

Buy-side Regulatory Horizon Scanner Q1 2026

January 2026



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Introduction

Introduction

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Our buy-side regulation practice

The investment management industry continues to face unprecedented regulatory change on a global basis. No other law firm is better placed to address these challenges for banking and investment firm clients than Clifford Chance.

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Introduction

The Buy-side regulatory horizon scanner

This buy-side regulatory horizon scanner provides a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to investment managers.

We identify and summarise key legislative and non-legislative developments that are likely to have an impact on investment managers providing services in the EU and UK. Developments are grouped firstly according to whether they are EU or UK developments and, within those categories, into the following three topics:

1

Asset management developments

Key asset management developments, such as AIFMD2

2

ESG developments

Key ESG developments that are relevant to investment managers, such as the SFDR

3

Cross-sectoral developments

Key developments that impact all firms across the financial services sector, such as reforms to AML frameworks

The horizon scanner also sets out projected timelines for the finalisation and implementation of the relevant developments, covering approximately the next two years.

Further background information and commentary on many of these developments, as well as an overview of the EU legislative process, is available on the [Financial Markets Toolkit](#).

This horizon scanner has been prepared as of January 2026. It does not constitute legal advice and is not intended to provide an exhaustive list of all provisions or requirements applicable to firms during this period.

Introduction

The EU Buy-side regulatory landscape

The EU angle...



In 2026, we are in the second year of the new 2024–2029 institutional cycle. The strategic agenda agreed by the European Council in June 2024 set out the future priorities for the next five years, focusing on European freedom and democracy, resilience and defence-readiness, and the continent's prosperity and competitiveness. The European Commission has an ambitious mandate under Political Guidelines set by returning Commission President Ursula von der Leyen. The key focus of the 2024–2029 Commission will be boosting the EU's competitiveness, with the launch of a Competitiveness Compass early in 2025 as its first major initiative.

During 2026 we are likely to see further acceleration of the EU's programme of integration under the EU Capital Markets Union and Banking Union initiatives. This includes finalisation of the CMDI reform measures and the harmonisation of insolvency laws, as well as negotiation of legislative proposals to reinvigorate the securitisation market and to harmonise insolvency laws.

To help meet the extensive funding needs of the EU's green and digital transition, recommendations have been put forward for a Savings and Investments Union (SIU) to channel more private funding into the economy. A late addition to the legislative pipeline in December 2025 was the extensive EU Market Integration Package (MIP), which aims to enable a SIU through a Directive and two new regulations designed to tackle the fragmented regulation and supervision in the trading, post-trading and asset management sectors that can throw up barriers to the effective functioning of the EU capital markets. The MIP affects many pieces of sectoral legislation, and the package envisages more centralisation of supervision through new powers to ESMA.

In 2026, we will also see finalisation of several legislative packages that went through protracted negotiation. The EU's ambitious retail investment package, originally unveiled in 2023, will be formally adopted early this year. The overhaul of the EU payments legislative framework is also politically agreed and will be adopted following technical finalisation. The fate of the accompanying FIDA regulation to promote open finance is less clear, as negotiations are ongoing. With the EU's flagship cryptoasset legislation, MiCA, having applied in full since December 2024, work will continue on the finalisation its remaining secondary legislation and supporting guidelines.

In 2025, the Commission also proposed a total of seven so-called 'Omnibus simplification packages', aimed at simplifying and streamlining regulatory requirements and reducing administrative burdens on affected firms. Financial services firms will have an interest in full adoption early this year the Omnibus I package, which focused on simplification of sustainability reporting requirements. Another potentially impactful package that will be under negotiation in 2026 is the so-called Digital Omnibus released November 2025, which will amend and consolidate existing digital legislation across AI, data access, privacy, and cybersecurity to simplify, streamline, and modernise the EU's digital regulatory framework.

Introduction

The UK Buy-side regulatory landscape

The UK angle...



In 2026, a new Labour Government is approaching the end of its second year in office. A primary focus of the government has been the growth and competitiveness of the UK, to be achieved by more joined-up and innovation-centred approach to regulation and supervision. In financial services, this so has resulted so far in new growth-focused remits and recommendations to the independent regulators, and invitations to the regulators to consider ways in which they can shift the focus of regulation away from risk-aversion towards economic growth. The Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) have responded with a range of rule simplifications. The FCA is streamlining its Handbook, and both regulators are working to reduce timeframes for authorising new firms and varying permissions. The FPC has lowered the benchmark for system-wide Tier 1 capital, a move recognising the resilience of UK banks and designed to promote lending.

The government has highlighted five key priority growth areas in financial services: (i) fintech; (ii) sustainable finance; (iii) capital markets (including retail investment); (iv) insurance & reinsurance markets; and (v) asset management & wholesale services. Planned reforms in these areas featured in a new 10-year UK Financial Services Growth and Competitiveness Strategy, published in July 2025.

The legislation for UK regulation of stablecoins and other cryptoassets is expected to be made in early 2026, and the FCA is finalising its suite of discussion and consultation papers under its 'crypto roadmap', with a view to the UK cryptoasset regulatory framework being in place in late 2027. The Bank of England is progressing work on its approach to systemic stablecoins used for payments, which it will regulate jointly with the FCA.

As for retail payments, 2026 will be a busy year with multiple developments to continue delivery of the National Payments Vision. Retail investments will be subject to a new post-Brexit retail disclosure regime from April 2026, replacing the PRIIPs Regulation.

The UK's green ambitions are also being addressed through several measures during 2026, including through development of final FCA rules for the regulation of ESG ratings providers. The PRA has also updated its supervisory expectations for climate-related disclosures of PRA-regulated firms.

While the focus of 2026 remains firmly on innovation and growth, the operational resilience of the regulated financial sector and their third-party providers remains a key concern of the regulators, with further obligations set to be placed on firms this year.

Finally, work is ongoing to deliver a more fundamental restructuring of the UK's post-Brexit regulatory framework to create a 'Smarter Regulatory Framework' for the UK, involving the revocation of assimilated EU law, additional objectives for the UK's regulators and reform of many aspects of UK financial regulation. Throughout 2026, we can expect to see further consultations and publications aiming to bring forward this post-Brexit reform. The government's growth and competitiveness agenda is expected to influence the sequencing of the work.

02

EU developments



[View related UK measures](#)



EU Developments

I. Asset management

EU Asset management developments: In this section

[View related UK measures](#)



EU Asset management developments

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2026

Q1	Q2	Q3	Q4
16/04/26: Member States must apply national implementing measures from this date.			
16/04/26: RTS on LMTs to apply.			

16/04/26: ESMA to publish final report on integrated reporting for asset managers.

2027

Q1	Q2	Q3	Q4
	16/04/27: AIFMD2 reporting requirements start to apply.		
	16/04/27: Deadline for ESMA to submit RTS and ITS under AIFMD Art. 24/UCITS Art 20a.		
	16/04/27: Earliest revised date for ESMA to deliver guidelines to specify the circumstances in which the name is unfair, unclear or misleading.		
			01/10/27: Commission will only adopt RTS on open ended loan originating AIFs after this date.

AIFMD

The AIFMD regulates the management, administration and marketing of alternative investment funds in the EU. AIFMD governs authorisation and operating conditions for AIFMs, remuneration, conduct of business and valuation requirements, transparency and marketing. It also includes requirements for firms acting as a depositary of an AIF.

In 2024, AIFMD2 entered into force, and from Q2 2026 will introduce amendments to both the AIFMD and the UCITS Directive (see [page 14](#)) rules relating, among other things, to delegation, authorisation requirements, reporting obligations and the regulation of loan originating AIFs.

In 2026, the AIFMD is likely to be impacted by other EU initiatives, such as the EU retail investment package and the EU Market Integration Package, which will supplement or make changes to the Directive.

Read more on AIFMD [here](#), [here](#) and [here](#).

What's on the horizon?

- [AIFMD2](#) was published in the Official Journal on 26 March 2024, making targeted amendments to AIFMD (requiring implementation from 16 April 2026), with respect to: Loan origination; Liquidity management; Delegation by AIFMs; Marketing of AIFs; Investor disclosures and regulatory reporting; Governance; Costs and charges; Host AIFMs; and Depositaries.
- ESMA was given mandates under AIFMD2 to develop:
 - **RTS on the characteristics of LMTs.** ESMA [submitted](#) draft RTS to the Commission in April 2025 for endorsement. The Commission adopted a [draft delegated regulation](#) in November 2025, which, following scrutiny and publication in the Official Journal, is intended to apply from 16 April 2026.
 - **Guidelines on Liquidity Management Tools (LMTs) of UCITS and open-ended AIFs.** ESMA published the Guidelines in April 2025 and an [amended version](#) in December 2025 to reflect the draft delegated regulation adopted by the Commission. They will apply from 16 April 2026.
 - **RTS on open ended Loan Originating AIFs.** ESMA [consulted](#) in December 2024 on the draft RTS but [announced](#) in March 2025 the intention to postpone delivery. ESMA published its [final draft RTS](#) in October 2025. The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including these RTS
 - In the same announcement, ESMA confirmed it would delay by 'at least 12 months' delivery of proposed investor disclosures guidelines to specify the circumstances in which the name is unfair, unclear or misleading, which were originally due by 16 April 2026.
- ESMA was also mandated to consider simplifying reporting for asset managers. ESMA published a [discussion paper](#) on integrated reporting in June 2025, for responses by 21 September 2025. ESMA's final report due 16 April 2026.
- In its Work Programme for 2026, ESMA highlighted that it expects during 2026 to publish the final report on its 2025 Common Supervisory Action on Compliance and Internal Audit Functions of UCITS Management Companies and AIFMs.
- The EU retail investment package (see [page 17](#)) includes provisions amending the AIFMD and UCITS Directive with respect to investor protection rules. The new **EU Market Integration Package** (see [page 30](#)) proposes changes to the UCITS Directive and AIFMD to remove barriers to cross-border operations of fund managers and their EU groups, remove national discretions, and introduce an EU-wide depositary passport.

ELTIF, EuVECA and EuSEF Regulations

[View related UK measures](#)**2026**

11/01/26: Deadline for Commission's initial review of the sustainability aspects of ELTIFs.

12/03/2026: Comment deadline for Commission's targeted and public consultations on EU venture and growth capital funds reform.

ELTIF, EuVECA and EuSEF Regulations

The EU ELTIF, EuVECA and EuSEF Regulations each create a regulatory category of funds with specific features.

ELTIFs, created by the ELTIF Regulation, are intended to invest in assets that require long-term capital, such as infrastructure projects.

EuVECAs, created by the EuVECA Regulation, are intended to invest in small and medium-sized businesses.

Finally, EuSEFs, created by the EuSEF Regulation, are intended to invest in assets which aim to achieve positive social impacts, such as employment, education and health. In 2026, the Commission is working on venture and growth capital fund reform as part of the Savings and Investment Union (SIU) strategy.

2027

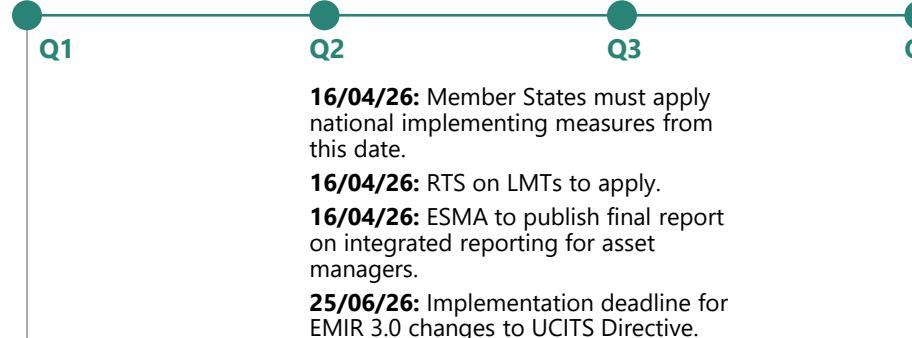
Q3 2026: EuVECA review to commence.

What's on the horizon?

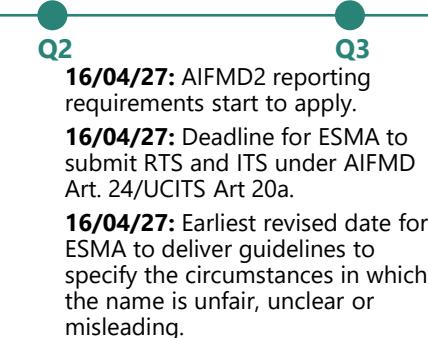
- The EuSEF and EuVECA Regulations each required the Commission to complete a review of those regulations by 2 March 2022 and to propose amendments to those regulations, if appropriate. These reviews have not yet been published.
- Following a Commission review of the ELTIF Regulation, revisions to enhance the attractiveness of the framework were finalised in the ELTIF2 Regulation, which entered into force on 9 April 2023 and has applied from 10 January 2024.
- ESMA was mandated to develop RTS under the ELTIF2 Regulation and published its [final report](#) on 19 December 2023 on draft RTS under Regulations 9(3), 18(6), 19(5), 21(3) and 25(3) of the ELTIF Regulation. The Commission adopted the draft RTS as [Commission Delegated Regulation \(EU\) 2024/2759](#).
- The Commission is required to conduct a review of the ELTIF Regulation by 2030, which is to be preceded by a review, by 11 January 2026, of the sustainability aspects of ELTIFs. That review was to focus on whether the ELTIF Regulation can be improved further to contribute to the EU's green transition and whether it is feasible to introduce a new optional designation of "green ELTIF" and, if so, whether that should be aligned with Article 9 of SFDR (see [page 22](#)). It will also consider whether ELTIFs should comply with SFDR's "do no significant harm" principles. The Commission did not publish any updates in January 2026 in relation to progress on that review.
- The Commission's Work Programme for 2026 includes plans for a review of the EuVECA Regulation, which has been scheduled to begin in Q3 2026. The Commission previously noted in its [Communication on Savings and Investment Union](#) that take up of the EuVECA label by venture and growth capital funds has been uneven across Member States, due to regulatory limitations that affect its attractiveness and its positive impact on local venture capital markets. The Commission therefore plans to review and upgrade the EuVECA Regulation to make this label more attractive, including by widening the scope of investable assets and strategies.
- In January 2026, the Commission launched a [targeted consultation](#) and a [public consultation](#), on EU venture and growth capital funds reform, to gather feedback on the barriers that arise from the application of the EuVECA, the AIFMD and national legal frameworks for investment funds, as well as on possible policy measures addressing such barriers. Those consultations close on 12 March 2026, and responses will inform the ongoing policy development process.



2026



2027



UCITS Directive

The UCITS Directive provides an EU-wide framework for UCITS (investment funds suitable for marketing to retail investors that meet relevant requirements).

Since the first UCITS Directive in 1985, subsequent directives have aimed to expand and simplify the UCITS regime. Following the Commission's review of the AIFMD, in November 2021 amendments to the UCITS Directive were proposed alongside those to the AIFMD, and the resulting AIFMD2 (see page 11) was finalised in 2024, to apply from April 2026.

In 2026, the UCITS Directive is likely to be impacted by other EU initiatives, such as the EU retail investment package and the EU Market Integration Package, which will supplement or make changes to the Directive.

Read more on AIFMD [here](#), [here](#) and [here](#).

What's on the horizon?

- [AIFMD2](#) was published in the Official Journal on 26 March 2024, making targeted amendments to the UCITS Directive (that must be implemented in Member States and apply from 16 April 2026) with respect to: Management company authorisation; Delegation arrangements; Liquidity risk management; and Reporting.
- ESMA was given mandates under AIFMD2 to develop:
 - **RTS on the characteristics of LMTs.** ESMA [submitted](#) draft RTS to the Commission in April 2025 for endorsement. The Commission adopted [a draft delegated regulation](#) in November 2025, which, following scrutiny and publication in the Official Journal, is intended to apply from 16 April 2026.
 - **Guidelines on Liquidity Management Tools (LMTs) of UCITS and open-ended AIFs.** ESMA published the Guidelines in April 2025 and an [amended version](#) in December 2025 to reflect the draft delegated regulation adopted by the Commission. They will apply from 16 April 2026.
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- ESMA was also mandated to consider simplifying reporting for asset managers. ESMA published a [discussion paper](#) on integrated reporting in June 2025, for responses by 21 September 2025. ESMA's final report due 16 April 2026.
- In its Work Programme for 2026, ESMA highlighted that it expects during 2026 to publish the final report on its 2025 Common Supervisory Action on Compliance and Internal Audit Functions of UCITS Management Companies and AIFMs.
- The [EMIR 3.0 Directive](#) (see [page 32](#)) amends the UCITS Directive, as regards the treatment of concentration risk arising from exposures towards CCPs and of counterparty risk in centrally cleared derivatives transactions. Member States must implement by 26 June 2026.
- The EU retail investment package (see [page 17](#)) includes provisions amending the AIFMD and UCITS Directive with respect to investor protection rules. The new **EU Market Integration Package** (see [page 30](#)) proposes changes to the UCITS Directive and AIFMD to remove barriers to cross-border operations of fund managers and their EU groups, remove national discretions, and introduce an EU-wide depositary passport.



2026

Q1	Q2	Q3	Q4
13/01/26: ESMA published 2025 MMF stress testing guidelines (Art. 28).	25/06/26: Implementation deadline for EMIR 3.0 changes to MMF Regulation.		

2027

Q1	Q2	Q3	Q4
Q4 2026: ESMA annual MMF stress testing guidelines expected (Art.28).			

MMF Regulation

The Money Market Funds (MMF) Regulation introduces a regulatory framework that aims to enhance the liquidity and stability of MMFs. It requires funds that meet the definition of an MMF to comply with rules relating to investment policies, internal credit quality assessments, risk management, valuation and transparency requirements. It also grants EU regulators powers to supervise MMFs and their managers on an ongoing basis.

What's on the horizon?

