

Clifford Chance

Sell-side Regulatory Horizon Scanner Q1 2026

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Contents overview

01 Introduction

02 EU developments

- I. Markets developments
 - II. ESG developments
 - III. Prudential developments
 - IV. Cross-sectoral developments
-

03 UK developments

- I. Markets developments
 - II. ESG developments
 - III. Prudential developments
 - IV. Cross-sectoral developments
-

04 Glossary



01

Introduction

Introduction

Key contacts and further resources

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Our sell-side regulation practice

The financial services 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.

Our understanding of each part of the sector, coupled with the reach of our global network of expertise, allows us to tailor our advice to a client's exact needs while accessing the very latest market thinking and advice worldwide.

Our clients include the world's leading banks, investment firms, insurance companies and private banking businesses. They range in size from household names with a five-continent footprint to start-up fintech firms.

Further Clifford Chance resources

The Financial Markets Toolkit

A "one-stop shop" for practical, user-friendly resources on an expansive range of topics, from regulatory developments to transactional matters. Resources include web-based videos, short, practical briefings on regulatory developments and longer, thought leadership pieces on industry and legal trends and issues.

You can access the Toolkit [here](#).

Alerter: Finance Industry

Our daily 'Alerter: Finance Industry' email and our weekly 'International Regulatory Update' email provide you with comprehensive, up-to-the-minute summaries of regulatory and legal developments from around the world as well as links to relevant Clifford Chance publications and contacts.

Training and events

Our London Perspectives series offers a seasonal series of talks on a wide range of topical issues for financial institutions, from corporate and employment issues to tax and regulatory developments. Our Insights on Financial Regulation series is a programme of frequent, short calls on which we share our practical insights on topical developments, from the UK Smarter Regulatory Framework reforms to cryptoasset regulation.

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Introduction

The Sell-side regulatory horizon scanner

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

We identify and summarise key legislative and non-legislative developments that are likely to have an impact on banks and investment firms 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 four topics:

1

Markets related developments

Key financial markets developments, such as EU and UK wholesale markets reforms

2

ESG developments

Key ESG developments that are relevant to banks and investment firms, such as Omnibus I and SFDR 2.0

3

Prudential developments

Key developments related to the capital, recovery and resolution frameworks to which sell-side firms are subject

4

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 18 months to 2 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 such firms during this period.

Introduction

The EU Sell-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 finalising 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 Sell-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 far 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

A low-angle, upward-looking shot of a modern building's glass facade. The glass panels are a deep blue color and reflect the sky. The building's structure is composed of several cantilevered sections, creating a sense of height and architectural complexity. The sky in the background is a clear, pale blue.

[View related UK measures](#)



EU Developments

I. Markets

EU Markets: In this section

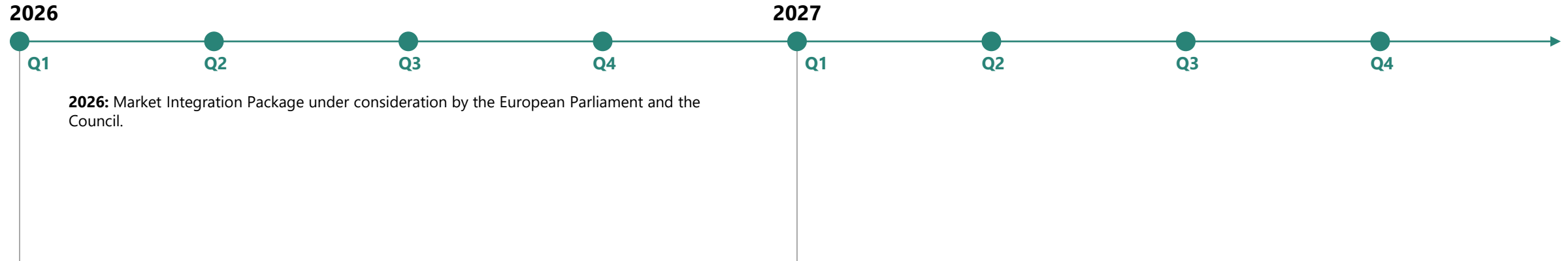
[View related UK measures](#)



