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EU Commission publishes draft Delegated Regulations on supervisory fees, fines and periodic penalty payments imposed on ESG rating providers

The EU Commission has published two draft Delegated Regulations under Regulation (EU) 2024/3005 on the transparency and integrity of environmental, social and governance (ESG) rating activities. In particular, the two Delegated Regulations set out:

- rules on the supervisory fees charged by the European Securities and Markets Authority (ESMA) to rating providers, including the types of fees, what they cover, the amount, why they are charged and how they must be paid; and
- rules on the procedure for ESMA to impose fines and periodic penalty payments on ratings providers.

Comments on both draft Delegated Regulations are due by 13 February 2026, with adoption planned for Q1 2026.

Financial Stability Board publishes 2025 resolution report

The Financial Stability Board (FSB) has published its annual resolution report for 2025. The report reviews the FSB's work to strengthen global resolution regimes and outlines the FSB's priorities for 2026.

The report finds that foundational resolution frameworks are mostly in place and that most jurisdictions have now aligned their resolution regimes with the FSB's key attributes. In 2025 the FSB published a practices paper on transfer tools to support resolution authorities' operational readiness. It also published draft guidance on which insurers should be subject to recovery and resolution planning and formed a task force on bail-in execution.

In 2026 the FSB plans to launch a strategic review of its crisis preparedness activities to ensure its approach remains fit for purpose. It also intends to conduct a peer review of public sector backstop funding mechanisms and to publish a practices paper on funding in resolution.

PRA publishes final Basel 3.1. rules

The Prudential Regulation Authority (PRA) has issued the following four final policy statements:

- PS1/26, which sets out the final PRA Rulebook rule instruments, supervisory statements, statements of policy, and disclosure and reporting templates and instructions relating to the Basel 3.1 standards – the policy and rules come into effect on 1 January 2027, with the exception of the internal model approach for market risk, which will come into effect on 1 January 2028;
- PS2/26, which sets out the PRA's final policy to retire the refined methodology to Pillar 2A for all firms effective from 1 January 2027;
- PS3/26, which sets out the final policy to restate the remaining relevant provisions in the Capital Requirements Regulation (CRR) within the PRA Rulebook and other policy material such as supervisory statements or statements of policy, and amendments to the PRA's policy regarding ECAI mapping – the policies on the remainder CRR will take effect on 1 January 2027; and
- PS4/26, which provides the final policy for the simplified capital regime and additional liquidity simplifications for Small Domestic Deposit Takers (SDDTs) and SDDT consolidation entities – the SDDT capital regime will take effect on 1 January 2027, other than the changes to SoP2/23 and rules and expectations relating to frequency of ICAAP updates (including reverse stress-testing) and ILAAP updates, which are effective as of 20 January 2026.

Treasury Committee publishes report on AI in financial services

The House of Commons Treasury Committee has published a report on artificial intelligence (AI) in financial services. According to the report, the Bank of England (BoE), the Financial Conduct Authority (FCA) and HM

Treasury's current positions on AI are exposing the public and the financial system to potentially serious harm.

Evidence received by the Committee suggests that more than 75% of UK financial services firms are using AI. The Committee encourages these firms to work with the FCA to ensure that they capitalise on the opportunities presented by AI. However, the report outlines potential risks to consumers including a lack of transparency, financial exclusion because of AI decision-making, and unregulated financial advice from AI tools such as ChatGPT. The Committee also highlights risks to the sector's resilience, including heightened cyber risk and over-reliance on a small number of US-based technology firms for AI and cloud services.

To mitigate these risks, the Committee suggests that the BoE and FCA should conduct specific stress testing to insulate against AI-driven market shocks. It also recommends that the FCA should publish practical guidance for financial services firms by the end of 2026. Finally, the Committee suggests that the Government should improve oversight and resilience by designating key AI and cloud services providers under the Critical Third Parties Regime, which gives the FCA and BoE more powers of enforcement over non-financial firms.

Financial Services and Markets Act 2023 (Commencement No. 12 and Saving Provisions) Regulations 2026 made

The Financial Services and Markets Act 2023 (Commencement No. 12 and Saving Provisions) Regulations 2026 (SI 2026/45) have been made.

The Regulations bring into force the revocation of assimilated EU law and related legislation, including:

- provisions of the Capital Requirements Regulation (CRR), which will be revoked on 1 January 2027; and
- provisions of Commission Implementing Regulation laying down implementing technical standards (ITS) with regard to main indices and recognised exchanges in accordance with the CRR, which will be revoked on 1 July 2026.

The Regulations also make savings provisions relating to the revocation of provisions of the CRR.

CRD6: Revised implementing bill submitted to Dutch Parliament

A revised bill to implement Directive 2024/1619 (CRD6) has been submitted to the Dutch Parliament. The bill clarifies the position on the transposition of Article 21c CRD6 in the Netherlands. Implementation in Dutch financial law is expected in early April 2026.