- The MMF Regulation required the Commission to review adequacy of the MMF Regulation by 21 July 2022 and to propose amendments to the MMF Regulation if appropriate. The MMF Regulation also required the Commission to present a report on the feasibility of establishing an 80% EU public debt quota by 21 July 2022. Following a public consultation on the MMF Regulation in April 2022, the Commission published its [final report](#) in July 2023 confirming that it did not propose revisions to the MMF Regulation at present. The Commission also explained in its report that the merits of establishing an 80% EU public debt quota were questionable.
- In January 2022, the ESRB announced the publication of a recommendation (ESRB/2021/9) to the Commission regarding reforms to MMFs. The ESRB made a number of recommendations, including that the Commission should make legislative amendments to enhance the monitoring and stress-testing frameworks and to provide that the constitutional documents of MMFs should contain at least one of three liquidity management tools. The Commission's response to the ESRB's recommendations formed part of its July 2023 report.
- [The EMIR 3.0 Directive](#) (see [page 32](#)) makes amendments to the MMF Regulation, as regards the treatment of concentration risk arising from exposures towards CCPs and of counterparty risk in centrally cleared derivative transactions. The amendments must be implemented by Member States by 26 June 2026.
- ESMA publishes annual guidelines on MMF stress testing. The [2025 MMF stress testing guidelines](#) were published on 13 January 2026. Separately, the ESRB also published the [adverse scenario](#) for the 2025 guidelines. The next set of guidelines is expected in Q4 2026.
- In Q2 2026, ESMA expects to publish a report with recommendations the development of an integrated reporting framework for funds in the context of the AIFMD/UCITS review (See [page 12](#). ESMA published a [discussion paper](#) on possible options for such a framework in June 2025.
- Vulnerabilities in MMFs remain unaddressed and continue to pose risks to financial stability. While these vulnerabilities are being addressed in the US and the UK, they have not yet been addressed in the EU. The Commission ran a targeted [consultation](#) in 2024 highlighting, among other things, MMF vulnerabilities that may warrant further attention. The Commission's 2025 and 2026 work programmes did not announce any follow-up work on the initiative.



2026



Q1 2026: PRIIPS
Amending
Regulation expected
to be finalised in Q1
2026.

2027



Q3 2027: PRIIPS
Amending
Regulation
applies 18
months from
entry into force.

PRIIPS Regulation

The PRIIPS Regulation obliges manufacturers of packaged retail insurance-based and investment products (PRIIPS) to produce a concise pre-contractual disclosure document, the Key Information Document (KID), where such products are made available to retail investors. It also obliges persons who advise upon or sell PRIIPS to provide investors with the KID. It sets out rules on the content and format of the KID, as well as guidance for its review and timing of delivery.

Proposals to Amend the PRIIPS Regulation as part of the EU retail investment package are expected to be finalised in Q1 2026.

The PRIIPS Regulation will also be impacted by the proposed amendments to the SFDR, which are passing through the EU legislative process.

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What's on the horizon?

- The Commission has reviewed the PRIIPS Regulation as part of a wider assessment of the EU's retail investment strategy. The retail investment package was adopted in May 2023, comprising an 'Omnibus Directive' and a Regulation relating to retail investment reforms (see [page 17](#)) The package includes a legislative proposal to make targeted amendments to various aspects of the PRIIPS Regulation, including the KID (**PRIIPS Amending Regulation**).
- The Commission proposal for the PRIIPS Amending Regulation contained provisions relating to clarifications of scope, removable of the KID comprehension alert, a new 'at a glance' section, a new section on sustainability, and provisions on revisions of KIDs and presentation of KIDs to retail investors. Both the Council and the European Parliament have made suggested amendments.
- Trilogues began in March 2025. Some provisions of the package proved contentious and trilogues were protracted due to differences in the co-legislators' texts. Concerns about the package were also expressed by [industry](#) and by [ESMA and EIOPA](#). Political agreement was announced by the [Council](#) and the [European Parliament](#) on 18 December 2025. The legislation is expected to be finalised in Q1 2026.
- The original Commission proposal provided that the PRIIPS Amending Regulation would take effect 18 months after its entry into force. This timeframe was retained during trilogues. The PRIIPS Amending Regulation is expected to be finalised in Q1 2026, and to apply from Q3 2027.
- Under the proposed revisions to the EU SFDR, which is at the early stages of the EU legislative process (see [page 23](#)) there are also proposals for targeted amendments to the PRIIPS Regulation consequential on the amendments to the SFDR. These amendments include new disclosures to be set out in the KID for sustainability-related financial products.

EU Retail Investment package



2026



Q1 2026: Omnibus Directive expected to be finalised in Q1 2026.

2027



Q1 2028: Omnibus Directive to be implemented by 24 months after entry into force, with its provisions applying 6 months later (Q3 2028).

EU Retail Investment Package

As part of the Capital Markets Union agenda, the Commission is focused on improving EU retail access to capital markets.

In May 2021, the Commission published a consultation paper entitled 'A retail investment strategy for Europe'. This was followed by a second, targeted consultation in February 2022 on options to enhance product suitability and appropriateness assessments.

The Commission published the 'retail investments package' on 24 May 2023, comprising wide-ranging measures to:

- improve the information consumers receive about financial products;
- address conflicts of interest in the sales process;
- impose a ban on inducements for products sold without financial advice;
- enhance the "best interest" test for financial advisers;
- crack down on online "finfluencers"; and
- Introduce a "value for money" framework.

The package is expected to be finalised in Q1 2026.

Read more on the Retail Investment Package [here](#).

What's on the horizon?

- The Commission's proposed retail investment package for improving the retail investment framework was adopted in May 2023 and consists of:
 - A proposal for a [Regulation](#) amending the PRIIPs Regulation as regards the modernisation of the key information document (see [page 16](#)); and
 - A proposal for an [Omnibus Directive](#) that will amend existing EU Directives as regards EU retail investor protection rules. The Directives to be amended are UCITS Directive, AIFMD, Solvency II Directive, Insurance Distribution Directive, and MiFID2.
- The Commission has referred to the Omnibus Directive as 'the most ambitious proposal since the inception of EU financial regulation'. Its aim is ultimately to enable more retail investment to be channeled toward participation in EU capital markets and be deployed for EU green and digital transformation. It will do this by ironing out inconsistencies in existing sectoral legislation (primarily MiFID II and IDD, but also Solvency II, UCITS and AIFMD) to ensure consistent retail investor protection applies across products and distribution channels.
- Trilogues began in March 2025. Some provisions of the package proved contentious and trilogues were protracted due to differences in the co-legislators' texts. Concerns about the package were also expressed by [industry](#) and by [ESMA and EiOPA](#). Political agreement was announced by the [Council](#) and the [European Parliament](#) on 18 December 2025. The legislation is expected to be finalised in Q1 2026/
- The original Commission proposal provided for an 18-month implementation period. The politically agreed texts allow for a 24-month implementation period, with the provisions applying 30 months after the legislation enters into force.



2026

Q1 Q2 Q3 Q4

06/01/26: Publication of ESMA's third report on Member States' marketing requirements and marketing communications under the CBDF.

2026: EU Market Integration Package passing through the EU legislative process.

2027

Q1 Q2 Q3 Q4

EU CBDF

The Cross Border Funds Distribution package, comprising a Directive and a Regulation (CBDF), amended the UCITS Directive, AIFMD, EuVECA Regulation, EuSEF Regulation and PRIIPs Regulation in relation to fund marketing. It aims to improve transparency by aligning national marketing and pre-marketing requirements, amongst other measures. The majority of the CBDF's provisions came into force on 1 August 2019 and 1 August 2021.

A number of post-implementation review reports remain outstanding.

The CBDF will be impacted by proposals in the EU Markets Integration Package, which is at the early stages of the EU legislative process in 2026.

What's on the horizon?

- Under the CBDF package, the Commission was required to publish a report on reverse solicitation, specifying the extent of reverse solicitation, its geographical distribution including in third countries and its impact on the passporting regime. This report has yet to be published. In connection with this report, in September 2021 the Commission sent a letter to ESMA requesting that ESMA gathered information from EU national competent authorities on the use of reverse solicitation by asset managers and the impact of reverse solicitation on passporting activities. ESMA's response, dated 17 December 2021, stated (among other things) that almost all national competent authorities had no readily available information on the use of reverse solicitation by asset managers and were not in a position to estimate the share of reverse solicitation as compared to marketing.
- In 2025, ESMA was to produce its third report on Member States' marketing requirements and marketing communications under the CBDF. ESMA published its second report in July 2023. Article 8(1) of the CBDF Regulation requires ESMA to report on this topic once every two years. In March 2025 ESMA informed the Commission that it would delay the publication of its 2025 report to October 2025. The report was further delayed and was finally published on 6 January 2026.
- The Commission was required to report by 2 August 2023 on the merits of harmonising the provisions applicable to UCITS management companies testing investor appetite for particular investment ideas or investment strategies. The Commission was also required to conduct an evaluation of the application of the CBDF by 2 August 2024. The deadline for presentation of its report is 2 August 2025. These reports are yet to be delivered.
- The proposed **EU Markets Integration Package (MIP)** (see page 30) proposes changes to CBDF aimed at removing barriers to the cross-border operations of investment fund and strengthen ESMA's powers to foster a common supervisory culture and better coordinate activities across home and host national competent authorities. The proposed changes relate to (i) harmonisation of marketing communications; (ii) improving transparency on fees and charges levied by host Member States; (iii) improving the passporting regime for UCITS and AIFs; and (iv) enhanced powers for ESMA in supervision of UCITS and AIFs marketed across the EU. The MIP is in the early stages of the EU legislative process.



2026

Q1	Q2	Q3	Q4
10/01/26: Member States to adopt national implementing measures for CRD6 .	Q1/Q2 2026: CRR3 Commission expected to adopt measures to further delay implementation of market risk provisions.		11/07/26: CRD6 legacy contracts exemption applies to contracts entered into before this date. TBC: Commission to deliver report on IFD/IFR framework, potentially with a legislative proposal amending the framework.
11/01/26: CRD6 national implementing measures apply.			

2027

Q1	Q2	Q3	Q4
01/01/27: CRR3 market risk provisions to apply from this date (subject to new measures to defer application). 11/01/27: CRD6 will apply in full from this date.			01/01/28: application of CRR3 market risk provisions potentially expected to be deferred to this date.

EU IFD/IFR

The Investment Firms Directive (IFD) and Investment Firms Regulation (IFR) created a new harmonised prudential regime for EU investment firms, replacing the application of the CRDIV prudential regime.

While certain larger investment firms remain treated as credit institutions and subject to the capital regime under CRDIV, firms that are not subject to CRDIV are subject to the new IFD and IFR prudential regime.

The IFD/IFR regime includes requirements on capital, consolidation, reporting, governance and remuneration. The IFD and IFR are supported by numerous Level 2 implementing and regulatory technical standards (ITS and RTS) and Level 3 guidelines.

In 2026, we may see further details of potential reforms to the package.

Read more on the IFD/IFR [here](#) and [here](#).

What's on the horizon?

- Larger investment firms subject to CRDIV/CRR will be subject to the new CRD6/CRR3 provisions.
- Article 60 of IFR and Article 66 of IFD mandate the Commission to submit a report (by 26 June 2024) to the Council and to the Parliament regarding multiple aspects of the IFD and IFR. In its report, the Commission may include a legislative proposal to amend the prudential framework applicable to investment firms. The Commission issued a [call for advice](#) to ESMA and EBA seeking advice by 31 May 2024 on the following aspects of the framework:
 - Categorisation of investment firms including the conditions to qualify as small and non-interconnected investment firms and the conditions to qualify as credit institutions.
 - The adequacy of the IFR/IFD prudential requirements, including the scope of K-factors, on prudential consolidation and liquidity requirements.
 - Interactions with the CRR/CRD, implications of the adoption of the banking package, especially on the application of the market risk framework, variable remuneration and investment policy disclosure.
 - Future proofing the IFR/IFD regime, in particular with reference to the impact of crypto-assets to investment firms' activities as well as UCITS/AIF.
 - Considerations on the risk related to ESG factors.
 - Specific considerations on commodity and emission allowance dealers and on energy firms.
- Following a joint [discussion paper](#) in June 2024, EBA and ESMA delivered their [final advice](#) in October 2025. EBA and ESMA consider the framework works well overall, but made 49 recommendations on potential improvements to its functionality and proportionality and to contribute to a level playing field between firms operating in the EU and for firms competing against international firms.
- [Commission Implementing Regulation \(EU\) 2025/2159](#) of 27 October 2025 entered into force on 20 November 2025, amending the ITS in Implementing Regulation (EU) 2021/2284 as regards supervisory reporting and disclosures of investment firms. This makes changes consequential to CRR3 changes to the reporting framework for investment firms.



[View related UK measures](#)



EU Developments

II. ESG



EU ESG Developments

EU Sustainable Finance Omnibus I Simplification Package	<u>22</u>
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Sustainable Finance Omnibus I package



2026



Q1 2026: Substantive Directive expected to be formally adopted, and to enter into force 20 days following publication in the Official Journal.

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Sustainable Finance Omnibus I Simplification Package

The Commission adopted the draft 'Omnibus I' simplification package on 26 February 2025 with the aim of streamlining the reporting requirements of existing sustainable finance legislation to reduce overlaps and redundancies.

The [Omnibus I package](#) impacts the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D), the Statutory Audit Directive and the Accounting Directive (the amendments to which impact the scope of application of the Taxonomy Regulation).

Read more on the Omnibus I Package [here](#).

2027



Q1 2027: Member States to transpose the Substantive Directive 12 months following its entry into force.

What's on the horizon?

The Omnibus I package comprises proposals adopted by the Commission on 26 February 2025 and accompanying initiatives:

- A proposed Directive amending CSRD and CS3D as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements. This "**Stop the Clock**" proposal was adopted without amendment as [Directive \(EU\) 2025/794](#) and entered into force on 17 April 2025. Member States were required to transpose its provisions into national law by 31 December 2025.
- A [proposed Directive](#) ("**Substantive Directive**") amending the Statutory Audit Directive, the Accounting Directive, CSRD and CS3D.
- A [call for evidence](#) on a draft delegated regulation amending three of the Taxonomy Delegated Acts (subsequently adopted by the Commission on 4 July 2025 and published as [Commission Delegated Regulation \(EU\) 2026/73](#) in the Official Journal in January 2026)- see [page 23](#))
- A [proposed Regulation](#) amending the Carbon Adjustment Mechanism Regulation (EU) 2023/956; and
- A proposal to adopt a delegated act to revise the first set of European Sustainability Reporting Standards (ESRS) in the ESRS Delegated Regulation (EU) 2023/2772. Pending the adoption, a "[Quick Fix Delegated Regulation](#)" was adopted on 11 July 2025 to reduce the ESRS reporting burden for "first wave" companies not in scope of the "Stop the Clock" Directive.
- With respect to the changes to CSRD, application of reporting obligations has been delayed by two years for other companies. Second wave companies must begin to report, from 26 July 2028, for financial years starting 2027, and third wave companies must begin to report, from 26 July 2029, for financial years starting 2028. The proposed Substantive Directive would reduce by approximately 80% the number of companies in scope and make a range of other changes.
- With respect to CS3D, the Omnibus I package makes no change to the companies in scope but delays the application of the Directive by one year and the Substantive Directive would make significant adjustments to the scope of the due diligence obligations. (for more detail on CS3D see [page 27](#)).
- The European Parliament adopted the Substantive Directive in December 2025. The Council is expected to formally adopt it in Q1 2026.

EU Sustainable Finance Disclosure Regulation (SFDR)

[View related UK measures](#)**2026**

02/07/26: ESG Ratings Regulation applies to marketing communications involving ESG Ratings.

2026: European Parliament and Council to consider SFDR 2.0 legislative proposal with a view to negotiation and adoption.

2027

TBC (post-2027): SFDR 2.0 expected to apply 18 months after entry into force.

EU SFDR

The Sustainable Finance Disclosure Regulation (SFDR) aims to provide transparency to investors about the sustainability risks that can affect investments' value and about the adverse impacts such investments have on the environment and society. It also aims to strengthen investor protection and improve comparability of products. SFDR started to apply in 2021.

SFDR requires financial market participants and financial advisers to disclose at entity and product level how they integrate sustainability risks and principal adverse impacts in their investment decision making processes. It also requires additional product disclosures for financial products making sustainability claims.

The European evaluated the SFDR in 2023 and [consulted](#) on possible measures to improve the framework, which may result in changes to disclosure requirements and potentially a categorisation system for financial products. The ESAs also published a [joint Opinion](#) on review of the SFDR in June 2024.

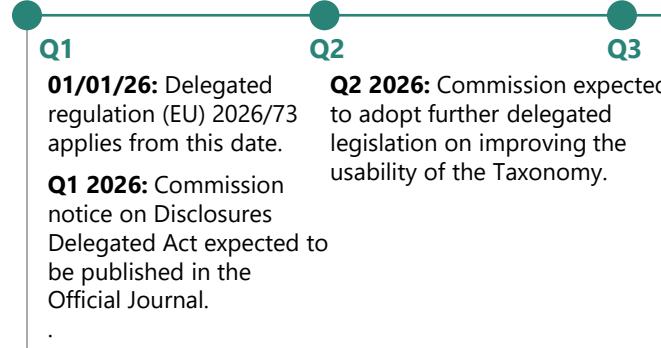
The Commission adopted its SFDR Review proposal in November 2025. The proposal will proceed through the EU legislative process during 2026.

Read more on SFDR [here](#), [here](#) and on SFDR 2.0 [here](#).

What's on the horizon?

- Between September and December 2023, the Commission consulted on SFDR implementation and on options to improve the framework, focused on assessing shortcomings in the SFDR to improve legal certainty, enhancing usability and improving the legislation's role in mitigating greenwashing.
- The Commission adopted a SFDR Review legislative proposal (**SFDR 2.0**) on 20 November 2025. The aim of the legislative proposal is to simplify and reduce the sustainability-related administrative and disclosure requirements for financial market participants (**FMPs**), whilst improving investors' ability to understand and compare sustainability-linked financial products and protecting against misleading sustainability-related claims.. Key elements include:
 - A new product categorisation regime with three new categories (informed by a December 2024 report from the Platform on Sustainable Finance (PSF) on its [proposals for categorisation of financial products](#) under SFDR);
 - Deletion of the definition of "sustainable investments";
 - Deletion of FMPs' entity-level principal adverse impact (PAI) disclosure requirements; and
 - Inclusion of certain grandfathering and transitional provisions.
- From 2 July 2026, the ESG Ratings Regulation (see [page 26](#)) will amend SFDR Article 13 (Marketing Communications) to provide that financial market participants and financial advisers issuing and disclosing ESG ratings as part of their marketing communications will need to comply with that Regulation.

EU Taxonomy Regulation

[View related UK measures](#)**2026****2027**

EU Taxonomy Regulation

The Taxonomy Regulation sets out criteria that an activity must satisfy to be referred to as 'environmentally sustainable'. Two such criteria are that the activity must contribute substantially to at least one 'environmental objective' and that the activity must not cause significant harm to an 'environmental objective'.