EU Markets Developments

EU Market Integration Package	12
EU MiFID2/MiFIR	13
Market data: EU consolidated tapes	14
EU EMIR	15
EU SFTR	16
EU MAR and CSMAD	17
EU CSDR	18
EU T+1 settlement	19
EU MiCA Regulation	20
EU Settlement Finality Directive	21
EU Financial Collateral Directive	22
EU Listing Act Package	23
EU Securitisation Regulation Review	24
EU PRIIPs Regulation	25
EU Retail Investment Package	26

EU Market Integration Package (MIP)



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.

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

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.

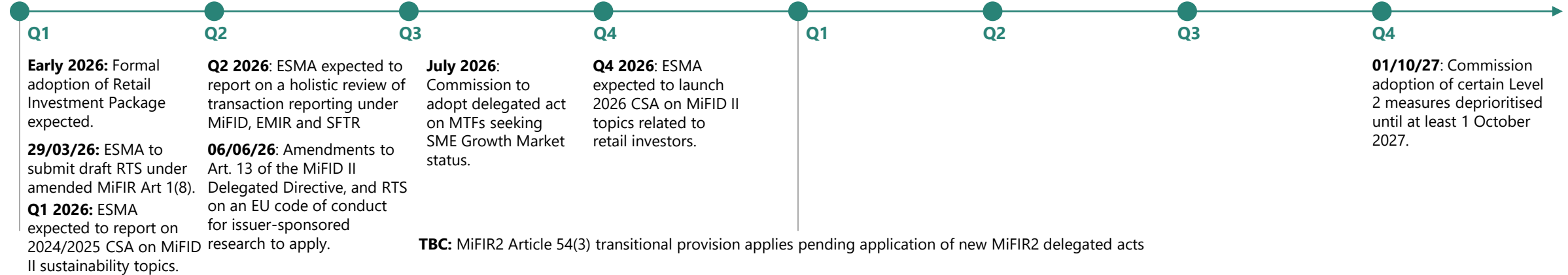
EU MiFID2/MiFIR

[View related UK measures](#)



2026

2027



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 – see **page 14**) 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](#).

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/MiFIR 2 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** (see **page 23**), 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 26**) 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 12**) 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.

Market Data: EU Consolidated Tapes

[View related UK measures](#)**2026****2027****Q1**

Q1 2026: ESMA expects to launch selection procedure for OTC derivatives CTP.

Q2

Q2 2026: Equities CTP expected to be authorised by Q2

30/06/26: ESMA to deliver report to Commission under Art 52(14) MiFIR.

Q3

Q3 2026: ESMA to select applicant for the OTC derivatives CTP.

Q4

Q4 2026 – Q1 2027: Expected authorisation of the OTC derivatives CTP.

Q1**Q2****Q3****Q4**

EU Consolidated Tapes for bonds, equities and derivatives

Planned EU consolidated tapes (CTs) will consolidate, for selected asset classes, post-trade (and, for equities, pre-trade) market data (such as prices and volumes) and disseminate them in a continuous, single feed. Benefits for market participants (for which use of CT data will not be mandatory) include a centralised source of price information against which to assess compliance with best execution obligations.

Among other things, one objective of MiFIR2 (see **Page 13**) is to enhance market data transparency and remove the obstacles that have prevented the emergence of a CT in the EU. MiFIR 2 has amended the provisions around the establishment of consolidated tape providers (CTPs) and for data reporting service providers (DRSPs).

MiFIR 2 mandated ESMA to develop several draft technical standards and to periodically organise competitive CTP selection procedures to select the most suitable entity able to operate consolidated tapes for bonds, for shares and exchange traded funds (ETFs), and for OTC derivatives or relevant subclasses of OTC derivatives. Selected CTPs will be authorised and then directly supervised by ESMA. CTPs will operate the relevant CT for a period of five years.

What's on the horizon?