After implementation, third-country undertakings will generally be prohibited from taking deposits or other repayable funds from counterparties in the Netherlands, including professional counterparties. They will also be prohibited from lending or providing guarantees and commitments to counterparties in the Netherlands, if the undertaking would qualify as a credit institution if established in the EU.

These prohibitions do not apply if:

- the third-country undertaking has a Dutch branch authorised by the Dutch financial regulator (DNB); or

- the activity is carried out through the issuance of debt securities under the EU Prospectus Regulation (EU 2017/1129); or
- the client or counterparty has approached the third-country undertaking on its own exclusive initiative (reverse solicitation); or
- the client or counterparty is an authorised credit institution in the Netherlands, or an undertaking in the same group as the third-country undertaking; or
- the activity is to provide investment services or activities as listed in MiFID2. The revised legislation clarifies that this exemption covers services and activities in Annex I, Section A of MiFID2, including related ancillary services, and the standalone service in Annex I, Section B(1) – safekeeping and administration of securities by a custodian not party to the underlying transaction but facilitating it.

Existing agreements entered into before 11 July 2026 will be grandfathered, unless the agreement changes in maturity or is novated. The revised legislation clarifies that novation means entering into a new debt (not a reduced debt after set-off) or a change to the core of the agreement.

Third-country branches of non-EU undertakings seeking authorisation in the Netherlands will be subject to a banking 'light' licensing regime.

HKMA shares good practices on managing operational risk associated with trading activities

The Hong Kong Monetary Authority (HKMA) has issued a circular to share good industry practices it identified during its ongoing on-site examinations regarding the operational risk management of authorised institutions (AIs) in respect of their trading activities.

The HKMA notes that AIs engage in a range of trading activities, from treasury functions for managing balance sheets and liquidity to more complex trading operations for market-making and carrying out client-driven transactions, and that such activities expose AIs to operational risks, including unauthorised trading, deal input errors, rogue trading and settlement failures. The circular further notes that historical episodes have indicated that such events could result in significant financial losses as well as severe reputational damages to a financial institution.

The good practices identified by the HKMA in its regular review of AIs' operational risk management in respect of their trading activities include, amongst others, establishing a robust risk governance, oversight and control framework, enhancing trade lifecycle controls and utilising extensive tools to conduct ongoing risk management, monitoring and reporting. The good practices as well as key observations on the approaches adopted by the reviewed AIs are summarised in an annex to the circular.

The HKMA expects AIs to review their operational risk management for trading activities from time to time, giving due consideration to the good practices and observations, and take steps to strengthen risk management practices and control frameworks as appropriate.

MAS and SGX RegCo consult on regulatory framework to facilitate dual listings on new Global Listing Board

The Monetary Authority of Singapore (MAS) has launched a consultation on proposed amendments to the Securities and Futures Act 2001 (SFA) and draft regulations to facilitate dual listings on the Global Listing Board (GLB), to be set up for the purpose of dual listing on the Singapore Exchange (SGX) and Nasdaq.

The proposed draft regulations are intended to facilitate the dual listing bridge between the US and Singapore by:

- enabling issuers seeking a dual listing on the GLB to use a single set of offering documents, incorporating certain US prospectus disclosure requirements for both the initial public offering (IPO) and post-listing stages;
- adjusting the prospectus registration process to allow for earlier registration, thereby facilitating concurrent offerings in the US and Singapore; and
- introducing safe harbour provisions, consistent with US market practices, to allow for the publication of forward-looking statements, the undertaking of share repurchases, and the execution of pre-determined trades without incurring criminal or civil liability under Part 12 of the SFA, provided certain conditions are met.

Further amendments to the SFA are proposed to facilitate the offering process. Notably, issuers would be permitted to engage retail investors earlier in the IPO process, supporting bookbuilding efforts and allowing investors more time to familiarise themselves with the issuer and their intended offers.

Under the proposed rules, the MAS and SGX will retain authority over all listings and prospectus registration decisions in Singapore. The MAS will continue to collaborate with relevant authorities in Singapore to investigate and act against breaches of disclosure requirements and market misconduct under the SFA.

Concurrently, Singapore Exchange Regulation (SGX RegCo) has launched a separate consultation on the proposed listing rules for the GLB. The draft rules address admission requirements for issuers seeking to list on the GLB, including:

- a minimum market capitalisation of SGD 2 billion based on the issue price and post invitation issued share capital, as well as a minimum pre-determined revenue, income or assets with equity requirement;
- listing (or acceptance for listing) on the Nasdaq Global Select Market;
- appointment of a Singapore-resident independent director and/or a Singapore-based compliance adviser to ensure effective local interface with SGX;
- allocation of a minimum of 5% or SGD 50 million of the offering (whichever is less) to designated retail brokerages in Singapore to facilitate retail investor access;
- appointment of an accredited issue manager for the purposes of managing the listing application on the GLB;
- at least 500 shareholders worldwide at listing and an arrangement in place to facilitate the movement of securities between the US and Singapore on a continuing basis; and

- certified financial statements prepared in accordance with Singapore Financial Reporting Standards (International), International Financial Reporting Standards, or US Generally Accepted Accounting Principles.