The six 'environmental objectives' are set out in the Taxonomy Regulation. The Taxonomy Regulation also creates disclosure obligations for certain products that are within the scope of the related Sustainable Finance Disclosure Regulation (SFDR).

The scope of application of the Taxonomy Regulation is impacted by the provisions of the Omnibus I package which amend the Accounting Directive (see [page 22](#)). Amendments to the Taxonomy Regulation's delegated acts also complement the Omnibus I package.

Read more on the Taxonomy [here](#).

What's on the horizon?

- Under Article 8 of the Taxonomy Regulation, undertakings that fall within the scope of the Corporate Sustainability Reporting Directive (CSRD) must report in their annual reports to what extent their activities are covered by the EU Taxonomy (Taxonomy-eligibility) and comply with the criteria set in the Taxonomy delegated acts (Taxonomy-alignment). These obligations have applied from financial years starting on or after 1 January 2024. Other companies that do not fall under the scope of CSRD can decide to disclose this information on a voluntary basis.
- The Taxonomy Regulation is supplemented by four delegated acts: (i) the Climate Delegated Act ([\(EU\) 2021/2139](#)); (ii) the Taxonomy Complementary Delegated Act ([\(EU\) 2022/1214](#)); (iii) the Taxonomy Environmental Delegated Act ([\(EU\) 2023/2486](#)); and (iv) the Disclosures Delegated Act ([\(EU\) 2021/2178](#)).
- Following a [call for evidence](#) in February 2025 as part of the Omnibus I simplification package (see [page 22](#)), the Commission adopted a delegated regulation in July 2025 to simplify and improve reporting requirements and certain technical screening criteria. The delegated regulation was published in the Official Journal on 8 January 2026 as [Commission Delegated Regulation \(EU\) 2026/73](#). With effect from 1 January 2026, the delegated regulation simplifies the application of the EU Taxonomy by making amendments to the Taxonomy Disclosures Delegated Act regarding content and presentation of information to be disclosed concerning environmentally sustainable activities; and the Taxonomy Climate and Environmental Delegated Acts regarding simplification of technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives. The Commission published a [draft notice](#) on the interpretation and implementation of certain legal provisions of the Taxonomy Disclosures Delegated Act. The notice is expected to be finalised in Q1 2026.
- The Commission has been conducting work to enhance the usability of the Taxonomy and has produced a range of [online tools](#) to guide users. In November 2025 it published calls for evidence on updating and simplifying the technical screening criteria in Taxonomy [Climate](#) and [Environmental](#) Delegated Acts and is expected to publish further delegated legislation in Q2 2026.

EU Anti-Greenwashing Directive



2026



27/03/26: Member States must adopt and publish national implementing measures by this date.

EU Anti-Greenwashing Directive

Directive (EU) 2024/825 on Empowering Consumers for Green Transition (referred to as the Anti-Greenwashing Directive) was published in the Official Journal on 6 March 2024. The Directive aims to strengthen consumer rights and protections with respect to commercial practices, including greenwashing, that prevent sustainable purchases.

The Directive amends the Unfair Commercial Practices Directive (UCPD) to:

- extend the list of product characteristics about which a trader cannot mislead consumers to cover the environmental or social impact;
- extend the list of actions which are to be considered misleading if they cause or are likely to cause the average consumers to take a transactional decision that they would not have otherwise taken; and
- add 12 new practices, including forms of greenwashing, to the existing 'blacklist' of prohibited unfair commercial practice.

The Directive also amends the Consumer Rights Directive with respect to pre-contract information requirements.

2027



27/09/26: Member States must apply the Directive's implementing measures from this date.

What's on the horizon?

- The [Anti-Greenwashing Directive](#) entered into force on 27 March 2024. It forms part of a package of measures put forward in March 2022 as part of the Commission's New Consumer Agenda and Circular Economy Action Plan, aimed at making sustainable products the norm in the EU, boosting circular business models, and empowering consumers for the green transition. The Anti-Greenwashing Directive is designed to ensure consumers take informed and environment-friendly decisions when buying products, and the rules strive to strengthen consumer protection against untrustworthy or false environmental claims by banning greenwashing and other practices that mislead consumers.
- The new practices that have been added to the list of practices that are automatically considered unfair and therefore prohibited are added to Annex I of the Unfair Commercial Practices Directive. Of the 12 new banned practices, the key claims relevant to financial products and services include:
 - Misleading sustainability labels;
 - Unsubstantiated generic environmental claims;
 - Overly-wide environmental claims; and
 - Claims based on greenhouse gas offsetting.
- Member States must adopt and publish the measures necessary to comply with the Directive by 27 March 2026.
- The Directive applies from 27 September 2026.

EU ESG Ratings Regulation

[View related UK measures](#)**2026**

2026: Commission expected to adopt technical standards

02/07/26: ESG Ratings Regulation applies from this date.

02/08/26: Deadline – ESMA notifications by larger ESG ratings providers.

2027

Q1

Q2

Q3

Q4

01/10/27: Commission expected to adopt certain technical standards after 1 October 2027.

EU regulation of ESG ratings providers

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem.

The ESG Ratings Regulation was published in the Official Journal on 12 December 2024. Its provisions are designed to address: (i) lack of transparency on the characteristics of ESG ratings, their methodologies and their data sources; (ii) the lack of clarity on how ESG rating providers operate; and (iii) conflicts of interest at ESG rating providers' level.

The ESG Ratings Regulation is intended to complement and avoid duplication of requirements in existing legislation such as the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Bonds Regulation.

Read more on the ESG Ratings Regulation [here](#) and [here](#).

What's on the horizon?

- The [ESG Ratings Regulation \(EU\) 2024/3005](#) was published in the Official Journal on 12 December 2024 and entered into force on 2 January 2025. It is set to apply directly across the EU from 2 July 2026. A transitional regime will apply to ESG Rating providers that were already operating in the EU on 2 January 2025. 'Small' providers must notify ESMA by 2 November 2026 if they wish to continue offering their services. Larger providers must notify ESMA by 2 August 2026 and apply for authorisation or recognition by 2 November 2026.
- Among other things, the Regulation sets out provisions to:
 - Introduce an authorisation requirement for ESG ratings providers (a lighter-touch temporary registration regime will operate for small ESG rating providers based in the EU), with providers to be directly supervised by ESMA;
 - Introduce a regime for third country ESG ratings providers wishing to provide ESG ratings in the EU;
 - Set out transparency requirements and principles on the integrity and reliability of ESG rating activities; and
 - Impose obligations relating to the independence and management of conflict of interests of ESG rating providers.
- There are numerous exemptions from the scope of the Regulation which benefit from close reading. Among others, the Regulation will not apply to internal or private ESG ratings that are not intended for public disclosure or distribution, raw ESG data or credit ratings. ESG ratings provided on a reverse solicitation basis by third country providers are also outside scope provided certain conditions are met.
- ESMA was mandated to develop a range of technical standards (RTS and ITS) and guidelines to supplement the Regulation. Following consultation in H1 2025, in October 2025, ESMA published its Final Report on [three sets](#) of RTS, under: (i) Articles 6(3) and 12(9); Article 16(5); and (ii) Articles 23(4) and 24(3) of the ESG Ratings Regulation. The Commission is expected to adopt the technical standards in 2026. The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including some relating to ESG Ratings.
- The ESG Ratings Regulation will be subject to targeted amendment with respect to its enforcement and supervision provisions, to reflect proposed amendments to the ESMA Regulation, under **the EU Market Integration Package** (see [page 30](#)).

Corporate Sustainability Due Diligence Directive (CS3D)

[View related UK measures](#)**2026****Q1** **Q2**

Q1 2026 – Council expected to adopt Omnibus I Substantive Directive (see [page 22](#)).

Q3 **Q4**

26/07/26*: Commission required to publish guidance and best practice on how to conduct due diligence processes by this date (Art 19(2)(a))

2027**Q1** **Q2**

26/01/27*: Commission required to publish guidelines on assessment of risk factors and on data, information and digital tools for CS3D compliance by this date (Art 19(2)(d)-(e)).

Q3 **Q4**

26/07/27: Original CS3D application date of 26/07/26 delayed by one year to 26/07/27.

*Delivery deadlines for delegated acts and guidelines

– potentially subject to change on finalisation of the Omnibus I Substantive Directive (see [page 22](#)).

Corporate Sustainability Due Diligence Directive (CS3D)

The Corporate Sustainability Due Diligence Directive (CS3D) sets out an EU legal framework on sustainable corporate governance, including cross-sector corporate due diligence along global value chains.

CS3D introduces obligations on in-scope EU and non-EU companies to adopt and implement due diligence policies and processes to identify and address adverse human rights and environmental impacts (known as human rights and environmental due diligence, or "HREDD") with which the companies may be involved through their own operations, through those of their subsidiaries or through the business relationships in their value chain.

HREDD must be conducted upstream (i.e., on providers of goods or provision of services to the company) and downstream (i.e., on those involved in distribution, transport and storage of a company's products). Article 22 of CS3D will also require in-scope companies to adopt climate transition plans but those already reporting a transition plan under CSRD will be deemed to comply with this CS3D requirement.

Read more on the CS3D [here](#) and [here](#).

What's on the horizon?

- [CS3D](#) entered into force on 24 July 2024. The Omnibus I package (see [page 22](#)) has pushed back the application date for the Directive by one year. Member States must now adopt and publish implementing measures by 26 July 2027, with phased deadlines for compliance starting on 26 July 2028.
- CS3D will apply to large EU companies and large non-EU companies active in the EU.
 - **EU Companies** are defined as: (i) companies with more than 1000 employees and a net global turnover of more than EUR450 million; or (ii) ultimate parent companies of groups that reach these thresholds; or (iii) companies (or ultimate parent companies of groups) with franchising or licensing agreements in the EU (separate thresholds apply).
 - **Non-EU Companies** are defined as companies or ultimate parent companies of groups: (i) that have a EUR450 million net turnover generated in the EU, with no requirement to meet an employee threshold; or (ii) with franchising or licensing agreements in the EU (with the same separate thresholds as apply to EU companies).
 - These thresholds are subject to change on finalisation of the [Omnibus I Substantive Directive](#) (see [page 22](#)).
- **Regulated financial undertakings** (as defined in CS3D) must conduct upstream HREDD but will not be required to conduct due diligence on their downstream value chain. AIFs and UCITS are exempt from the Directive, but their managers fall within the definition of regulated financial undertakings.
- The [Omnibus I Substantive Directive](#) (see [page 22](#)) deleted the CS3D Article 36(1) requirement for the Commission to submit a report by 26 July 2026 on the necessity and extent of any inclusion of the financial sector within the scope of the CS3D.
- The Commission is to adopt delegated acts under CS3D Articles 3(2) and 16 and guidelines under Article 19.



[View related UK measures](#)



EU Developments

III. Cross-sector

EU Cross-sectoral developments: In this section

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EU Market Integration Package (MIP)



2026



2026: Market Integration Package under consideration by the European Parliament and the Council.

2027



Market Integration Package (MIP)

The Commission has noted that lack of harmonised implementation of EU legislation and differences in supervisory approaches in Member States has resulted in fragmentation and underperformance of the EU capital markets.

The [Market Integration Package](#) published on 4 December 2025 introduces new measures designed to help improve the performance of EU capital markets by addressing barriers in trading, post-trading and asset management that stem from fragmentation. The MIP supports the EU's Savings and Investments Union project and aims to help businesses expand and scale cross border and facilitate business uptake of digital technologies.

The MIP will introduce more centralised supervision within ESMA in certain areas and makes significant and wide-ranging changes to existing sectoral legislation which are expected to impact on authorisation, supervision, marketing, trading, and post-trading activities, and the provision of cross-border services.

What's on the horizon?

- The MIP consists of three proposed pieces of legislation:
 - A [Master Regulation](#) to amend key financial services regulations to update and align EU financial market rules to support seamless cross-border financial activity, improve supervision, and adapt to technological and market developments.
 - The Master Regulation will amend ESMA Regulation, MiFIR, EMIR, CSDR, the CBDF Regulation, the DLT Pilot Regulation, and MiCA.
 - To reflect the changes proposed to the ESMA regulation, targeted amendments will also be made to the Credit Ratings Agency Regulation, the CCP Recovery and Resolution Regulation, SFTR, BMR, the Securitisation Regulation, EuGB Regulation, and the ESG Ratings Regulation.
 - A [Master Directive](#) amending UCITS, AIFMD, and MiFID to improve market integration by introducing harmonised regulatory standards that Member States must transpose into their national law.
 - A new [Settlement Finality Regulation](#) (SFR) to convert the current Settlement Finality Directive (SFD) into a Regulation to ensure more uniform rules across the EU. The SFR will repeal the current Settlement Finality Directive and amend the Financial Collateral Directive.
- The package is under consideration by the European Parliament and the Council during 2026.

Read more on MIP [here](#), and [here](#).



2026

Q1	Q2	Q3	Q4
Early 2026: Formal adoption of Retail Investment Package expected.	Q2 2026: ESMA expected to report on a holistic review of transaction reporting under MiFID, EMIR and SFTR		
29/03/26: ESMA to submit draft RTS under amended MiFIR Art 1(8).	06/06/26: Amendments to Art. 13 of the MiFID II Delegated Directive, and RTS on an EU code of conduct for issuer-sponsored II sustainability topics.		
Q1 2026: ESMA expected to report on 2024/2025 CSA on MiFID II research to apply.			

EU MiFID2/MiFIR package

The MiFID2 Framework (comprising the MiFID2 Directive and the MiFIR Regulation) is the cornerstone of EU legislation governing the authorisation and operation of investment firms and the buying, selling and organised trading of financial instruments.

The MiFID2 'Quick Fix' measures in response to Covid-19 have applied since February 2022 and measures to integrate sustainability into the package were introduced in August and November 2022.

The '**MiFID3/MiFIR2**' package amends the MiFID2 Framework mainly to improve access to (including to enable introduction of an EU consolidated tape and improve trade transparency).

The MiFID2/MiFIR framework will be impacted by the Retail Investment Package and the EU Market Integration Package which are passing through the legislative process in 2026.

Read more on these developments [here](#), and [here](#).

2027

Q1	Q2	Q3	Q4
			01/10/27: Commission adoption of certain Level 2 measures deprioritised until at least 1 October 2027.

TBC: MiFIR2 Article 54(3) transitional provision applies pending application of new MiFIR2 delegated acts

What's on the horizon?

- The [MiFIR2](#) amendments to MiFIR have applied from 28 March 2024. EU Member States had to bring into force the [MiFID3](#) amendments to MiFID2 by 29 September 2025.
- The MiFID3/MiFIR2 package is supported by Level 2 delegated and implementing acts, the remainder of which will be developed in 2026. A transitional provision in new Article 54(3) to MiFIR provides that delegated acts adopted under MiFIR that were applicable before 28 March 2024 will continue to apply until the date of application of new delegated acts reflecting reforms made by MiFIR2. ESMA issued a [public statement](#) in October 2025 to assist market participants.
- The Commission has [deprioritised](#) adoption of certain 'non-essential' MiFID3/MiFIR2 Level 2 materials until after 1 October 2027.
- The **Listing Act package** amends the MiFID framework. The Commission published a [draft Delegated Directive](#) in December 2025, which will amend Article 13 of the MiFID II Delegated Directive ((EU) 2017/593) to set out new rules allowing for joint or separate payments for investment research and execution services. ESMA provided final draft RTS to the Commission in October 2025 on an EU code of conduct for issuer sponsored research. Once finalised the Delegated Directive and the RTS will apply from 6 June 2026. The Commission is to a delegated act by July 2026 on the conditions for MTFs (or their segments) to qualify as SME growth markets. ESMA provided [technical advice](#) in May 2025.
- The Commission's proposed **Retail Investment Package** (see [page 17](#)) includes proposed amendments to MiFID2 to introduce simplified/improved disclosures on products, new provisions relating to sophisticated retail investors and harmonisation of professional standards for advisers.
- The Commission's proposed **EU Market Integration Package** (see [page 30](#)) includes proposed amendments to MiFID2/MiFIR to harmonise authorisation of regulated markets and operation of trading venues. A new Pan-European Market Operator (PEMO) licence is to be introduced, with an enhanced supervisory role for ESMA. Proposals also include a single rulebook for trading venues and clarified rules for cross-border activities and open access for CCPs and trading venues.
- Following a [call for evidence](#) in 2025, ESMA expects to publish a holistic report in Q2 2026 on a comprehensive approach for the simplification of financial transaction reporting across MiFIR, EMIR, and SFTR.



2026

Q1	Q2	Q3	Q4
25/06/26: Member States to transpose the new requirements in CRD and the IFD.			
25/06/26: EBA to publish guidelines on integrating concentration risk arising from exposures to CCPs into supervisory stress testing.			
25/06/26: ESMA to assess the effectiveness of the active account obligation.			
Q2 2026: ESMA expected to report on a holistic review of transaction reporting under MiFID, EMIR and SFTR			

EU EMIR

The European Market Infrastructure Regulation (EU EMIR) places clearing, risk mitigation and reporting requirements on counterparties to derivatives contracts, central counterparties (CCPs) and trade repositories. EU EMIR also sets out registration and supervision requirements applicable to CCPs and trade repositories.

Since its application, EMIR has been amended by EMIR REFIT and EMIR 2.2. Most recently, the EMIR 3.0 package was published in the Official Journal on 4 December 2024 and entered into force on 24 December 2024. The package comprises (i) a regulation amending EMIR, CRR and the MMF Regulation and (ii) the EMIR 3.0 Directive amending CRD and the IFD.

The EMIR 3.0 package aims to increase clearing at EU CCPs and reduce reliance on UK Tier 2 CCPs. It also makes other targeted changes which impact EU counterparties that trade derivatives, as well as their trading partners.

EMIR will be impacted by the proposed EU Market Integration Package which is in the early stages of the EU legislative process in H1 2026.

Read more on EMIR [here](#), and [here](#).

2027

Q1
December 2026: Revised ESMA submission deadline for draft RTS on public data and draft RTS on systematic manifest errors.
04/12/26: ESMA to publish guidelines on data quality procedures and arrangements and guidelines on public entities.

Q2

Q3

Q4
01/10/27: Commission will adopt certain deprioritised Level 2 measures after this date.

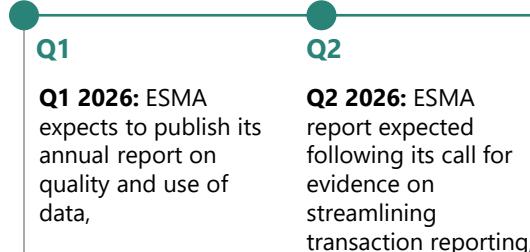
30/06/28: Commission has extended the equivalence decision for UK CCPs to 30 June 2028.