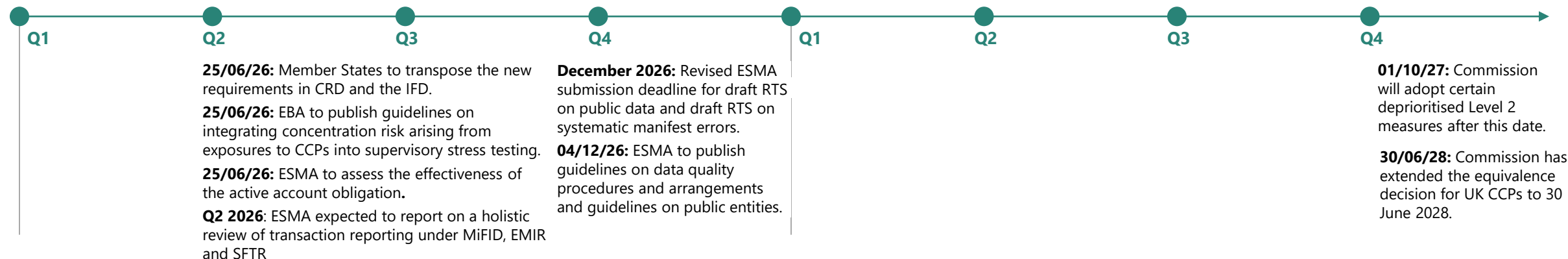
- In September 2024, ESMA announced that the selection procedure for the CTP for bonds would be launched on 3 January 2025 and the selection procedure for the CTP for shares and ETFs would be launched in June 2025.
- Level 2 and Level 3 material is under development or has been finalised. Delegated and Implementing regulations under MiFIR were published in the Official Journal in November 2025, covering:
 - Provision of market data on a reasonable commercial basis;
 - Input and output data of consolidated tapes;
 - Synchronisation of business clocks;
 - Revenue distribution by the CTP;
 - Authorisation and organisational requirements of CTPs and DRSPs,
 - Fees to cover supervision of CTPs under MiFIR; and
 - Extension of procedural rules for penalties imposed on DRSPs to CTPs.
- On 3 January 2025, ESMA launched the selection procedure for the bonds CTP, inviting applicants to submit participation requests by 7 February 2025. In June 2025, launched the selection procedure for the equities CTP (shares and ETFs).
- On 3 July 2025, ESMA announced that it had selected Ediphy (fairCT) to become the first CTP for bonds. On 19 December 2025, ESMA announced the selection of EuroCTP as the first CTP for shares and ETFs.
- ESMA expects to launch the selection procedure for the OTC derivatives CTP in Q1 2026.
- Article 52(14) of MiFIR requires ESMA to report to the Commission on the appropriateness of adding additional features to the consolidated tape, such as the dissemination of the market identifier code for pre-trade data.

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



2026

2027



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](#).

What's on the horizon?

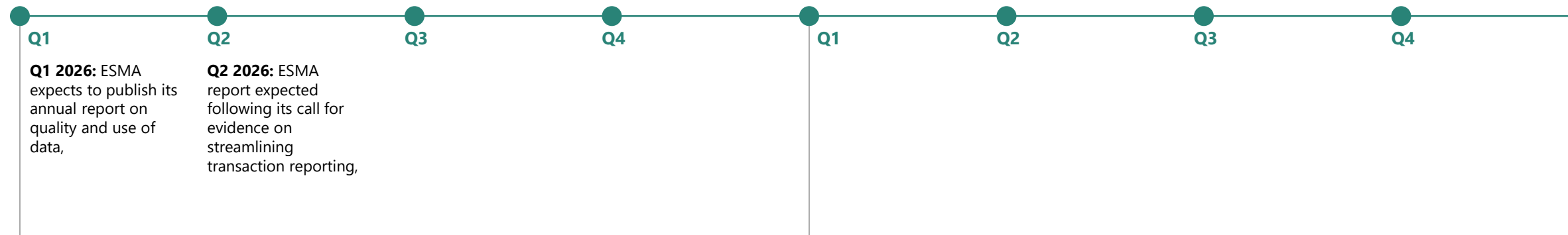
- **Intragroup transactions** - Commission Delegated Regulations (EU) 2023/314 and (EU) 2023/315 extended the deferred date of the application of EMIR's margin requirements and the clearing obligation for intragroup transactions to 30 June 2025. The provisions of EMIR 3.0 remove the necessity for further 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 12**) will amend EMIR to, among other things, introduce the new concept of "significant CCP", which will be subject to direct supervision by ESMA.