SGX RegCo has also proposed ongoing requirements for issuers listed on the GLB, including the timely release on SGXNet of all disclosures made in the US and continuous listing on the Nasdaq Global Select Market, with a delisting from the GLB if this is not maintained.

Admission to, and continued listing on, the GLB is subject to the full discretion of SGX RegCo.

Comments on both consultations are due by 8 February 2026.

MAS responds to consultation feedback on revised notices on misconduct reporting requirements under Financial Advisers Act, Insurance Act and Securities and Futures Act

The MAS has published its responses to the feedback it received on its April 2022 consultation on the legal amendments to FAA-N14: Notice on Reporting of Misconduct of Representatives by Financial Advisers (FAA Notice), MAS 504: Notice on Reporting of Misconduct of Broking Staff by Insurance Brokers (IA Notice) and SFA 04-N11: Notice on Reporting of Misconduct of Representatives by Holders of Capital Markets Services Licence and Exempt Financial Institutions (SFA Notice) to implement changes to the misconduct reporting requirements under the relevant Acts.

Amongst other things, the MAS has clarified the following:

- for determining gross negligence or acts/omissions with a material adverse impact on client interests or the fitness and propriety of a representative, the MAS refers to the guiding principles, factors, and examples outlined in its 2021 response to consultation feedback on revisions to misconduct reporting requirements and proposals to mandate reference checks. The MAS will also publish a set of frequently asked questions to further clarify these points;
- the MAS does not prescribe specific investigation processes. Financial institutions (FIs) are expected to maintain robust, holistic, and fair investigation procedures to assess allegations;
- FIs will not be required to submit an investigation report at the start of an investigation into the alleged misconduct. Instead, a misconduct report must be submitted to the MAS when there are reasonable grounds to believe misconduct has occurred. If such grounds arise before the investigation concludes, FIs are required to submit the misconduct report, followed by the investigation report upon completion. If misconduct against representatives has been established but additional facts are still being investigated, both reports should be submitted concurrently, with an updated investigation report to follow upon completion of the investigation;
- the MAS will not specify circumstances requiring reporting to the police for acts involving fraud, dishonesty, or similar offences. FIs are required to evaluate each case based on its facts and circumstances, consider all relevant reporting obligations, and ensure compliance with applicable laws and regulations. If, when submitting an investigation report to the MAS, an FI is still assessing whether to lodge a police report, it must indicate this in its submission and update the MAS once its assessment is finalised;

- FIs are expected to have policies and procedures for providing representatives, including former representatives, with copies of misconduct reports. Where investigations are ongoing, FIs should use their judgement to determine if providing such reports would prejudice the investigation;
- if a public authority notifies an FI of an ongoing or planned investigation, the FI is required to consult the authority to assess the risk of tipping off the representative before providing a copy of the misconduct report. The MAS will amend the misconduct report format to reduce sensitive or confidential information;
- the requirement to provide representatives with copies of misconduct reports applies unless specific exceptions in the revised Notices are met. A representative's lack of cooperation does not exempt FIs from this obligation;
- the misconduct reporting requirements apply only to applicable representatives and broking staff as defined in the revised Notices under the Financial Advisers Act 2001 (FAA), Insurance Act 1966 (IA) and Securities and Futures Act 2001. Where misconduct involves both a designated investment product and a long-term accident and health policy, FIs should report the misconduct under the FAA and IA respectively;
- FIs will be required to submit updated misconduct and investigation reports when new or materially different corrective actions are taken;
- FIs are required to retain records, in physical or electronic form, for at least five years, and should have procedures to ensure proper record maintenance; and
- the MAS will refine the misconduct and investigation report templates based on feedback, with finalised templates to be shared with the industry by the second quarter of 2026.

To implement the revised misconduct reporting requirements, the MAS will cancel the existing FAA, IA, and SFA Notices with effect from 1 January 2027, and has issued the following revised Notices under the respective Acts:

- FAA-N27 Notice on Reporting of Misconduct of Representatives by Financial Advisers;
- MAS 508 Notice on Reporting of Misconduct of Broking Staff by Insurance Brokers and of Representatives by Accident and Health Insurance Intermediaries; and
- SFA 04-N24 Notice on Reporting of Misconduct of Representatives by Holders of Capital Markets Services Licence and Exempt Persons.

The revised Notices will take effect from 1 January 2027.

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