What's on the horizon?

- **Intragroup transactions** - Commission Delegated Regulations (EU) 2023/314 and (EU) 2023/315 extended the deferred date of the application of EMIR's margin requirements and the clearing obligation for intragroup transactions to 30 June 2025. The provisions of EMIR 3.0 remove the necessity for further temporary relief measures after that date.
- **Active Account Requirement (AAR)** - In-scope counterparties had to open (by 26 June 2025) and maintain an active clearing account with at least one EU CCP. Operational conditions for the account apply and in-scope counterparties must meet extensive reporting requirements. The AAR is to be supplemented by RTS, which the Commission [adopted in October 2025](#). ESMA issued a [public statement](#) on the approach firms should take to AAR reporting pending the finalisation of the Level 2 measures.
- **Other Level 2 measures**
 - In March 2025, ESMA announced a reprioritisation of some of its deliverables, which include some EMIR 3.0 deliverables that originally had a deadline of December 2025.
 - In 2025, ESMA was expected to publish draft RTS on public data, development of which ESMA had postponed due to EMIR REFIT provisions applying in April 2024. ESMA has further postponed delivery of these RTS to December 2026.
 - The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' Level 2 measures, including some relating to EMIR.
- **Level 3 measures** – ESMA is mandated to develop guidelines under Art 9(4a) of EMIR on data quality procedures and arrangements and on public entities. ESMA has postponed delivery of the guidelines until December 2026. EBA is to develop guidelines (under Art. 100(5) of CRD) on integrating concentration risk arising from exposures to CCPs into supervisory stress testing.
- **CCP supervision** – the provisions of the **EU Market Integration Package** (see [page 30](#)) will amend EMIR to, among other things, introduce the new concept of "significant CCP", which will be subject to direct supervision by ESMA.



2026



EU SFTR

SFTR aims to increase transparency and reduce perceived "shadow banking" risks by requiring counterparties to report securities financing transactions (SFTs) to a trade repository and among other things requiring UCITS managers and AIFMs to make pre-contractual and periodical disclosures to investors about their use of SFTs and total return swaps. SFTR also imposes conditions on the re-use of financial instruments that have been provided as collateral.

ESMA Guidelines for the transfer of data between trade repositories under EMIR and the SFTR were published in March 2022 and have applied since October 2022.

The SFTR will be impacted by the proposals to amend the ESMA Regulation to enhance ESMA's powers, under the Market Integration Package which is in the early stages of the EU legislative process in 2026.

Read more on EU SFTR [here](#).

2027



What's on the horizon?

- The key challenge with respect to SFTs is that, while many core regulatory and supervisory activities of the authorities rely on the data reported and disclosed by market participants, **lack of reliable data** can present difficulties in identifying property rights and counterparties and monitoring risk concentration.
- With respect to fees charged to trade repositories, [Commission Delegated Regulation \(EU\) 2024/1704](#) has applied since 1 January 2025. It amended Delegated Regulation (EU) 2019/360 as regards harmonisation of certain aspects of fees charged by ESMA to trade repositories.
- In April 2025, ESMA published its fifth annual [Report on Quality and Use of Data](#), covering the datasets in the following sectoral regulations under ESMA's remit: EMIR (transactions and positions in derivatives), SFTR (SFTs), MiFIR (transactions in financial instruments), Securitisation Regulation, AIFMD and MMFR (funds data), CRAR (ratings) and Prospectus Regulation. ESMA expects to publish its 2026 report in Q1 2026.
- In 2026, ESMA plans to publish a report on the efficiency of SFTR reporting. Required under Art 29(1) this report had an original deadline in 2021. ESMA [explained](#) in May 2024 that this report had been postponed.
- In June 2025, ESMA issued a [call for evidence](#) until 19 September 2025 on a comprehensive approach for the simplification of financial transaction reporting, as part of the Commission's and ESMA's work on simplification and burden reduction. The Call for evidence seeks feedback on opportunities to integrate, streamline and simplify financial transaction reporting. This aligns with ESMA's mandate under MiFIR2 (see [page 31](#)) to explore ways to integrate and simplify transaction reporting across MiFIR, EMIR, and SFTR by March 2028. ESMA expects to issue its holistic report in Q2 2026.
- The SFTR will be subject to targeted amendments with respect to its enforcement and supervision provisions, to reflect changes proposed to the ESMA Regulation under the **EU Market Integration Package** (see [page 30](#)).



2026

Q1 Q2 Q3 Q4

17/01/26: Application date for remaining CSDR REFIT amendments to EU CSDR.

03/03/26: EBA consultation on banking-type ancillary services closes to comments.

2027

Q1 Q2 Q3 Q4

2026: ESMA expects to receive notifications from third-country CSDs that provide or intend to provide core services in the EU, as part of the recognition process.

TBC: Commission to adopt RTS/ITS submitted by ESMA and EBA.

Post-October 2027: ESMA to deliver draft RTS on the mandatory buy-in process and deferred settlement.

Post-01/10/27: Commission to adopt deprioritised Level 2 measures.

EU CSDR

EU CSDR aims to harmonise certain aspects of securities settlement in the EU. The CSDR mandatory buy-in regime, was originally intended to come into effect on 1 February 2022, but application was suspended until November 2025.

In the meantime, the CSDR REFIT entered into force on 16 January 2024. Some of its provisions applied from that date. Others have applied from 1 May 2024 or 17 January 2026.

CSDR REFIT amends the CSDR to: (i) enhance supervisory co-operation; (ii) simplify the CSDR passporting process; (iii) facilitate CSDs' access to banking-type ancillary services; (iv) clarify elements of the settlement discipline regime; and (v) introduce an end-date for the grandfathering clause for EU and third-country CSDs and a notification requirement for third-country CSDs.

CSDR will be amended further by proposals in the EU Market Integration package, which is proceeding through the legislative process.

Read more on EU CSDR [here](#).

What's on the horizon?

- CSDR REFIT was published in the Official Journal on 27 December 2023 and entered into force on 16 January 2024. CSDR REFIT applies from 17 January 2026.
- Following consultations in July 2024, in February 2025 ESMA submitted to the Commission final draft RTS and ITS mandated by CSDR REFIT in relation to CSDR Articles 22, 24a and 25, which the Commission is yet to adopt. In October 2025, following consultation in February 2025, ESMA published its [final report](#) recommending significant amendments to the RTS on Settlement Discipline. The proposed changes aim to enhance settlement efficiency across the EU, facilitate the transition to a shorter settlement cycle (T+1) by 11 October 2027 and reduce the administrative burden on CSDs and market participants.
- In 2026, ESMA expects to continue CSDR REFIT policy work and provide new guidance as required.
- In 2026, the EBA is continuing work on its CSDR REFIT mandates. In December 2025, the EBA launched a [consultation](#) on proposed amendments to the RTS ((EU) 2017/390) on certain prudential requirements for CSDs and designated credit institutions offering banking-type ancillary services. The consultation runs until 3 March 2026.
- The CSDR's mandatory buy-in regime was intended to apply from 1 February 2022, but application of the relevant rules was delayed until 2 November 2025. Under CSDR REFIT, ESMA was mandated to develop by 17 January 2025 draft RTS on the mandatory buy-in process and draft RTS on deferred settlement. In March 2025 ESMA explained it would postpone delivery of these draft RTS until after T+1 settlement is complete (see [page 35](#)).
- The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including some mandated under CSDR.
- CSDR will be amended by the **EU Market Integration Package** (see [page 30](#)) to: (i) provide for DLT-based CSD services, through amendment to/addition of definitions, and amendments to certain other provisions; (ii) introduce new concepts to improve integration of CSD services, such as "significant CSDs" (to be subject to direct ESMA supervision) and "CSD Hubs"; and (iii) improve the CSD passporting regime.



2026

Q1
TBC: Commission expected to adopt proposed amendments to the RTS on Settlement Discipline.

Q2

2026: ESMA engaged in preparatory work and stakeholder engagement on the move to T+1

Q3

Q4

2027

Q1

Q2

Q3

Q4

11/10/27: T+1 go-live date.

EU T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

ESMA was mandated under CSDR REFIT (see [page 34](#)) to submit a report by 17 January 2025 on its assessment of shortening the settlement cycle. ESMA ran a call for evidence October-December 2023 on shortening the settlement cycle and published a feedback report in November 2024. The date of 11 October 2027 has been selected for the move to T+1.

What's on the horizon?

- ESMA's [report](#) on its assessment of the shortening of the settlement cycle in the European Union was published in November 2024. ESMA recommended that migration to T+1 should be achieved in Q4 2027, preferably 11 October 2027 and preferably coordinated with the T+1 transition in UK and Switzerland.
- A move to T+1 requires changes to the EU CSDR and existing Level 2 regulations, as well as further regulatory guidance.
 - Following political agreement between the co-legislators on 18 June 2025 and subsequent adoption, [Regulation \(EU\) 2025/2075](#) was published in the Official on 14 October 2025 and will apply from 11 October 2027 to make a targeted change to EU CSDR (see [page 34](#)) to introduce the T+1 settlement cycle.
 - In October 2025, ESMA published [submitted to the European Commission its final report](#) recommending significant amendments to the RTS under EU CSDR on Settlement Discipline. The proposed amendments are intended to improve operational readiness of the EU financial industry in advance of the move to T+1.
- In 2026, ESMA expects to continue working on progress towards T+1 settlement, being actively involved in technical discussions and preparatory work and coordination with the relevant public and private sector stakeholders.
- As outlined in a [joint ESMA, Commission and ECB statement](#) in October 2024, a governance structure was [officially launched](#) on 22 January 2025 by ESMA, the European Commission, and the ECB, incorporating the EU financial industry, to oversee and support the technical preparations of the move to T+1.
- China is already operating at T+0 and other jurisdictions are actively considering a move to real time settlement. In its report, ESMA stated its view that the conditions in which a move to T+1 would occur in the EU should not prevent a later move to T+0 and that the discussion on the possibility to further shorten the settlement cycle to T+0, including the role that new technologies may play here, should continue following a successful transition to T+1.

Shareholder Rights Directive (SRD2)



2026



2027



Q4 2026: The Commission will assess the need for and consider a potential review of SRD2 by Q4 2026

SRD2

The original Shareholder Rights Directive (SRD) established rules promoting the exercise of shareholder rights at general meetings (GMs) of companies with offices in the EU and whose shares were admitted to trading on a regulated market within the EU.

The **revised Shareholder Rights Directive (SRD2)** amended SRD to enable shareholders to exercise voting and information rights in EU companies traded on regulated markets across the EU.

Amendments to the SRD addressed perceived shortcomings relating to transparency and a lack of shareholder engagement. The amendments relate to the link between directors' pay and performance, related party transactions, advice given by proxy advisers and facilitation of the cross-border exercise of voting and information rights.

EU Member States were required to transpose SRD2's amendments to SRD by 10 June 2019. Review clauses in Articles 3f(2) and 3k(2) of the SRD require the Commission to report on aspects of the regime.

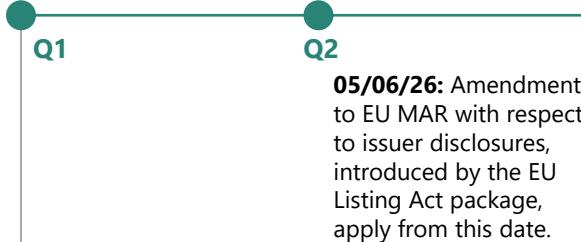
What's on the horizon?

- By 10 June 2023, the Commission was due to report on and, if appropriate, propose amendments to provisions on:
 - Shareholder identification, transmission of information and facilitation of exercise of shareholder rights; and
 - Implementation of the provisions on the transparency of proxy advisers.
- The Commission requested that both ESMA and the EBA be involved in the preparation of the input to be provided regarding Chapter Ia of the SRD2, in particular Articles 3a-3e, which regulate companies' and intermediaries' rights and obligations regarding shareholder identification, transmission of information and the facilitation of the exercise of shareholder rights. ESMA was also asked to provide input on the implementation of Article 3j of the SRD2, which regulates the transparency of the proxy advisory industry.
- On 27 July 2023, ESMA and the EBA published a [report](#) on implementation of SRD2 provisions on proxy advisors and the investment chain. This report was intended to serve as basis for the work of the European Commission in assessing the implementation of the SRD2 and for the potential review process of the SRD2.
- The [Commission Work Programme 2026](#) has included update of the rules on shareholder rights (SRD2 review) as a forthcoming initiative, scheduled for Q4 2026

EU MAR and CSMAD



2026



2027



EU MAR and CSMAD

An EU-wide framework for tackling market abuse and market manipulation was first introduced in 2005. EU MAR and CSMAD aimed to update and strengthen this framework.

- From 2016, **EU MAR** extended the scope of the market abuse regime and introduced new requirements including in relation to insider lists, disclosure of inside information and reporting of suspicious orders and transactions.
- CSMAD** sets minimum requirements for EU Member States' criminal sanctions regimes for market abuse.

The first in-depth review of EU MAR since its implementation was carried out by ESMA, with the outcomes published in September 2020. ESMA's recommendations will feed into the European Commission's review of EU MAR. The EU Listing Act package has made amendments to EU MAR which will apply from June 2026.

Read more on EU MAR [here](#).

What's on the horizon?

- EU MAR required the Commission to submit a report on EU MAR and, if the Commission considered this to be appropriate, a proposal for amendments to EU MAR, by 3 July 2019. In September 2020, ESMA published a report on EU MAR. The Commission's report has not been published. However, the EU Listing Act package has amended Article 38 of EU MAR to require a range of reports by 5 December 2028 and 5 December 2031.
- The EU Listing Act Package includes changes to the EU MAR rules on share buy-backs, market soundings, issuer obligations, managers' disclosures and other matters. Most of the changes to EU MAR took effect on 4 December 2024. Amendments to EU MAR with respect to issuer disclosures will apply from 5 June 2026.
- ESMA has been working on technical standards and supervisory convergence measures further to the implementation of the EU Listing Act amendments to EU MAR. In May 2025, ESMA published its [technical advice](#) for delegated acts the Commission is to adopt by July 2026 concerning EU MAR Article 17 on protracted processes and delay of disclosure. The technical advice covered:
 - Disclosure of inside information in a protracted process;
 - Conditions for delaying disclosure of inside information (including where there is a conflict with public announcements); and
 - The methodology and preliminary findings for identifying trading venues with significant cross-border activity for the cross-market order book (CMOB) implementation.
- In 2026, ESMA will review its Guidelines on delayed disclosure of inside information, taking into consideration the new rules on disclosure in case of a protracted process. In its Workplan for 2026, ESMA estimates delivery of revised Guidelines in Q4 2026.
- The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including ITS supplementing MAR Article 25a(6).

EU MiCA Regulation

[View related UK measures](#)**2026**

Q1
31/12/25 (deadline missed): EBA and ESMA were to publish 1st annual report on MiCA application and cryptoasset developments.

2026: Remaining Commission Delegated Regulations and Implementing Regulations published in the Official Journal. EBA and ESMA Guidelines begin to apply.

2026: EU Market Integration Package passing through the EU legislative process.

2027

Q1
01/07/26: Subject to Member State implementation, transitional period for CASPs ends on this date.

Q2
30/06/27: Commission to deliver a final report (with a legislative proposal if necessary) on the application of MiCA, under MiCA Article 140.

EU MiCA Regulation

The Markets in Cryptoassets Regulation (MiCA) aims to harmonise cryptoasset regulation across the EU.

MiCA applies with respect to cryptoassets that do not qualify as MiFID financial instruments, deposits or structured deposits or traditional e-money under existing EU financial services legislation. In-scope cryptoassets are stablecoins ('Asset Referenced Tokens' (ARTs) and 'e-money Tokens' (EMTs)) and utility tokens ('other cryptoassets').

MiCA places obligations on those who issue or offer cryptoassets to the public and provides a framework for cryptoasset service providers (CASPs), which imposes separate authorisation and ongoing requirements for activities such as trading and custody. It will ensure among other things that customer assets are properly segregated from a cryptoasset firm's own assets and will ensure the cryptoassets firm has enough liquidity on hand in the form of reserves to meet customer withdrawals. MiCA also introduces a market abuse regime tailored to cryptoassets.

MiCA will be impacted by the proposed EU Market Integration Package, which is in the early stages of the EU legislative process.

Read more on MiCA [here](#), [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- MiCA was published in the Official Journal on 9 June 2023 and entered into force on 29 June 2023. MiCA's provisions related to stablecoins (Asset Referenced Tokens and E-Money Tokens) applied from 30 June 2024, with the remainder of its provisions applying from 30 December 2024.
- Transitional provisions under Article 143 of MiCA will operate to enable CASPs that were authorised under existing national regimes as of 30 December 2024 to continue to provide services until whichever is sooner of such time as their application for authorisation is granted/refused or 1 July 2026 (i.e. 18 months after MiCA's entry into force). However, in practice this varies as not all Member States have applied the full transitional period and some Member States have imposed deadlines for authorisation applications for CASPs wishing to benefit from the transitional period. ESMA [published](#) a list of Member States' decisions on transitional periods in December 2024. In December 2025, ESMA issued a [statement](#) outlining its expectations of National Competent Authorities (NCAs), and of CASPs that are not yet authorised.
- MiCA is supplemented by a very extensive set of further Level 2 delegated acts, RTS and ITS, and Level 3 guidelines.
 - Since H2 2023, EBA and ESMA have launched multiple consultation packages to develop Level 2 measures and submitted their final drafts to the Commission. In 2025 we saw adoption by Commission of draft Commission Delegated Regulations and Implementing Regulations, their finalisation and publication in the Official Journal. This will continue with remaining Level 2 during H1 2026.
 - A number of EBA and ESMA Guidelines were published 2025. Other Guidelines are expected to be finalised and apply in 2026.
- MiCA contains various reporting obligations for the EBA, ESMA and the Commission on the application of MiCA. ESMA will continue to publish [Q&A](#) where necessary to assist understanding.
- The **EU Market Integration Package** (see [page 30](#)) contains proposed amendments to MiCA to make ESMA responsible for authorisation, monitoring and supervision of all CASPs (whether categorised as "significant" or not), including MiCA's provisions that relate to market abuse for the cryptoasset sector. These draft proposals do not affect entities that are authorised for other financial services that offer some CASP activities. These entities would continue to be supervised by their NCAs, provided that any CASP activity they provide does not become their main activity.



