA's digital capabilities, as well as those of the European System of Financial Supervision (ESFS);
- strengthening operational efficiency, with a focus on increased ICT agility, service delivery and governance; and
- establishing a secure and future-ready ecosystem by embedding cybersecurity, resilience and integration in ESMA's digital architecture.

The data strategy, which covers the years 2023 to 2028, has been revised to reflect the renewed focus on burden reduction and the evolving technological landscape. ESMA notes that its key objectives remain the same since it was first published in June 2023, however new deliverables have been added, including:

- flagship initiatives related to streamlining supervisory reporting, relating to transaction data and in the funds domain;
- expanding the capacity of the ESMA Data Platform to benefit national and European authorities;
- implementing the next phases of the Markets in Cryptoassets Regulation (MiCA) joint supervisory tool for crypto-market monitoring; and
- finalising the development of the European Single Access Point.

ESMA notes that by aligning the two strategies, it seeks to facilitate more opportunities for synergy and digital transformation across ESMA and the ESFS. It intends to converge the two strategies into one unified strategy by 2029.

Money market funds: ESMA publishes updated guidelines on stress test scenarios

ESMA has published its final report with updated guidelines on stress test scenarios under the Money Market Funds Regulation (MMF Regulation).

Article 28(7) of the MMF Regulation mandates ESMA to develop guidelines for common reference parameters in stress tests for Money Market Funds (MMFs). The 2025 update focuses on revising the calibration of risk parameters in section 5 of the guidelines to support regulatory reporting under Article 37 of the MMF Regulation, while the remainder of the 2024 guidelines continues to apply unchanged.

The guidelines will apply two months after their publication in all official EU languages.

ESAs and UK financial regulators sign memorandum of understanding on oversight of critical ICT third parties

The European Supervisory Authorities (ESAs) have signed a memorandum of understanding (MoU) with the Bank of England, the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) to enhance their cooperation on overseeing critical ICT third-party service providers (CTTPs) as required by the Digital Operational Resilience Act (DORA), by establishing clear procedures for cooperation, information sharing and coordination of oversight activities between the relevant authorities. The MoU is intended to enhance third-party risk management and contribute to the overall operational resilience of the financial sector in the EU and UK through strong cross-border cooperation.

PRA sets out 2026 supervisory priorities

The PRA has published its supervisory priorities for 2026, outlining in a letter its sector-specific priorities for the coming year to all banks, building societies, insurers and other PRA-regulated firms.

Amongst other things, the PRA has decided to streamline the supervisory process by moving some supervisory activity, including Periodic Summary Meetings (PSMs), to a two-year cycle. From 1 March larger firms will begin to move to this two-year cycle, while maintaining a regular cadence for discussion of important matters, alongside *ad hoc* supervisory meetings.

Other streamlining measures include:

- accelerating timelines for reviewing senior manager applications, new firm authorisations and internal ratings-based model change pre-approval applications;
- developing the new UK captive regime for insurers, through a summer 2026 consultation with a view to launching the new regime in 2027; and
- streamlining and modernising reporting requirements through the Future Banking Data project.

FSCS: PRA and FCA consult on management expenses levy limit for 2025/26

The PRA and the FCA have published a consultation paper (CP1/26) on the annual management expenses levy limit (MELL) for the Financial Services Compensation Scheme (FSCS) for 2026/27. The MELL covers the FSCS's costs of operating the UK's statutory compensation scheme. CP1/26 is supported by the FSCS's publication of its 2026/27 budget update.

The consultation is relevant to all PRA and FCA authorised firms, who fund the FSCS through levies. The proposed MELL for 2025/26 is GBP 113 million, consisting of a management expenses budget of GBP 108 million and an unlevied reserve of GBP 5 million. CP1/26 notes that the management expenses budget represents an increase of GBP 4.4 million which is broadly in line with inflation and that, excluding the cost of a new enhancement to the FSCS's revolving credit facility (RCF), the proposal represents a nominal GBP 6.6 million reduction on a like-for-like basis to the 2025/26 budget.

Comments on the consultation are due by 10 February 2026.