EU SFTR



2026

2027



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.

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 13**) 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 12**).

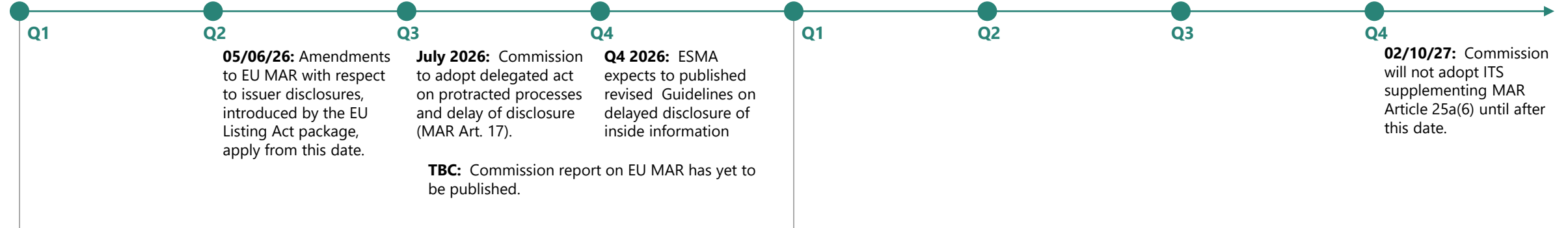
Read more on EU SFTR [here](#).

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?

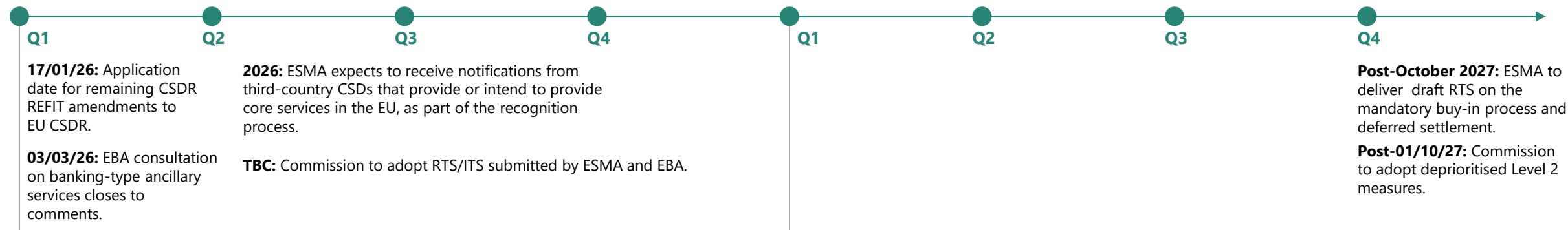
- EU MAR required the Commission to submit a report on EU MAR and, if the Commission considered this to be appropriate, a proposal for amendments to EU MAR, by 3 July 2019. In September 2020, ESMA published a report on EU MAR. The Commission's report has not been published. However, the EU Listing Act package (see **page 23**) 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 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 CSDR



2026

2027



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.

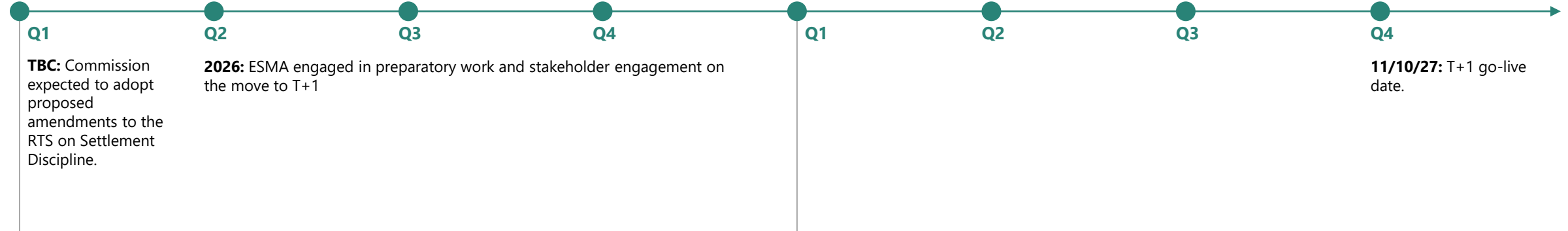
CSDR will be amended further by proposals in the EU Market Integration package, which is proceeding through the legislative process.