2026



January 2026: ESAs/UK MoU signed.

31/01/26: NCAs to send details of systemic financial entities to ESAs.

31/03/26: NCAs to send registers of information on contractual arrangements to ESAs.

2026: ESAs' first report expected on major ICT related incidents based on the 2025 experience

TBC: Revised guidelines to replace 2019 EBA Outsourcing Guidelines in due course.

2027



EU Digital Operational Resilience Act (DORA)

Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (**DORA**) was published in the Official Journal of the European Union in December 2022 and entered into force on 16 January 2023.

DORA puts in place a detailed and comprehensive framework on digital operational resilience for EU financial entities. EU entities must ensure they have the capacity to build, assure and review their operational integrity to ensure that they can withstand all types of disruptions and threats relating to information and communication technologies (ICT). DORA introduces an EU-level oversight framework to identify and oversee ICT third party service providers deemed "critical" for financial entities.

DORA is supported by Level 2 technical standards and Level 3 guidelines, many of which were delivered by the end of H1 2025. In 2026, the ESAs will be exercising their joint oversight mandate under DORA for the first time.

Read more on this development [here](#), [here](#) and [here](#).

What's on the horizon?

- [DORA](#) has applied from 17 January 2025. There was no phased implementation and the ESAs [made clear](#) that financial entities were expected to be compliant from day 1. On the same date, the related [Directive](#) applied, amending operational resilience requirements in a number of existing sectoral directives, including the UCITS Directive, the AIFMD and MiFID II.
- National competent authorities (NCAs) must provide to the ESAs the information necessary for designation of critical ICT 3rd party service providers (Art 31(1)(a),DORA). For the criticality assessment, NCAs must provide annually:
 - the registers of information on contractual arrangements on the use of ICT services provided by ICT third-party providers to be maintained and updated by financial entities under DORA; and
 - the information regarding financial entities that rely on relevant ICT third-party service providers and that are identified as systemic by NCAs under Commission Delegated Regulation (EU) 2024/1502 (except credit institutions as EBA already has that information).
 - In 2025, these items were required by 30 April 2025 and 31 March 2025, respectively. These items are required on 31 March and 31 January in 2026 and subsequent years.
- In 2025, the ESAs completed criticality assessments and notifications in line with a [Roadmap](#) on designation that they published in February 2025. The ESAs designated 19 ICT third party service providers as critical and in November 2025, published the first version of the [list of critical ICT 3rd party service providers \(CTPPs\)](#) that they are required to publish under Article 31(9).
- The EBA [consulted](#) between July and October 2025 on a proposed update its existing guidelines on ICT risk management to align with DORA. Revised guidelines are expected to take place in due course and will replace EBA's 2019 Outsourcing guidelines.
- In January 2026, the ESAs and UK authorities signed [a Memorandum of Understanding on DORA oversight of critical ICT third-party service providers in EU and UK](#) covering co-operation, exchange of information and co-ordination of oversight activities of UK designated CTPs and EU designated CTPPs.
- In 2026, the ESAs will have to deliver for the first time a report on major ICT related incidents based on the 2025 experience.

New EU AML and CTF Framework

[View related UK measures](#)**2026**

Q1	Q2	Q3	Q4
01/01/25: Majority of EBA's AML/CTF competences transferred to AMLA.	27/06/26: AMLAR draft ITS submission date (Art 41).		
01/01/26: AMLAR draft RTS and ITS submission date (Arts. 12 and 15).			
Q1 2026: Commission to adopt RTS under AMAR Art 21(7) and MLD6 Art 40(2).			

New EU AML and CTF Framework

In 2024, an ambitious new package of legislative proposals was finalised, intended to modernise, strengthen and reshape the regulatory, institutional and supervisory AML framework, by establishing a Single AML Rulebook directly applicable in all Member States and an EU AML Authority (AMLA). This is intended to lead to an integrated and more centralised EU AML and CTF supervisory system. The package comprises:

- The [revised recast Wire Transfer Regulation](#) (in force 30 December 2024), to ensure traceability of transfers of funds and cryptoassets for AML and CTF purposes.
- The [AMLA Regulation \(AMLAR\)](#) (in force 25 June 2024), establishing AMLA, a new EU AML and CTF authority. AMLA will be fully operational by 2028. It will oversee all national supervisors (including non-financial sector) and directly supervise certain high-risk institutions.
- The [AML Regulation \(AML Reg\)](#) (in force 9 July 2024), containing and expanding certain provisions moved from MLD4 to make them directly applicable.
- [MLD 6](#) (in force 9 July 2024), containing provisions governing the institutional AML and CTF system at Member State level (e.g., beneficial ownership registers).

The new framework is entering into application on a phased basis.

Read more on AML/CTF developments [here](#).

2027

Q1	Q2	Q3	Q4
10/07/26: <ul style="list-style-type: none">• Certain MLD6 implementing measures to be brought into application.• MLD4 will be repealed.• AML Reg draft RTS (Arts. 16, 17, 19, 28) and draft ITS (Arts 69, 81) submission date.• AML Reg delegated acts to be adopted (Arts. 29, 30, 34, 43).• AML Reg guidelines due (Arts. 9, 10, 20, 26).	01/01/27: AMLAR delegated acts to be adopted (Arts 27, 77).	01/07/27: AMLA expected to start the process to select 40 high-risk financial institutions for direct supervision.	01/10/27: Commission will not adopt certain RTS, ITS or delegated acts under AMLAR, MLD6 and AML Reg before this date.

What's on the horizon?

- AMLA has concluded a [Multilateral Memorandum of Understanding](#) (MMoU) with the ESAs. The majority of the EBA's competences for AML/CTF were [transferred to AMLA](#) on 1 January 2026.
- The new framework requires the development of a number of Level 2 and Level 3 provisions supporting the new Single AML Rulebook. Submission and adoption deadlines run from 2025 to 2027 meaning AMLA's direct supervision will begin from 2028:
 - **AMLAR:** AMLA must submit a range of draft RTS and ITS to the Commission by deadlines between December 2025 and June 2026. The Commission was also mandated to adopt delegated acts by January 2027.
 - **AML Regulation:** AMLA must submit draft RTS and ITS to the Commission by July 2026 and develop guidelines by deadlines in July 2026 and July 2027. The Commission was also mandated to adopt delegated acts.
 - **MLD6:** Member States must apply certain implementing measures from 10 July 2025 and 10 July 2026
- The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards and delegated acts, including some under AMLAR, MLD6 and the AML Regulation.
- **Firms in scope ("obliged entities")** are (i) "Credit institutions" defined in the AML Regulation (equivalent to the MLD4 definition), and (ii) "financial institutions", the definition for which is expanded beyond the MLD4 definition to include cryptoasset service providers (CASPs), creditors and credit intermediaries.
- With respect to AMLA's **direct supervision of high-risk financial institutions**, in Q1 2026 the Commission is expected to adopt RTS under Art 12(7) of the AMLAR on the methodology to be used for the purposes of assessment of financial institutions for direct supervision. AMLA submitted [draft RTS](#) in December 2025. AMLA is expected to begin the selection process in July 2027 to select for direct supervision around 40 of the most complex and high-risk institutions or groups across the EU.

03

UK developments



[View related EU measures](#)



UK Developments

I. Asset Management



UK Asset management developments

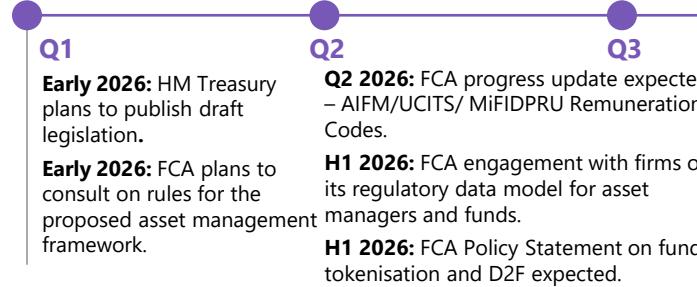
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Reforms to UK asset management framework

[View related EU measures](#)



2026



2027

H2 2026: FCA consultation on liquidity risk management expected.

2026: Government review expected – regulation of venture capital funds



Reforms to UK asset management framework

Reform of UK UCITS and AIFMD was allocated by the previous government to Tranche 3 of the 'Smarter Regulatory Framework' programme (see [page 58](#)).

While much of that framework is expected to follow a 'lift and shift' approach on migration to the FCA Handbook, the FCA has also been exploring ways to modernise the asset management regulatory regime to improve outcomes for UK markets and consumers, and to support the UK's position as a world-leading centre for asset management.

In 2026, we can expect to see a range of developments affecting the sector. The next phase of repeal and replacement of assimilated law relating to AIFMD will be taken forward in early 2026. The shape of the new framework will become clearer in the first half of 2026.

Read more on this development [here](#).

What's on the horizon?

- In February 2023, the FCA issued a discussion paper ([DP23/2](#)) seeking stakeholder feedback on proposed approaches for updating and improving the UK regime for asset management. In October 2023, FCA Chair Ashley Alder [confirmed](#) that, following industry feedback, the FCA would not take forward some of the DP proposals, including the proposal to consolidate the rules for different types of asset managers.
- In March 2024, FCA highlighted in a [Dear CEO letter](#) to asset managers that the three main priorities for reform identified through feedback are: (i) making the regime for alternative fund managers more proportionate; (ii) updating the regime for retail funds; and (iii) supporting technological innovation. In DP23/2, the FCA had highlighted the need to ensure UK rules interact with rules in other jurisdictions given the global nature of the sector. It should be noted that the EU AIFMD2 now diverges from the UK rules with respect to loan origination, liquidity management and delegation.
- In April 2025, HM Treasury launched a [consultation](#) on the regulations applying to AIFMs and the FCA issued a [call for input](#) on initial proposals for the future framework for asset managers. Both closed on 9 June 2025. In early 2026, HM Treasury intends to publish a draft statutory instrument to remove firm facing rules from legislation and set the perimeter of regulation, while the FCA plans consult on proposed detailed rules based on the feedback to its call for input. The new model is expected to involve a simplified framework, with the FCA empowered to make rules that are less complex, streamlined and proportionate to firm size and activities.
- Asset management was highlighted as one of the priority opportunities for growth in the government's [Financial Services Growth and Competitiveness Strategy](#), published in July 2025. As outlined in the December 2025 iteration of the Regulatory Initiatives Grid, among the initiatives expected in 2026 are:
 - A government review during 2026 to consider reforms to regulation of venture capital funds
 - A policy statement in H1 2026 from the FCA on Fund Tokenisation and the Direct-to-Fund (D2F) dealing model, consulted on in November 2025 ([CP25/28](#)).
 - A progress update from the FCA in Q2 2026 on the operation and effectiveness of the is solo remuneration codes.
 - The FCA expects to engage with firms in H2 2026 to feedback on building a better data model for the sector.
 - In H2 2026, a consultation on AIFMs in the context of implementing IOSCO guidance on liquidity risk management for funds.

Overseas Funds Regime

[View related EU measures](#)**2026**

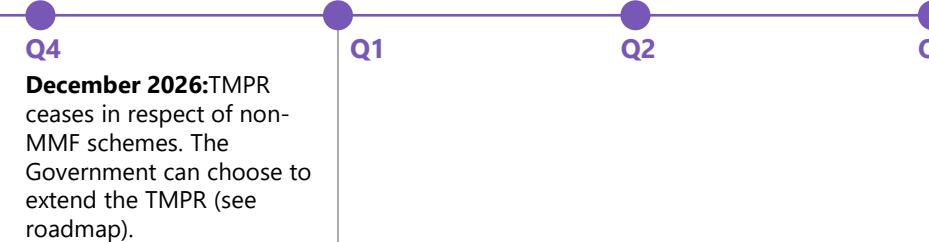
TBC: Delayed HM Treasury consultation may be issued on applying the SDR and labelling regime to OFR firms. Should HM Treasury decide to apply that regime to OFR firms, it will need to lay secondary legislation before Parliament and FCA will need to consult on rules/guidance.

Overseas Funds Regime

The Overseas Funds Regime (OFR) is a new UK regime for the marketing of non-UK retail funds and non-UK money market funds (MMFs) to UK investors. Introduced to replace the post-Brexit Temporary Marketing Permissions Regime (TMPR), it will simplify the process through which these funds must pass to be marketed to UK investors. The regime centres on "outcomes-based" equivalence determinations.

HM Treasury will have the power under FSMA (in respect of retail funds) or the UK MMF Regulation (in respect of MMFs) to determine that other jurisdictions' regimes for investment funds are equivalent to that of the UK, following which retail funds and MMFs domiciled in an 'equivalent' jurisdiction will be able to use a simplified process to apply to the FCA for the recognition needed for the fund to be marketed to applicable UK investors. In the case where MMFs are marketed solely to professional clients, the equivalence determination will allow them to make a notification to the FCA under the national private placement regime (NPPR).

Read more on this development [here](#).

2027

What's on the horizon?

- Most of the legislative provisions that introduced the OFR entered into force in February 2022.
- HM Treasury announced in October 2022 that the government had begun its equivalence assessment of the EU and the EEA for the purpose of the OFR. Subsequently, all EEA States were granted equivalence in [secondary legislation](#) in force from 16 July 2024 with regard to funds structured as UCITS that are not authorised as MMFs.
- Following consultation ([CP23/26](#)) between December 2023 and February 2024 on operationalising the OFR regime, the FCA finalised its policy in July 2024 ([PS24/7](#)). Those FCA rules have applied since 31 July 2024.
- In 2026, HM Treasury and the FCA are progressing through the roadmap to implementing the OFR that they issued in 2024. In due course, HM Treasury may issue a consultation (originally planned for 2024) on application of the Sustainability Disclosure Requirements and investment labelling regime to funds in the OFR. Should HM Treasury decide to apply that regime to OFR firms, it will need to lay secondary legislation before Parliament and FCA will need to consult on rules/guidance. The [December 2025 iteration](#) of the Regulatory Initiatives Grid did not indicate that this work is planned in H1 2026.
- No equivalence determinations have yet been made with respect to non-UK MMFs. In the roadmap, HM Treasury and the FCA explained that the government is designing a more permanent access route for MMFs (and will potentially consider extensions to the TMPR if necessary to avoid 'cliff edge' risks for these funds). The government issued a [policy note and draft secondary legislation](#) on the MMF framework in December 2023 as part of the 'Smarter Regulatory Framework' programme (under which revocation and reform of the UK MMF Regulation was allocated to Tranche 2 - see [page 58](#)). The FCA also consulted ([CP23/28](#)) on related rules. No policy statement has yet been issued in the December 2025 iteration of the Regulatory Initiatives Grid did not outline specific plans for further work.

UK retail disclosure framework replacing PRIIPs Regulation

[View related EU measures](#)**2026**

Q1	08/12/25 – 08/06/27: Transitional period in operation for the new CCI regime.
Q2	06/04/26: UK PRIIPs revocation date. FCA rules and guidance for CCI regime mostly in force on this date. CCI regime transitional period begins.

2027

Q4	31/12/26: Exemption for UCITS funds from the requirements of the UK PRIIPs regime expires.
Q1	

Q2	08/06/27: CCI regime transitional period expires. CCI regime fully in force.
Q3	

Q4

UK PRIIPs regulation and new UK CCI regime

On UK withdrawal from the EU, the UK onshored the EU PRIIPs Regulation and subsequently made a series of targeted amendments to the UK PRIIPs regime, including extending the exemption from PRIIPs requirements for UCITS until the end of 2026. FSMA 2023 provides for the future revocation of the UK PRIIPs regulation.

In December 2022, the UK began the process of more holistic review of the regime for retail disclosure by publishing consultation and discussion papers on repealing and replacing the UK PRIIPs regime.

In 2026, the FCA's finalised policy for the firm-facing rules under the new framework begin to enter into force.

Read more on this development [here](#), [here](#) and [here](#).

What's on the horizon?

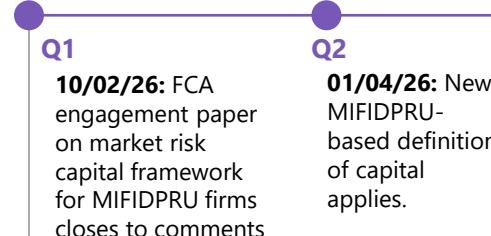
- The UK has extended the exemption for UCITS funds from the requirements of the UK PRIIPs regime until 31 December 2026. The FCA has similarly extended the ability for the manager of a NURS to choose whether to provide a PRIIPs KID or a NURS-KII until 31 December 2026. From 1 January 2027, these funds will need to comply with the requirements of the Retail Disclosure Framework.
- HM Treasury consulted between December 2022 and March 2023 on repeal of the UK PRIIPs regulation and its replacement with a more flexible regime for PRIIPs and UCITS disclosures, to be set out in the FCA Handbook. In July 2023, HM Treasury set out its vision for the future UK retail disclosure framework, including some additional tailored powers for the FCA to deliver the regime in respect of certain unauthorised firms and overseas funds. HM Treasury confirmed, among other things, that all PRIIPs firm-facing retail disclosure requirements would be in FCA rules, and that UCITS vehicles would be in scope of the new retail disclosure regime.
- [The Consumer Composite Investments \(Designated Activities\) Regulations 2024 \(SI 2024/1198\)](#) were made on 21 November 2024 and will apply in full on the revocation of the UK PRIIPs regulation (6 April 2026). These regulations set out the legislative basis for the new UK retail disclosure framework. Products formerly under the PRIIPs regime and UCITS disclosure requirements, including overseas funds in the Overseas Funds Regime (OFR), will fall under the umbrella of Consumer Composite Investments (CCIs). All CCI product information rules will be in the FCA Handbook.
- The new CCI regime will apply to any firm (whether or not an authorised person) that manufactures or distributes a CCI to retail investors in the UK. [Designated Activities regulations](#) were made in January 2025 to bring CCI-related designated activities within the FCA supervisory and enforcement framework and [amended](#) in December 2025 to enable smooth transition.
- The FCA consulted on proposed rules and guidance between December 2024 and March 2025 ([CP24/30](#)) and further in consultation ([CP25/9](#)) which closed on 28 May 2025. In December 2025, the FCA published a single policy statement ([PS25/20](#)) covering both consultations. The FCA envisages a more flexible regime, with firms using their judgement more, focusing on consumer outcomes aligned with the Consumer Duty (see [page 62](#)). The FCA rules and guidance apply mostly from 6 April 2026.
- A transitional period applies between 8 December 2025 and 8 June 2027. For the duration of the transitional period firm have the option to choose to use a CCI Product Summary or continue to produce a KID. All firms must comply fully with the new CCI regime from 8 June 2027.