FCA consults on retail banking business models data collections

The FCA has published a consultation paper (CP26/3) on retail banking business models (R2B2) data collections. The FCA currently collects this data on an *ad hoc* basis but is proposing to move to an annual data return model. According to the FCA, this would enable more efficient decision making by ensuring data is kept up to date, as well as reducing the disruption caused to firms by *ad hoc* collections. The proposed reporting requirements would apply to banks and building societies offering retail banking services that have more than 200,000 customer relationships and revenue of GBP 5 million in the relevant reporting periods.

The FCA is seeking feedback on the proposed approach, thresholds and implementation deadline, with responses due by 4 March 2026. The FCA expects to publish the results and final rules later in 2026.

HKMA issues new practice guide on cloud adoption

The Hong Kong Monetary Authority (HKMA) has issued a new practice guide on cloud adoption, which sets out enhanced guidance from the HKMA to better dovetail with the expected maturity of cloud adoption by authorised institutions (AIs). The latest guide expands the number of cloud-related domains from four to eight, namely: (i) governance and oversight; (ii) risk assessment and due diligence; (iii) cloud service provider contractual provisions and related controls; (vi) cloud resilience and exit strategy; (v) cloud security and data protection; (vi) Incident management; (vii) ongoing monitoring; and (viii) workforce strategy and empowerment.

The HKMA expects AIs adopting cloud technology to apply the high-level principles for managing cloud-related risks in a manner that is proportionate and commensurate with the risk profile and criticality of their cloud arrangements, and to adopt the good practices where appropriate for their circumstances. The previous 'Guidance on Cloud Computing' of 2022 is superseded as of 8 January 2026.

The HKMA has indicated that it will continue to monitor developments and engage with the industry with a view to further facilitating and promoting the responsible adoption of cloud technology.

HKMA shares good industry practices on liquidity risk management

The HKMA has issued a circular to share good industry practices of AIs in respect of liquidity stress-testing, contingency planning as well as the use of monitoring tools, based on observations from its recent supervisory reviews. The good practices identified in the HKMA's recent supervisory reviews include the following:

- liquidity stress-testing: (i) many AIs have already reviewed and enhanced their liquidity stress-testing framework by recalibrating the pace of deposit outflows to factor in characteristics of their deposit bases and the potential amplification of stress through digital channels; and (ii) several AIs have fully deployed reverse stress tests to identify the levels of stress which might potentially threaten their resilience, and developed measures to address the identified vulnerabilities;

- contingency planning: (i) some AIs have performed drills at a very detailed level to mock up stress scenarios; and (ii) AIs have maintained a sufficient liquidity cushion for handling contingencies outside business hours, strengthened their funding arrangements with head offices or parent banks, and enhanced the capability to generate timely liquidity information in times of stress. The internal audit function of some AIs also periodically evaluates the adequacy of their contingency funding plans and readiness of the AIs to execute the plans; and
- monitoring tools: (i) some AIs have adopted metrics beyond those specified in the supervisory guidance and banking returns to support internal surveillance; and (ii) several AIs have leveraged advanced technology tools to detect any emerging sentiment in social media.

Details of the good industry practices as well as related supervisory expectations are provided in the Annex to the circular. The HKMA expects AIs to review and enhance their risk management systems and controls as appropriate, having regard to these expectations and practices.

MAS issues revised notices, guidelines and FAQs to implement requirements for enhancing pre- and post-transaction safeguards for retail clients

Following its March 2025 responses to the consultation feedback on proposed legislative amendments to requirements for enhancing pre- and post- transaction safeguards for retail clients, the Monetary Authority of Singapore (MAS) has published the following revised notices and guidelines:

- Notice on Recommendations on Investment Products (Notice FAA-N16);
- Notice on Requirements for the Remuneration Framework for Representatives and Supervisors (Balanced Scorecard Framework) and Independent Sales Audit Unit (Notice FAA-N20); and
- Guidelines on the Remuneration Framework for Representatives and Supervisors (Balanced Scorecard Framework), Reference Checks and Pre-Transaction Checks (Guidelines FAA-G14).

The notices and guidelines have been revised to effect the proposed changes set out in the MAS consultation paper on requirements for enhancing pre- and post-transaction safeguards for retail clients published on 22 June 2021.

The revised notices and guidelines have been effective from 29 December 2025.

Corresponding revisions have also been made to the frequently asked questions (FAQs) on Notice FAA-N16 and the FAQs on the Balanced Scorecard (BSC) Framework.