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 19**).
- 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 12**) 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.

EU T+1 Settlement

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

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 18**) 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 18**) 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.

EU MiCA Regulation

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

Q2**Q3**

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

Q4**Q1****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.

Q3**Q4**

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?

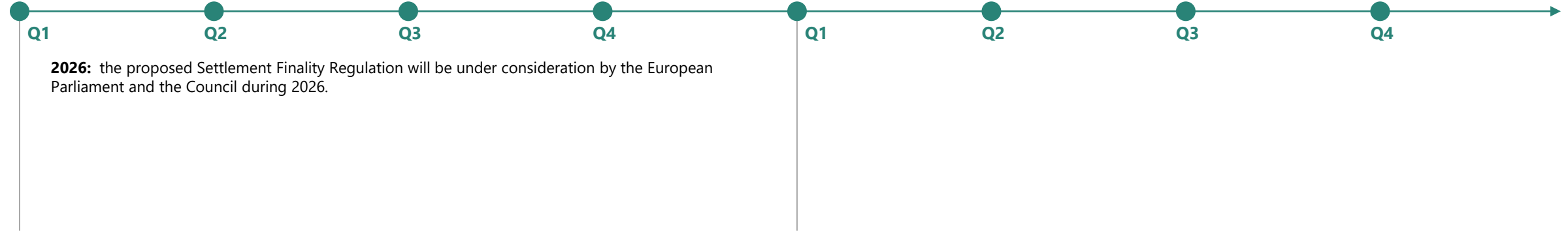
- MiCA was published in the Official Journal on 9 June 2023 and entered into force on 29 June 2023. MiCA's provisions related to stablecoins (Asset Referenced Tokens and E-Money Tokens) applied from 30 June 2024, with the remainder of its provisions applying from 30 December 2024.
- Transitional provisions 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 12](#)) 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.

Settlement Finality Directive



2026

2027



EU Settlement Finality Directive

The Settlement Finality Directive (**SFD**) regulates designated systems used by participants to transfer financial instruments and payments. The SFD seeks to reduce the systemic risk associated with participation in payment and securities settlement systems, particularly the risk linked to the insolvency of a participant in such a system. It guarantees that transfer orders which are entered into such systems are also finally settled, regardless of insolvency or revocation of transfer orders in the meantime.

The Commission was mandated under Article 12a of the SFD to conduct a review of its functioning and was due to have produced a report by 28 June 2021, including proposing legislative amendments where appropriate. The Commission launched a consultation on SFD along with a parallel consultation on the Financial Collateral Directive (**FCD**) and reported on its review in June 2023.

The Commission has most recently proposed a new Regulation which will repeal and replace the SFD, and amend the FCD, with a view to furthering market integration in the EU.

Read more on the SFD [here](#) and the proposed SFR [here](#).

What's on the horizon?