Investment Firms Prudential Regime (IFPR)

[View related EU measures](#)



2026



2026: Firms should satisfy themselves their prudential regulatory reporting controls are adequate to meet FCA expectations.

2027



TBC: FCA potentially to consult on ESG disclosures and MiFIDPRU clarifications

Investment Firms Prudential Regime (IFPR)

The Investment Firms Prudential Regime (IFPR) is the revised prudential regime for FCA-authorised investment firms, introduced on 1 January 2022.

The IFPR is based on, but not identical to, the EU IFR and IFR package. It incorporates key concepts from that package, including the calculation of capital using the so-called 'K-factors', governance and risk management requirements and a new remuneration code.

The IFPR applies to a significant number of FCA-authorised firms including, in addition to MiFID investment firms, collective portfolio management investment firms (so-called 'CPMI firms'), i.e., UCITS managers and AIFMs that, in either case, have MiFID top-up permissions.

What's on the horizon?

- IFPR applies to investment firms engaged in MiFID (Markets in Financial Instruments Directive) activities such as fund managers, asset managers, investment platforms, firms which deal on their own account, depositaries, and securities brokers. The majority of the FCA rules relating to the IFPR are located within MiFIDPRU, the prudential sourcebook for solo-regulated investment firms.
- Historically, MiFIDPRU has defined regulatory capital through a number of cross-references to a 'frozen in time' version of the UK Capital Requirements Regulation (UK CRR). The FCA consulted until 12 June 2025 in [CP25/10: Definition of capital for FCA investment firms](#). The proposals focused on addressing the fact that requirements for FCA investment firms were derived from those applying to banks and consequently were spread across multiple legislative levels (Regulation, EU Member State legislation, and technical standards). The FCA proposed incorporating own funds provisions directly into MiFIDPRU 3, removing cross-references to the UK CRR and associated technical standards. This was followed in October 2025 by [Policy Statement PS25/14](#) on the definition of capital for investment firms, confirming the proposals would be implemented largely as consulted on, with effect from 1 April 2026.
- As previewed in the government's Financial Services Growth and Competitiveness Strategy, in December 2025 the FCA published an [engagement paper](#) on review of the market risk capital requirements for "specialised trading firms" (MiFIDPRU investment firms that deal on own account). The FCA sought feedback by 10 February 2026 on possible approaches to adapt capital requirements for trading firms to encourage wholesale trading, improve market liquidity, and in turn reduce barriers to entry for specialised trading firms. The FCA expects to issue a follow-on consultation in the second half of 2026, with a view to finalising policy in 2027.
- The FCA indicated in the November 2023 version of the Regulatory Initiatives Grid that it planned to issue a further consultation paper in Q2 2024 in relation to ESG disclosures and MiFIDPRU clarifications. This consultation was not published in 2024 or mentioned in the April 2025 or December 2025s edition of the Regulatory Initiatives Grid. The consultation may potentially be published in due course.
- In November 2025, the FCA [published its findings](#) following a data quality review of prudential regulatory reporting at MiFIDPRU investment firms. The FCA found instances of inconsistent and/or incorrect firms in some firms and recommended that firms review the findings and consider changes to controls where necessary.



[View related EU measures](#)



UK Developments

II. ESG



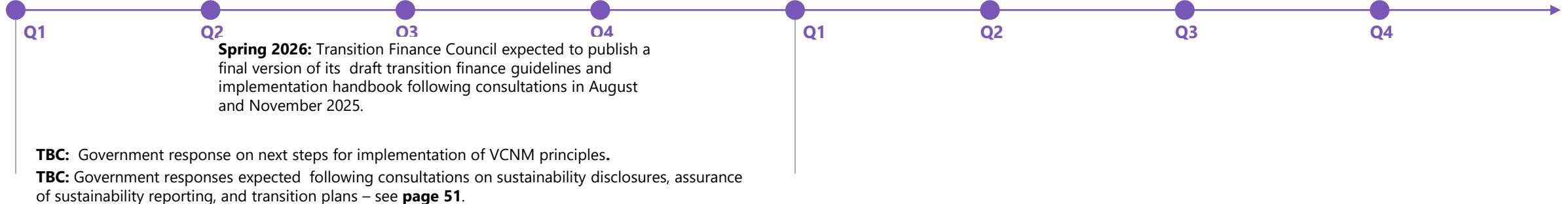
UK ESG developments

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UK Green Strategy



2026



UK Green Strategy

At Mansion House in July 2025, the government reiterated its intention to create a world-leading framework for sustainable finance. A range of measures were announced in the Mansion House Speech and the Financial Services Growth & Competitiveness Strategy.

It is not yet fully clear what reforms may be made to the Modern Slavery Act 2015 (**MSA**), as recommended by the House of Lords in an October 2024 [report](#) on how the MSA should be updated for international alignment. The report included recommendations on supply chain due diligence (similar to CS3D in the EU). The government [responded](#) in December 2024 and subsequently updated its [Transparency in Supply Chains Guidance](#) on compliance with section 54 of the MSA. The government more recently [responded](#) in 2025 to the House of Commons Joint Committee on Human Rights' July 2025 report on forced labour in UK supply chains.

Read more on this development [here](#) and [here](#).

What's on the horizon?

- The UK's [Financial Services Growth & Competitiveness Strategy](#), published July 2025, identifies sustainable finance as one of the priority growth opportunities for the financial sector.
- Building on her November 2024 [Mansion House speech](#), the UK Chancellor reiterated at [Mansion House 2025](#) the government's ambition to create a world-leading framework for sustainable finance. The Strategy outlines a multi-faceted approach including:
 - **UK Green Taxonomy** – the decision [not to take forward](#) plans for a UK Green Taxonomy as part of the UK's wider sustainable finance framework, on the footing that it would not be the most effective tool for UK green transition,
 - **Corporate sustainability disclosures, development and implementation of transition plans, and assurance of sustainability reporting** – the government sees these three elements as the core of the UK's sustainable finance framework, that will together enhance transparency and comparability and support the efficient allocation of capital to sustainable activities to drive the global transition to net zero – see [page 51](#).
 - **Transition finance** – working to scale transition finance (provision of funding for meeting the decarbonisation commitments to transition to net zero), including through the **Transition Finance Council** (established with the City of London Corporation), to carry forward the [recommendations](#) of the Transition Finance Market Review, and through supporting the FCA, PRA and Green Finance Institute on a transition finance pilot.
 - **ESG ratings providers** – confirmation that legislation to regulate ESG ratings providers would be introduced by the end of 2025. See [page 54](#).
 - **Voluntary Carbon and Nature Markets (VCNM)** – the government has published a set of [principles](#) for voluntary carbon and nature market integrity and [consulted](#) in April 2025 on their implementation. The government had planned to respond with next steps by the end of 2025, but the response is still awaited.

Climate-related disclosures: Listed issuers



2026



Early 2026 (est): Government responses awaited following consultations launched July 2025

Early 2026: government aims to publish the final UK SRS S1 and UK SRS S2 for voluntary use in early 2026.

Q1 2026: The FCA will consult on updating its TCFD-aligned listing rules to refer to UK SRS.

Q1 2026: FCA to consult on strengthening its expectations for listed issuers' transition plan disclosures, with reference to the TPT Disclosure Framework.

Climate-related disclosures: Listed issuers

In line with the UK Government's 2020 [roadmap](#) to introduce mandatory TCFD-aligned disclosure requirements across the UK economy by 2025, the FCA first introduced climate-related disclosure rules for listed issuers with a premium listing in 2020 (reporting from 2022), followed by extension of the requirement to standard listed issuers in 2021 (reporting from 2023).

The UK is now working towards adoption of the disclosure standards developed by the International Sustainability Standards Board (**ISSB standards**) which will involve both government and FCA consultations in 2026.

Read more on this development [here](#), [here](#) and [here](#).

2027



2026: Follow-on work from government and FCA's 2026 consultations.

What's on the horizon?

- The International Sustainability Standards Board (ISSB) launched the first of its IFRS Sustainability Disclosure Standards in June 2023: (i) **IFRS S1** (General requirements for disclosure of sustainability related financial information); and (ii) **IFRS S2** (Climate related disclosures). These requirements, which aim to encourage reporting of consistent, decision-useful information, have been effective for reporting periods starting 1 January 2024. They were [endorsed](#) by IOSCO in July 2023.
- UK endorsement involves the development of UK Sustainability Reporting Standards (**UK SRS**) based on IFRS S1 and IFRS S2. The government laid out a [framework](#) in May 2024 for the assessment, endorsement and implementation process. On 25 June 2025, the Department for Business and Trade (DBT) published a [consultation](#) seeking views, by 17 September 2025, on exposure drafts of UK Sustainability Reporting Standards: UK SRS 1 and UK SRS 2.
- Two further consultations were launched at the same time as the consultation on the UK SRS exposure drafts:
 - A [consultation](#) from the Department for Energy Security and Net Zero (DESNZ) on introducing climate-related transition plan requirements; and
 - A [consultation](#) from DBT on developing an oversight regime for the assurance of sustainability-related financial disclosures.
- In an [update](#) on 5 January 2026, the government confirmed it was analysing consultation responses and was aiming to publish finalised versions of UK SRS S1 and UK SRS S2 for voluntary use in early 2026. The ISSB recently amended IFRS S2, and the government will [incorporate](#) the changes in the final version of UK SRS S2.
- In the December 2025 iteration of the [Regulatory Initiatives Grid](#), the FCA noted it will consult in Q1 2026 on updates to existing TCFD-aligned disclosure obligations for disclosures against UK SRS. This will be basis of the draft UK SRS but the FCA's approach will refer to the final UK SRS.
- The FCA plans to launch a consultation in Q1 2026 on expectations for listed companies' transition plan disclosures, drawing on the outputs of the government's Transition Plan Taskforce (TPT), the resources of which are now [hosted by the IFRS](#).

Climate-related disclosures: Asset Managers



2026



02/12/25: SDR
Regime entity-level
disclosures due from
larger asset managers
(AUM >£50bn).

2027



02/12/26: SDR
Regime entity-level
disclosures due from
smaller asset
managers (AUM
>£5bn).

Climate-related disclosures – asset managers

In line with the UK Government's 2020 roadmap to introduce mandatory TCFD-aligned disclosure requirements across the UK economy by 2025, in December 2021, the FCA published its final rules on mandatory climate-related disclosure requirements for asset managers and asset owners (life insurers and FCA-regulated pension providers).

Asset managers and asset owners have been required to make disclosures in line with the ESG sourcebook under a phased implementation from January 2022.

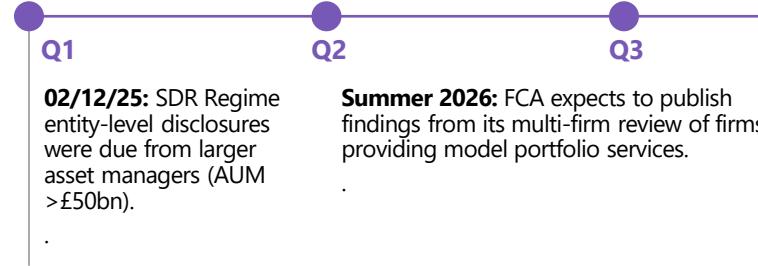
The TCFD-aligned disclosures form part of the FCA's SDR and labelling regime (see [page 53](#)).

Read more on this development [here](#) and [here](#).

What's on the horizon?

- The new rules applied to larger firms (asset managers with AuM of more than £50 billion and asset owners with £25 billion or more in AuM or assets under administration) from 1 January 2022 and to other in-scope firms from 1 January 2023.
- Larger firms were required to make their first public disclosures under the regime by 30 June 2023. Smaller firms were required to make their first public disclosures under the regime by 30 June 2024.
- In 2025, the requirements to publish entity-level sustainability disclosures, in the form of an annual entity level sustainability report, began to apply. All larger regulated asset managers in scope of the SDR regime will be required to report on how they manage sustainability risks and opportunities within their governance, strategy, risk management, metrics and targets. The requirements apply from December 2026 in respect of smaller asset managers.

Sustainability Disclosures and Investment Labels

[View related EU measures](#)**2026**

Sustainability disclosure requirements and investment labels

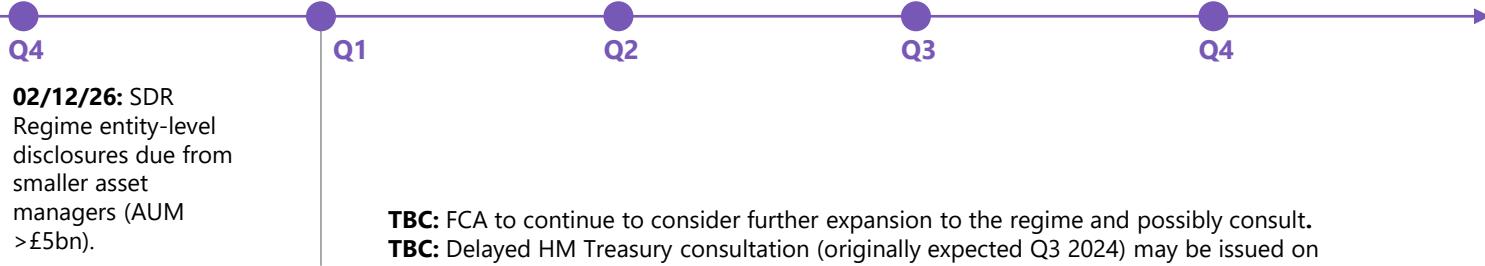
The FCA has introduced a sustainability disclosure framework with supporting product labels, primarily to ensure financial products that marketed as sustainable are in fact sustainable and that sustainable claims are appropriately evidenced. The SDR and labelling regime is designed to build trust in ESG products by ensuring consumers and other stakeholders have all necessary information.

An anti-greenwashing rule for all FCA authorised firms was introduced in May 2024, with the SDR and labelling regime starting to take effect (for in-scope firms) from 31 December 2024. The requirements are being introduced on a phased basis.

In 2025-2026, compliance deadlines apply for firms to meet aspects of the regime for the first time.

The December 2025 iteration of the Regulatory Initiatives did not indicate plans for further specific activity on relation to the regime in 2026.

Read more on this development [here](#), [here](#) and [here](#).

2027

What's on the horizon? The SDR and labelling regime has introduced new requirements entering into force on a range of dates between 31 May 2024 and 2 December 2026. The regime comprises:

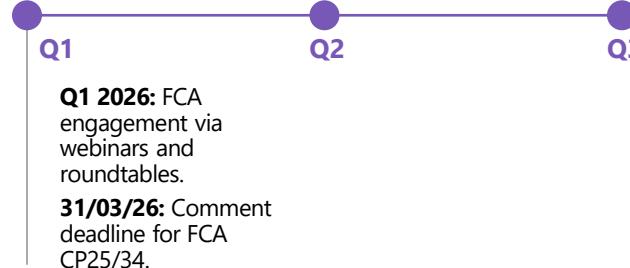
- An anti-greenwashing rule (ESG 4.3.1R, in force from 31 May 2024). The FCA published guidance ([FG24/3](#)) on the application of the rule.
- Product labels ('sustainability focus', 'sustainability improvers', 'sustainability impact' and 'sustainability mixed goals'), available for use since 31 July 2024, subject to relevant criteria and required disclosures.
- Disclosures for asset managers (customer-facing, pre-contractual, and ongoing product and entity-level), which started to apply from 2 December 2024.
- Naming and marketing rules for asset managers, which have applied from 2 December 2024, subject to [temporary flexibility](#) for certain firms until 2 April 2025.
- Targeted rules for distributors of relevant investment products to retail investors in the UK.
- Following feedback to its consultation (CP24/8) on expansion of the regime to portfolio managers, the FCA [announced](#) in April 2025 that it would engage further with portfolio managers with a view to expansion at a later date, given broad support for extending the SDR to portfolio management. In the meantime, the FCA would prioritise the multi-firm review into model portfolio services (MPS) announced in its February 2025 Asset Management & Alternatives [portfolio letter](#). The FCA began work in Q4 2025 looking at how firms are implementing the Consumer Duty and expects to publish findings in summer 2026.
- In the medium term, the FCA will consider potential further expansion of the regime to financial advisers, pension products and/or other investment products. The FCA also intends to build on its disclosure requirements over time in line with other UK developments (see, e.g., [page 51](#)) and international developments.

UK regulation of ESG Ratings

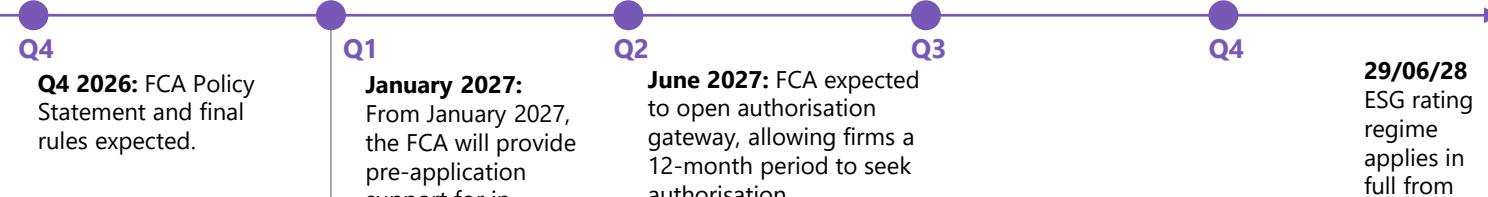
[View related EU measures](#)



2026



2027



UK Regulation of ESG ratings

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem. However, provision of ESG ratings has given rise to concerns including on the transparency of methodologies, how rating processes are governed and how conflicts of interest are managed.

ESG ratings and data provision has been largely unregulated in the past. Jurisdictions globally have recently adopted voluntary codes or regulatory regimes to improve transparency on providers' methodologies and objectives and improve conduct in the sector.

Since December 2023, the UK has had in place a voluntary Code of Conduct for ESG ratings and data products providers. In 2025 the government made the legislation to bring ESG ratings providers within the UK regulatory perimeter. In 2025 the government made the legislation to bring ESG ratings providers within the UK regulatory perimeter. The FCA is consulting on regulatory rules for ESG ratings providers and expects to finalise its policy in Q4 2026.

Read more on this development [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- A voluntary [Code of Conduct for ESG ratings and data products providers](#) was finalised on 14 December 2023. The code is a precursor to introduction of a regulatory regime for ESG ratings providers in the UK.
- [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(ESG Ratings\) Order 2025](#) (the Order) was made on 15 December 2025 and will apply in full from 29 June 2028. The Order makes provision of ESG ratings a UK regulated activity, requiring a firm to obtain FCA authorisation when it "provides" and "makes available" an ESG rating. This will apply to firms: (i) located in the UK, providing ratings to persons in the UK or overseas; or (ii) located outside the UK, providing ratings to persons in the UK.
 - The Order also sets out several exclusions, including an exclusion covering the provision of ESG ratings (otherwise than on a standalone basis) in the course of carrying on another regulated activity or ancillary activity, or where the activity is permitted under market access arrangements for overseas providers.
 - The exclusion also covers ESG ratings provided in the course of carrying on activities related to recognised schemes or in connection with AIFs marketed into the UK under the national private placement regime. There is also an exclusion for overseas persons providing ratings to UK persons without remuneration.
 - ESG data provision is not a regulated activity. Although providers of pure ESG data products will not be subject to FCA regulation, they may choose to adopt the voluntary Code of Conduct.
- Following a [voluntary survey](#) in March 2025 to assist with the development of the future regime, the FCA published [CP25/34: ESG ratings: proposed approach to regulation](#) in December 2025. The FCA is proposing that UK authorised ESG rating providers would have to comply with "baseline" rules that apply to the majority of UK-authorised firms plus some tailored rules relating to transparency, governance, systems and controls, conflicts of interest and engagement with rated entities.

Diversity in financial services



2026



01/09/26: new COCON rule (COCON 1.1.7FR) will come into force on 1 September 2026.

2027



Diversity in financial services

On 7 July 2021, the FCA, PRA and Bank of England published a joint discussion paper (DP21/2) on diversity and inclusion (D&I) in the financial services sector. The discussion paper sought views on how to accelerate the rate of change in D&I in the financial services sector. It set out the roles of the regulators in this context, steps that the regulators have taken to promote D&I, the regulators' existing requirements and expectations, and a series of questions intended to seek views on ways of improving D&I measures.

The discussion paper was followed by further consultations in September 2023, and finalised policy on supporting D&I in financial services was originally expected to be published in H2 2025. However, given the need to avoid duplication with the wider policy and legislative agenda in the area, only the proposals in relation to non-financial misconduct are now being taken forward.

Read more on this development [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- For financial years starting on or after 1 April 2022, FCA rules for public company boards and executive committees have required firms to meet 'comply or explain' targets on gender and ethnic diversity and make annual disclosures.
- As a follow-up to a 2021 joint FCA-PRA discussion paper, in September 2023 the regulators published consultations (PRA [CP 18/23](#) and FCA [CP 23/20](#)) on draft measures to support D&I in the financial sector, which closed for responses on 18 December 2023. In broad terms, the regulators' consultations' proposed measures across several policy areas: Non-financial misconduct, D&I Strategies, Data Reporting, D&I Disclosure obligations and setting D&I Targets.
- In July 2023, the House of Commons Treasury Committee launched an inquiry into Sexism in the City, looking at the barriers faced by women in finance. The Committee's [report](#) in March 2024 recommended that the proposals for data reporting and for setting D&I targets be dropped. The Committee made recommendations on tackling prevalence of sexual harassment and bullying and poor handling of allegations about this misconduct by firms. In the FCA's response it stated it would prioritise work on non-financial misconduct and issue its policy statement on that aspect early in 2025.
- In March 2025, the FCA [wrote](#) to the Treasury Committee to explain that, while work on **non-financial misconduct** would proceed, it recognised that there is a very active policy and legislative agenda (including on employment rights, gender action plans and disability and ethnicity pay gap reporting) and that therefore, to avoid duplication and unnecessary costs, it did not plan to publish new rules on diversity and inclusion. The PRA also wrote to the Treasury Committee in a similar vein.
- The FCA consulted between July and September 2025 in [CP25/18: Tackling non-financial misconduct in financial services](#). FCA published Policy Statement [PS25/23](#) in December 2025 confirming the consultation proposals, with minor changes following consultation feedback. This confirmed the FCA would more closely align the rules between banks and non-banks and bring more incidents into the scope of COCON, to make it clearer that serious non-financial misconduct can be a breach of the conduct rules. The FCA has also created additional guidance (in COCON and FIT) to make it easier for SM&CR firms to interpret and consistently apply the conduct rules, and to clarify statutory and FCA requirements for fitness and propriety.



[View related EU measures](#)



UK Developments

III. Cross-sector



UK Cross-sectoral developments

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UK Smarter Regulatory Framework



2026



2026: Work in 2026 will progress mainly on revocation of UK assimilated law derived from the EU MiFID, AIFMD, UCITS, EMIR, Short Selling, Securitisation and PSD2 frameworks. Some early work is expected on BMR.

2027



Smarter Regulatory Framework

The planned post-Brexit '**Smarter Regulatory Framework**' (SRF) for the UK is a **multi-year initiative** that will ultimately repeal all EU-derived financial services legislation, to be replaced by a new 'FSMA-model' approach involving UK framework legislation along with firm-facing requirements set out in regulatory rules. It is being carried forward by HM Treasury and the financial regulators through:

- **The Financial Services and Markets Act 2023 (FSMA 2023)** which enables review, repeal, reform and restatement of EU-derived ('assimilated') financial services legislation (listed in Schedule 1 of FSMA 2023).
- The extensive package of **Edinburgh Reforms** published in December 2022 (supplemented by certain aspects of **Mansion House** initiatives published in July 2023, [November 2024](#), and most recently the '**Leeds reforms**' published at [Mansion House July 2025](#)).

The previous UK Government divided areas of assimilated law into 43 'core files' and began to allocate them into '**Tranches**' (work on a file can span more than one Tranche). Significant progress has been made on Tranches 1 and 2. Files in Tranche 3 were allocated mid-2024.

The Government introduced the 10-year [Financial Sector Growth and Competitiveness Strategy](#) in July 2025. The Strategy indicates that work will continue on the revocation and restatement of UK EMIR the UK MiFID framework, AIFMD and payments and e-money, and will begin on UK BMR. However, it is not clear if the practice of allocation to 'Tranches' will be continued. The December 2025 iteration of the Regulatory Initiatives Grid also highlights further development of the post-revocation UK securitisation and short selling frameworks.

Read more on this topic [here](#), [here](#), [here](#), and [here](#).

THE 43 CORE FILES

TRANCHE ALLOCATIONS

Tranche 1	Tranche 2	Tranche 3	Tranche unallocated
Alternative Investment Funds	Bank recovery and resolution	Benchmarks	Capital requirements
CRAs	Cross-border payments	Deposit guarantee schemes	Distance marketing
Financial conglomerates	Insurance Distribution	Insurance mediation	Insurers (reorganisation and winding up)
Long term investment funds	Market abuse	Markets in Financial instruments	Money Market funds
Payment services	PRIIPs	Prospectus	Reinsurance
Shareholder rights	Short selling	Social entrepreneurship funds	Solvency II
Venture Capital Funds		SFDR and Taxonomy	Transparency
UCITS		Securitisation	Settlement Finality
Financial collateral arrangements		CSDs	Consumer Credit
Credit institutions (reorganisation and winding up)		EMIR	E-money
Interchange fees		Life assurance	Listings
Motor insurance		Payment accounts	
Securities Financing Transactions		Securitisation	
Transparency		Settlement Finality	



2026



20/02/26: (transaction reporting) Comment deadline to FCA CP25/32.

30/03/26: (Bond/derivatives) FCA rule changes apply to allow:

- Investment firms to carry out matched principal trading on their MTFs and to operate an OTF in the same entity for which they are an SI.
- Trading venue operators to use a broader set of prices when crossing orders for equities under the reference price waiver.

H1 2026: (Equities) FCA plans to consult on equities markets, building on DP chapter of CP25/20.

MiFID/R and Wholesale Markets Review

The Wholesale Markets Review (**WMR**) identified areas of reform to better calibrate the post-Brexit regulatory framework to the UK's secondary markets.

FSMA 2023 has played a key role in delivering the outcomes of the WMR by: (i) making immediate changes to retained EU law (including UK MiFIR) to deliver the WMR proposals considered highest priority; and (ii) delivering other proposals through the planned repeal and revocation framework for retained EU law which is set out in the Act.

The '**Smarter Regulatory Framework**' programme (see [page 58](#)) has built on the recommendations of WMR by including MiFID/MiFIR in Tranches 1 and 2 of the programme, as well as including other measures to reform the UK wholesale market.

A range of further developments is progressing in 2026.

Read more on this topic [here](#), [here](#), and [here](#).

2027



H2 2026: FCA Policy Statement to CP25/32 (transaction reporting) expected.

2026: FCA working on a transaction reporting user pack.

01/01/27: New Ancillary Activities Test starts to apply. New AAT will exempt commercial users or producers of commodities from the need to obtain FCA authorisation.

What's on the horizon?

- MiFID Org Reg** – A key development in 2025 was that the MiFID Org Reg was [revoked](#) on 23 October 2025.
 - Following a [policy note](#) in March 2025, [The Markets in Financial Instruments \(Miscellaneous Amendments\) Regulations 2025 \(SI 2025/1020\)](#) were made on 15 September 2025 and restated key definitions in the MiFID Org Reg in domestic legislation in advance of its revocation.
 - In late 2024, the FCA consulted ([CP24/24](#)) on transferring the MiFID Org Reg into its handbook. The PRA [consulted](#) in April 2025 on equivalent Rulebook changes. Both regulators issued finalised policy in October 2025. (FCA [PS25/13](#) and PRA [PS16/25](#)).
- Transaction reporting:** In H2 2026 the FCA is expected to finalise its policy following its November 2025 consultation ([CP25/32](#)) on transaction reporting. The FCA is also developing a transaction reporting user pack, and in Q1 2026 will release details for applicants to join a new cross-authority and industry working group to inform the design of longer-term UK approach to streamlining reporting across UK MiFIR, EMIR and SFTR.
- Bond/derivatives markets transparency and bonds consolidated tape:** The FCA's finalised policy ([PS 24/14](#)) makes significant changes to the transparency regime, with certain aspects taking effect on 1 December 2024, and 31 March 2025. The revised post-trade rules took effect on 1 December 2025, after which the proposed consolidated tape for bonds could go-live, but was delayed by legal action. The FCA [confirmed](#) on 28 January 2026 that it has signed the contract with Etrading Software (ETS).
- SI regime:** The FCA included a discussion chapter in PS24/14 on the future of the SI regime and consulted (in [CP25/20](#)) in July 2025 on the SI regime for bonds and derivatives. The SI regime for bonds, derivatives, structured finance products and emission allowances was removed on 1 December 2025, and further changes will apply from 30 March 2026 in line with FCA [PS25/17](#).
- Equity markets:** The FCA proposes to consult on equities markets in H1 2026, following responses to the discussion chapter of CP25/20.
- Commodities** – In line with WMR, HM Treasury [legislated](#) in 2024 to simplify the ancillary activities exemption (AAE) for commodities firms. In July 2025, HM Treasury published a [draft statutory instrument](#) on reforming the AAE and FCA consulted on proposed changes to the ancillary activities test. In December 2025, the FCA published [PS25/24](#) with its final policy. From 1 January 2027, a new chapter in the MAR sourcebook (replacing current technical standards) will set out amended conditions that firms must meet to be eligible for the AAE.



2026

Q1	Q2	Q3	Q4
16/01/26: FCA CP25/30 closes to comments.			
11/03/26: BoE consultation on exempting PTRR transactions from the CO closes to comments.			
H1 2026: HM Treasury to lay before Parliament the Over-the-Counter Derivatives (Intragroup Transactions) Regulations 2026.			

2026: HM Treasury to lay before Parliament:

- Central Counterparties (Amendment) Regulations.
- Financial Services and Markets Act 2000 (Criteria for Determining Systemic Importance of Overseas Central Counterparties) Regulations.

UK EMIR

FSMA 2023 made some limited transitional amendments to the assimilated version of EU EMIR (**UK EMIR**), including to empower the BoE to disapply the clearing obligation for transactions arising from post-trade risk reduction services (**PTRR**) and to give the BoE general rule making powers with respect to FMs. Those changes have applied since 29 August 2023.

The revocation of Titles III-V of UK EMIR and related secondary legislation and their replacement in BoE rules was allocated to Tranche 3 of the Smarter Regulatory Reform programme (see [page 58](#)) and is progressing in 2026, along with changes to intragroup exemptions to be in place by the end of the year.

2027

Q1	Q2	Q3	Q4
31/12/26: TIGER expires and will be replaced by new permanent intragroup exemption.			

H1 2027: BoE's CCP rulebook to apply six months after publication of finalised policy.

TBC: Timing for revocation and reform of the remainder of UK EMIR and associated assimilated legislation and technical standards.

What's on the horizon?

- CCPs:** The UK is proceeding with revocation and reform of the framework for central counterparties (**CCPs**) (Titles III-V of UK EMIR) in 2026. These elements of UK EMIR will be revoked and will be replaced (with some changes) in BoE rules. In a [policy note](#) in July 2025, HM Treasury noted that, in 2026, it intends to lay before Parliament finalised drafts of the following statutory instruments which were published in draft for technical comments:
 - Central Counterparties (Amendment) Regulations** – these regulations will restate in legislation elements of UK EMIR that cannot be replaced by BoE rules.
 - Financial Services and Markets Act 2000 (Criteria for Determining Systemic Importance of Overseas Central Counterparties) Regulations** – these regulations set out the criteria against which BoE is to judge systemic importance of overseas CCPs once UK EMIR is revoked.
- CCP rulebook:** With respect to the rules that will replace the revoked provisions of UK EMIR, the BoE [consulted](#) between July and November 2025 on its proposed new CCP rulebook. The BoE proposes changes to publish finalised rules in H2 2026 and to apply a six-month implementation period before the rules apply.
- Clearing obligation (CO) PTRR transactions:** The BoE [consulted](#) in December 2025 on exempting PTRR transactions from the CO. Following responses by 11 March 2026, the BoE will publish finalised policy in due course, with the changes coming into force three months later.
- Remainder of UK EMIR** – In its July 2025 policy note, HM Treasury noted that as a first step to the future revocation of UK EMIR it would make permanent the temporary intragroup exemptions for OTC derivatives, and then prioritise revoking and replacing (with the regulators) the firm-facing requirements in UK EMIR Title II, as well as any outstanding clearing member-facing and client-facing requirements in Titles III, IV and V.
- Intragroup regime:** The UK temporary intragroup exemption regime (**TIGER**) expires on 31 December 2026. In November 2025 HM Treasury published a [policy note](#) on streamlining the intragroup exemption regime and a draft of [The Over-the-Counter Derivatives \(Intragroup Transactions\) Regulations 2026](#). The FCA published [CP25/30](#) (closing 16 January 2026) on necessary amendments to BTS. All will be finalised before, and apply on, expiry of TIGER.

Operational resilience

[View related EU measures](#)**2026**

H1 2026: Policy finalisation expected following FCA, PRA and BoE consultations on operational incident, outsourcing and third-party arrangements reporting.

H1 2026: Consultations expected on management of ICT and cyber resilience risks.

2026: HM Treasury expected to make the first CTP designations.

2027

TBC: Policy finalisation on any proposed changes to expectations of firms' management of ICT and cyber resilience risks.

H1 2027: New rules on operational incident, outsourcing and third-party arrangements reporting expected to apply.

Operational resilience

The FCA, PRA and BoE introduced a new operational resilience regime in 2021. The initial implementation deadline of 31 March 2022 was followed by a transitional period which ended on 31 March 2025.

The UK regime requires firms and FMs to have in place strategies, processes and systems that enable them to address risks to their ability to remain within their impact tolerance for each of their important business services in the event of a severe but plausible disruption.

FSMA 2023 introduced the framework for a Critical Third Parties regime (CTP regime) for oversight of the resilience of cloud service providers and other designated 'critical third parties' providing services to UK regulated firms and FMs. The regulatory rules for the CTP regime took effect on 1 January 2025.

In 2026, the regulators expect to finalise policy on new obligations for operational incident, outsourcing and third-party arrangements and to consult on revised expectations on firms' management of ICT and cyber risks.

Read more on this topic [here](#), and [here](#).

What's on the horizon?

- FSMA 2023 introduced a new Part 18 Chapter 3C into FSMA, to establish the **CTP regime**. HM Treasury has been given a power to designate third party providers of services to financial sector firms and FMs as critical third parties (**CTPs**) and was expected to make the first CTP designations in H2 2025, but this did not happen. CTP designations are now expected in 2026.
- The CTP regime gives a range of powers to the regulators with respect to CTPs, which apply to each CTP as of the date they are designated. The regulators published [finalised rules](#) in November 2024, with a view for the CTP regime becoming operational from 1 January 2025. The new rules align with international standards and similar regimes such as **EU DORA**. The ESA and UK regulators have signed a [Memorandum of Understanding on DORA oversight of critical ICT third-party service providers in EU and UK](#).
- In December 2024, the Bank of England [announced](#) that, to further enhance the financial sector's operational (including cyber) resilience capabilities, the regulators would consult in H2 2025 on expectations around the management of Information and Communication Technology (ICT) and cyber resilience risks, including risks arising from IT transformations, and the sector's ability to detect, withstand and recover from disruptions in the event of ICT and cyber incidents. Timing has been pushed back, and consultations are now expected in H1 2026.
- Between December 2024 and March 2025, the BoE, PRA and FCA jointly consulted on operational incident, outsourcing and reporting of third-party arrangements reporting, to: (i) clarify what information firms/FMs should submit when operational incidents occur; and (ii) collect certain information on firms' outsourcing and third-party arrangements, to manage the risks that they may present to the FCA's, PRA's or BoE's objectives, including resilience, concentration and competition risks. The regulators originally expected to finalise their policy in H2 2025, with new rules to take effect in H2 2026, but the timing has been pushed back slightly. Finalised policy is now expected in H1 2026, followed by implementation 12 months later.

UK Consumer Duty



2026

Q1	Q2	Q3	Q4
23/01/26: FCA publishes CP26/4 and GC26/2 with a comment deadline of 12 March 2026.	Q2 2026: FCA Policy Statement to CP 25/37 (Handbook clarification) expected.	31/07/26: Firms' annual reports due on compliance with the Consumer Duty.	
27/01/26: Comment deadline for FCA CP 25/37 (Handbook clarification).	H1 2026: FCA CP expected on application of the Consumer Duty in distribution chains.		Q4 2026: FCA Policy Statements expected on application of the Consumer Duty in distribution chains and on de-scoping business with non-UK customers.
02/02/26: Comment deadline for FCA CP25/36 (client categorisation).	H1 2026: FCA CP expected on de-scoping business with non-UK customers.		TBC: FCA Policy Statement to CP 25/36 (client categorisation) expected in due course.