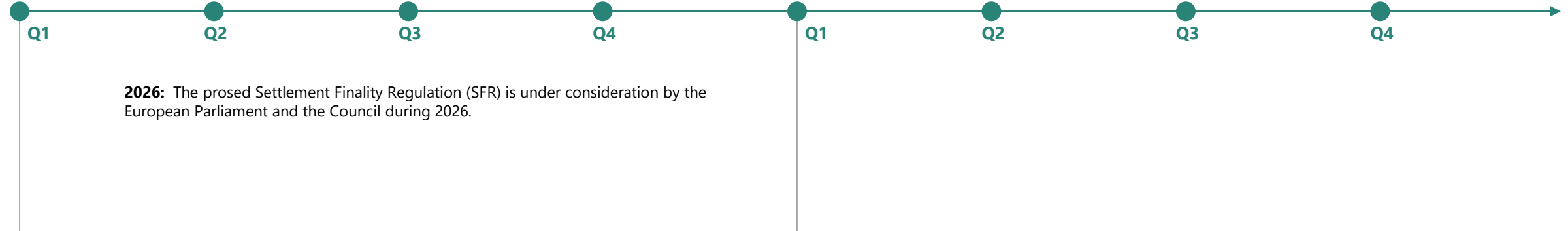
- Following its 2021 review, the Commission published a [report](#) in June 2023 which concluded that, as with the related Financial Collateral Directive (FCD), no major overhaul of the SFD was required. However, the Commission highlighted the impact of new technologies, lack of legal certainty that generates additional costs for market participants and differences in transposition of SFD provisions by Member States that creates difficulties and costs in cross-border situations.
- The **EU Market Integration package** published in December 2025 (see **page 12**) includes a legislative proposal for a new [Settlement Finality Regulation](#) (SFR) to convert the current SFD into a Regulation to ensure more uniform rules across the EU. The SFR will repeal the current SFD and amend the FCD.
- The proposal for the SFR notes that national transposition of SFD undermined its effectiveness due to significant divergences for example in the designation of systems or in the definitions and treatment of participants and indirect participants. The proposed SFR aims to achieve several objectives:
 - Clarify definitions: Ensuring consistent protection across Member States by standardising who and what is covered.
 - Creating a harmonised regime for designating EU systems, with common procedures and grounds for refusal or withdrawal.
 - Simplify protections for non-EU systems: Harmonising how systems governed by the law of a non-EU country can benefit from settlement finality protections.
 - Greater clarity on finality: Harmonising the rules on when settlement is considered final.
 - Clearer conflict of law rules: Enabling uniform interpretation and legal certainty, especially for digital assets.
 - Legal certainty for digital innovation: Updating provisions to accommodate distributed ledger technology (DLT) and other technological advances.
- The proposed SFR will be under consideration by the co-legislators during 2026.

Financial Collateral Directive



2026

2027



EU Financial Collateral Directive

The Financial Collateral Directive (**FCD**) facilitates the cross-border use of financial collateral primarily by removing national law formalities and offering harmonised protections against insolvency challenges in certain cases. It also ensures that certain close out netting provisions are enforceable in accordance with their terms.

The Commission launched a consultation on the functioning of the FCD in February 2021, in parallel with a consultation on the functioning of the Settlement Finality Directive (**SFD**) given that the two Directives are closely connected in the post-trade context. The Commission reported on its review in June 2023.

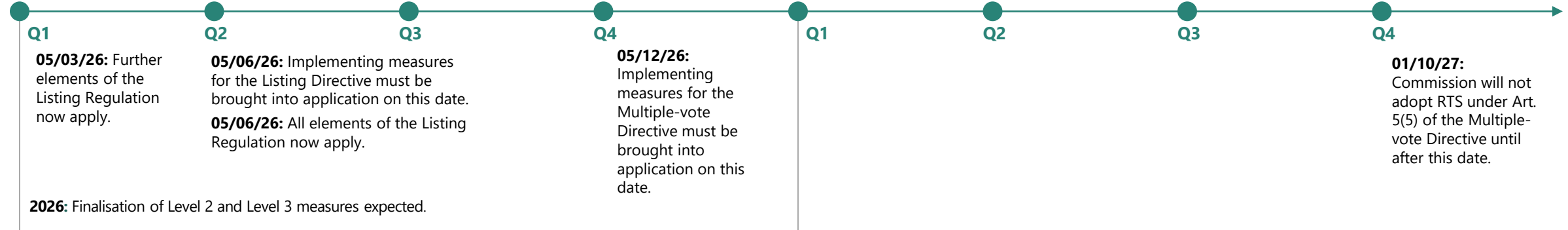
The Commission has most recently proposed a new Regulation which will repeal and replace the SFD, and amend the FCD, with a view to furthering market integration in the EU.