The Consumer Duty

The Consumer Duty was introduced in July 2023 to create a higher level of consumer protection in retail financial markets. It comprises a package of measures, comprised of a new Principle 12 (the Consumer Principle) of the FCA's Principles for Businesses, supported by detailed rules and guidance.

The Consumer Duty applies to products and services sold to retail clients and will extend to firms that are involved in the manufacture or supply of products and services to retail clients even if they do not have a direct relationship with the end retail customer where the firm's role in the manufacture and distribution chain of the product or service allows it to determine, or exercise a material influence over, retail customer outcomes.

The Consumer Duty has applied from 31 July 2023 to new and existing products and services. From 31 July 2024, the first annual board reports from firms with open products were required and the Duty was rolled out to closed products and services.

In 2026, the FCA is engaged in a range of workstreams. Wider measures such as the new retail disclosure framework and on the redress framework will also impact Consumer Duty-related policy.

Read more on this development [here](#) and [here](#).

2027

Q1	Q2	Q3	Q4
		31/07/27: Firms' annual reports due on compliance with the Consumer Duty.	

What's on the horizon?

- With the Consumer Duty in force for all products since 31 July 2024, it remains a priority in the [FCA's Strategy 2025-2030](#). The FCA continues to impress on firms in speeches and announcements that the Consumer Duty requires continuing compliance and must be embedded throughout the organisation in their strategy, governance, leadership and people policies. The FCA continues to focus on assessing how firms have embedded the Duty and publishes feedback from its [ongoing work](#) in specific sectors.
- The July 2025 [Financial Services Growth and Competitiveness Strategy](#) noted that the FCA had been asked to report by end-September 2025 on how it plans to deal with concerns about the way the Consumer Duty is working for wholesale firms engaged in distribution chains which impact retail consumers and to provide certainty on the categorisation of professional clients. The FCA [responded](#) with a four-point action plan in September 2025. The FCA is consulting in CP25/36 until 2 February 2026 on changes to the elective professional client categorisation rules and until 27 January 2026 in CP 25/37 on targeted clarifications to the COLL, CASS and PROD sourcebooks.
- Some key specific outputs in 2026 include:
 - In Q1 2026, the FCA and the financial ombudsman will issue a joint policy statement on proposals to modernise the redress system.
 - In January 2026, the FCA launched its second consultation on the application of its Handbook to cryptoassets ([CP26/4](#)), accompanied by a Guidance Consultation [GC26/2](#) on how the Consumer Duty to cryptoassets. Both have a comment deadline of 12 March 2026.
 - On the application of the Consumer Duty to wholesale business, the FCA plans to consult in the first half of 2026 on proposed changes to rules on the application and requirements of the Duty, including through distribution chains and on removing from scope business with non-UK customers.
 - During 2026 the FCA proposes to review the rest of its core definitions (eg retail customer) to promote consistency and clarity, and will share more on its proposals through 2026.
 - In 2026, the FCA plans to consult on updates to its retail banking disclosure rules.

UK AML/CTF regime

[View related EU measures](#)**2026**

Q1 2026: HM Treasury expected to lay draft Money Laundering and Terrorist Financing (Amendment and Miscellaneous Provision) Regulations before Parliament..

2026: The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025 expected to be made, aligning MLRs 2017 with the new UK cryptoassets regime.

UK AML/CTF regime

The UK's Economic Crime Plan 2023-2026, outlined an ambition for an improved end-to-end response to tackling money laundering, which would require further targeted consultations.

HM Treasury has also been conducting a wider review of the AML regime in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs 2017). Following a report on recommended reform in 2022, HM Treasury launched two consultations in June 2023 and March 2024. HM Treasury is expected to lay the necessary secondary legislation to effect the changes in early 2026.

The UK Government's Financial Services Competitiveness and Growth Strategy published in July 2025 included a government commitment to work closely with the regulators and industry to realise the benefits of using personal digital ID for AML checks, now that digital ID has been put on a statutory footing in the Data (Use and Access) Act 2025.

In its 5-year Strategy 2025-2030, the FCA has committed to continuing its efforts to disrupt financial crime, including through greater use of technology and bringing enforcement action.

Read more on AML/CTF developments [here](#).

2027

Mid-Late 2026: finalisation of all FCA policy for the cryptoasset regime.

Ongoing: Work on realising the benefits of Digital ID.

TBC: Post-2026 Economic Crime Plan expected to be published in due course.

25/10/27: New UK cryptoassets regime begins to apply.

What's on the horizon?

- The UK's incoming cryptoasset regime requires consequential amendments to the MLRs 2017 to align its provisions with the proposed new cryptoasset-related regulated activities. Cryptoasset exchanges and custodian wallet providers already registered with the FCA for the purposes of the MLRs 2017 will be permitted to continue their operations while they apply for full authorisation under the new regime (see [page 64](#)). In December 2025, HM Treasury laid before Parliament the draft [Financial Services and Markets Act 2000 \(Cryptoassets\) Regulations 2025](#). This legislation is expected to be made in 2026 and to apply from 25 October 2027.
- The FCA is consulted in [CP25/14](#) under its [Crypto Roadmap](#), on proposals that, to meet necessary legal requirements under UK anti-money laundering, counter-terrorist financing, and counter-proliferation financing legislation, stablecoin issuers will need to have appropriate systems and controls for financial crime. That consultation closed on 31 July 2025 and the FCA's final policy is expected to finalise its policy later in 2026 (see [page 64](#)).
- HM Treasury consulted in June 2023 on potential reform of the AML/CTF supervisory framework, which set out four possible future supervisory models. HM Treasury published a response in October 2023 confirming that it would proceed with appointing the FCA as a Single Professional Services Supervisor for all firms supervised by a Professional Body Supervisor and all accountancy service providers and trust and company services providers supervised by HMRC.
- In March 2024, HM Treasury consulted on proposals to improve the effectiveness of the MLRs 2017. HM Treasury highlighted wide-ranging areas for improvement, including: clarifying the scope of the MLRs 2017, Customer Due Diligence (CDD), trust registration services requirements, and better co-ordination in the AML system. HM Treasury published its [response](#) in July 2025. HM Treasury published a [draft](#) of the secondary legislation to amend the MLRs.. This is expected to be finalised and made in 2026.

Developing UK Cryptoassets regime

[View related EU measures](#)**2026**

Q1	Q2	Q3	Q4				
23/01/26: FCA publishes CP26/3 and GC26/2 with a comment deadline of 12/03/26 .	10/02/26: Comment deadline for BoE consultation on systemic stablecoins.	12/02/26: Comment deadlines for FCA CP25/40, CP25/41 and CP25/42.	2026: Parliament expected to approve Regulations for the regime.				

Developing UK regulatory regime for cryptoassets

The government aims to promote the UK as a global hub for cryptoasset technology and the top choice for starting and scaling a cryptoasset business.

FSMA 2023 empowered HM Treasury to expand the UK's regulated activities framework (and potentially make use of the new designated activities regime (DAR)) to provide for regulation of cryptoasset related activities.

Significant progress was made in 2025. In 2026 Parliament is expected to approve the legislation to bring cryptoassets (including stablecoins) into the UK regulatory regime.

The FCA is finalising planned series of discussion papers and consultations in line with its 'Crypto Roadmap'. The BoE expects to finalise policy on its regulation of systemic stablecoins. All Policy is expected to be finalised in 2026 ready for a go-live date of 25 October 2027.

Read more on these topics [here](#), [here](#) and [here](#).

2027

Q1	Q2	Q3	Q4
Mid-Late 2026: finalisation of all FCA policy for the cryptoasset regime.	September 2026: authorisation gateway will open.	H2 2026: BoE finalised rules for systemic stablecoins expected.	25/10/27: UK Cryptoasset regime enters into application.

What's on the horizon?

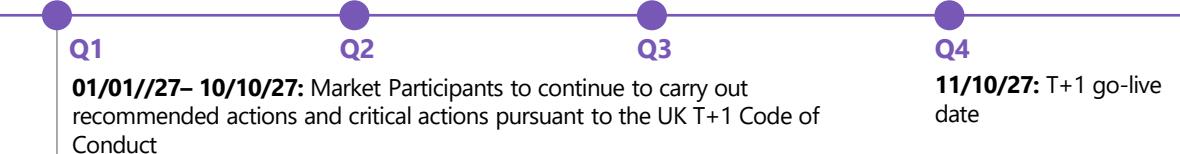
- Overview:** the UK will regulate cryptoassets under FSMA 2000, through new specified investments and new regulated activities tailored to the stablecoin and other cryptoasset markets. Persons engaged in these activities **in or to** the UK by way of business would require authorisation. The DAR may also be used, should any cryptoasset-related be designated under that regime, which would attach regulatory obligations to those activities but not trigger an authorisation requirement.
- Fiat-backed stablecoins:** HM Treasury is taking forward [October 2023](#) proposals to create new regulated activities for issuance and custody of fiat-backed stablecoins. This will form part of the regime for cryptoassets outlined below. A proposal to amend payments regulation to regulate use of fiat-backed stablecoins in payments chains is not proceeding. With regard to **systemic stablecoins:** The BoE will regulate sterling denominated systemic stablecoins jointly with the FCA. The FCA and BoE will publish a joint supervisory approach document in H1 2026. The BoE [consulted](#) in November 2025 on its proposed approach.
- Other cryptoassets:** HM Treasury set out its approach in 2023, in a February [consultation](#) followed by an October [response](#) outlining the intended regulatory outcomes the new regulatory framework would seek to achieve. The cryptoasset framework is expected initially to cover: Issuance and disclosures; venue operation (adapted MTF model); cryptoasset investment/risk management (adapted intermediation permissions); custody (adapted safeguarding and administration permissions); lending platform operation (adapted MTF model); lending/borrowing activity (adapted intermediation permissions); staking; market abuse; and tailored prudential rules. Activities such as advice, portfolio management, wholesale lending, mining, protocol validation, and post-trade activities need further consideration and will likely be covered at a future date.
- 2026 activity:**
 - In December 2025, HM Treasury laid before Parliament the draft [Financial Services and Markets Act 2000 \(Cryptoassets\) Regulations 2025](#), which had been significantly amended from an earlier draft in April 2025. This legislation is expected to be made in 2026 and to apply from 25 October 2027.
 - The FCA is completing its programme of consultations under its '[crypto roadmap](#)'. This includes the FCA's second consultation CP26/3 on the application of its Handbook, and its Guidance Consultation GC26/2 on how the Consumer Duty (see [page 62](#)) will apply to cryptoasset activities.
 - The BoE is expected to finalise its rules for systemic stablecoins in H2 2026. It will also consult in 2026 on Codes of Practice setting out the specific rules and expectations for systemic stablecoins.



2026



2027



UK T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

In 2022, the Chancellor announced the establishment of an industry-led Accelerated Settlement Taskforce (AST). The AST reported in March 2024, recommending, among other things that the UK commit to a move to T+1 settlement no later than 31 December 2027. It has subsequently confirmed the date as 11 October 2027.

A technical group has developed an implementation plan and code of conduct for implementation of the transition.

What's on the horizon?

- In March 2024, the UK government [accepted](#) the recommendations of the AST and endorsed the proposed timeframe including the recommendation that the UK seek to align the transition date with the date committed to by other European jurisdictions. The government also established an [Accelerated Settlement Technical Group](#) (ASTG) to develop the technical and operational changes necessary for the UK to transition to T+1, and to set out how these should be implemented. The group is also to determine the appropriate timing for mandating these changes, which should be a date in 2025, and the overall 'go-live' date for T+1.
- In September 2024, the ASTG published a [draft recommendations report and consultation](#), setting out 43 principal recommendations and 14 additional recommendations as well as clarifying which instruments will be in scope of T+1 settlement.
- The ASTG confirmed in January 2025 that the final 'go-live date will be **11 October 2027**. In February 2025, the technical group published an [Implementation Plan](#) for the first day of trading for T+1 settlement (i.e., 11 October 2027). The Implementation Plan sets out a **UK T+1 Code of Conduct (UK-TCC)** containing the scope, a timetable of recommended actions (including 12 'critical actions') to enhance market practices and a set of expected behaviours necessary for UK Market Participants to meet their T+1 legislative obligations under UK CSDR.
- The FCA has [written](#) to the Chief Compliance Officers of firms in its Asset Management and Alternative Firms portfolio outlining its expectations ahead of the upcoming market transition to T+1.
- In November 2025, HM Treasury published a [policy note](#) on its approach, along with the [draft legislation](#) to mandate T+1 in the UK from 11 October 2027. The draft legislation will be finalised and laid before Parliament in advance of the go-live date.
- China is already operating at T+0 other jurisdictions are actively considering a move to real time settlement. In the UK, the AST also considered the potential for a move to T+0 and atomic/instantaneous settlement in due course but recommended that such a move should not take place until after the move to T+1.

04

Glossary

Glossary

- **AI** – Artificial Intelligence
- **AI Act** – Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act)
- **AIF** – Alternative investment fund
- **AIFM** – Alternative investment fund manager
- **AIFMD** – Alternative Investment Fund Managers Directive (Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011)
- **AIFMD2** – Directive (EU) 2024/927 of the European Parliament and of the Council of 13 March 2024 amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, the provision of depositary and custody services and loan origination by alternative investment funds
- **AMLA** – Anti Money Laundering Authority
- **AMLA Regulation** – Regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010
- **AML Regulation** – Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing
- **AML/CTF** – Anti-money laundering and counter-terrorist financing
- **AuM** – Assets under management
- **BoE** – Bank of England
- **CCI** – Consumer Composite Investment
- **CCP** – Central counterparty
- **Commission** – The European Commission
- **CBDF** – Cross-border Distribution of Funds Directive and Regulation (Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019)
- **CRR3** – Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor
- **CSD** – Central securities depository
- **CSDR** – Central Securities Depositories Regulation (Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012)
- **CSDR REFIT** – Regulation (EU) 2023/2845 of the European Parliament and of the Council of 13 December 2023 amending Regulation (EU) No 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third-country central securities depositories and amending Regulation (EU) No 236/2012
- **CS3D** – Corporate Sustainability Due Diligence Directive
- **CSMAD** – Criminal Sanctions for Market Abuse Directive (Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse)
- **CTP** – Critical Third Party
- **DORA** – Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA) entered into force on 16 January 2023 and will start to apply from 17 January 2025
- **EBA** – European Banking Authority
- **ECA** – European Court of Auditors
- **ELTIF** – European long-term investment fund
- **ELTIF Regulation** – European Long-Term Investment Fund Regulation (Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015)
- **ELTIF2** – The revised version of the ELTIF Regulation

Glossary

(continued)

- **EMIR** – European Market Infrastructure Regulation (Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories)
- **EMIR 3.0** – Regulation (EU) 2024/2987 of the European Parliament and of the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets
- **EMIR 3.0 Directive** – Directive (EU) 2024/2994 of the European Parliament and of the Council of 27 November 2024 amending Directives 2009/65/EC, 2013/36/EU and (EU) 2019/2034 as regards the treatment of concentration risk arising from exposures towards central counterparties and of counterparty risk in centrally cleared derivative transactions
- **ESAs** – European Supervisory Authorities
- **ESG** – Environmental, social and governance
- **ESG Ratings Regulation** – Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, and amending Regulations (EU) 2019/2088 and (EU) 2023/2859
- **ESMA** – European Securities and Markets Authority
- **EuSEF** – European social entrepreneurship fund
- **EuSEF Regulation** – European Social Entrepreneurship Fund Regulation (Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013)
- **EuVECA** – European venture capital fund
- **EuVECA Regulation** – European Venture Capital Fund Regulation (Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013)
- **FCA** – UK's Financial Conduct Authority
- **FSMA 2023** – The Financial Services and Markets Act 2023, which was enacted on 29 June 2023
- **IFD** – Investment Firms Directive (Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU)
- **IFPR** – Investment Firms Prudential Regime
- **IFR** – Investment Firms Regulation (Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014)
- **ITS** – Implementing Technical Standards
- **KID** – Key Information Document
- **KIID** – Key Investor Information Document
- **LTAF** – Long Term Asset Fund
- **MAR** – Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014)
- **MiCA** – Regulation (EU) 2023/1114 on markets in cryptoassets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937
- **MiFID 2** – Second Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU)
- **MiFID 3** – Directive (EU) (2024/790) amending Directive 2014/65/EU (the MiFID II Directive) on markets in financial instruments
- **MiFIR** – Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
- **MiFIR 2** – Regulation (EU) 2024/791 amending the Markets in Financial Instruments Regulation (600/2014) (MiFIR) as regards enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimising the trading obligations and prohibiting receiving payment for order flow

Glossary

(continued)

- **MLD 4** – Fourth Money Laundering Directive (Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC)
- **MLD5** – Fifth Money Laundering Directive (Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU)
- **MLD6** – Directive (EU) 2024/1640 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849
- **MMF** – Money Market Fund
- **MMF Regulation** – The Money Market Funds Regulation (Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017)
- **NAV** – Net asset value
- **Non-Financial Reporting Directive** – Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013
- **Non-performing Loans Directive** – Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021
- **NURS** – Non-UCITS retail scheme
- **NURS-KII** – Key investor information document for a NURS
- **PAI Statements** – Principal adverse impact statements – statements on the principal adverse impacts of investment decisions on sustainability factors, as required under the SFDR
- **PRA** – UK's Prudential Regulation Authority
- **PRIIPs** – Packaged retail and insurance-based investment products
- **PRIIPs Regulation** – Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products
- **Prospectus Regulation** – Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017
- **Regulatory Initiatives Grid** – Forward looking publication of the UK Financial Services Regulatory Initiatives Forum sets out the UK regulatory pipeline. Published approximately twice per year
- **RTS** – Regulatory Technical Standards
- **Securitisation Regulation** – Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017
- **SFDR** – Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector)
- **SFTR** – Securities Financing Transactions Regulation (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012)
- **SRD2** – Second Shareholder Rights Directive (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement)
- **Taxonomy Regulation** – Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088)
- **TCFD** – Task Force on Climate-Related Financial Disclosures
- **UCITS** – Undertaking for collective investment in transferable securities
- **UCITS Directive** – Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009
- **Unfair Commercial Practices Directive (UCPD)** – Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005



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