What's on the horizon?

- Following its 2021 review, the Commission published a [report](#) in June 2023, which concluded that the FCD has worked well and needed no major revisions. However, the Commission highlighted that, to keep up with market and regulatory developments, the scope of the FCD and the list of eligible collateral set out in the FCD may need to be extended. The Commission also noted that the FCD could apply to DLT-based collateral provided that the collateral complies with the conditions set out in the FCD. However, for cryptoassets to qualify as financial instruments, the ownership provision, possession and control requirements of the FCD might potentially raise issues. The Commission considered that the results of the EU DLT Pilot might provide further insights on how these issues might be addressed.
- In December 2025, the Commission adopted a **Market Integration Package** (see [page 12](#)). The package includes a legislative proposal for a new [Settlement Finality Regulation \(SFR\)](#) to convert the current SFD into a Regulation to ensure more uniform rules across the EU. The SFR will repeal the current SFD and amend the FCD.
- The SFR legislative proposal notes, among other things, that provisions in both the SFD and the FCD lack full technological neutrality, as their provisions were drafted with traditional, account-based systems in mind. This creates legal uncertainty for the use of distributed ledger technology (DLT) and tokenised forms of cash or securities, which may not clearly fall within existing definitions of 'transfer orders', 'securities', or 'settlement systems', thereby limiting innovation and consistency in their application. The proposed SFR amends certain provisions of the FCD, in particular by including in its scope cash, financial instruments and credit claims if they are issued or recorded on DLT. It also defines the terms and concepts necessary to interpret the provisions of the SFR, expands certain definitions to include digital recording, including DLT.
- The proposed SFR is under consideration by the co-legislators in 2026.

Read more on the FCD [here](#) and the proposed SFR [here](#).

EU Listing Act package

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

EU Listing Act package

The EU "Listing Act" package to improve the attractiveness of EU capital markets was published in the official journal on 14 November 2024 and entered into force on 4 December 2024. The package comprises:

- [The Listing Directive](#) ((EU) 2024/2811) introducing targeted adjustments to MiFID2 (see **page 13**) to enhance visibility and facilitate listing of companies (especially SMEs) on EU stock exchanges, to introduce regulation for issuer-sponsored research, and to repeal the original EU Listing Directive to enhance legal clarity.
- [The Listing Regulation](#) ((EU) 2024/2809) amending the EU Prospectus Regulation, the EU Market Abuse Regulation (MAR) and EU MiFIR to streamline and clarify listing requirements applying on primary and secondary markets, while maintaining an appropriate level of investor protection and market integrity.
- [The Multiple-vote Directive](#) ((EU) 2024/2810) on multiple-vote share structures.

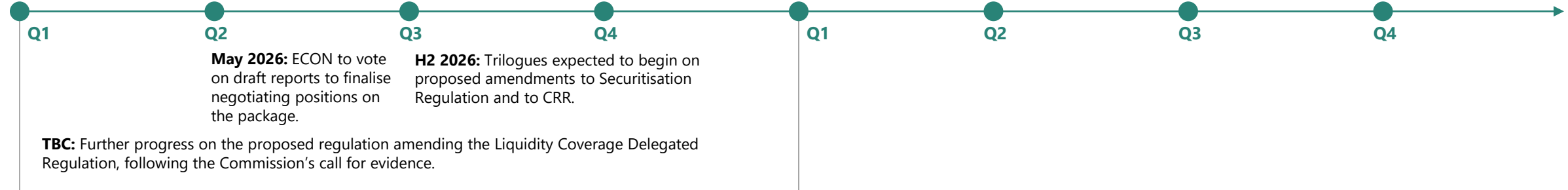
EU Member States must bring implementing measures for the Listing Directive and the Multiple-vote Directive into application by 5 June 2026 and 5 December 2026, respectively. The Listing Regulation has applied partly from 4 December 2024 and will apply partly from 5 March 2026 and fully from 5 June 2026. ESMA has been mandated to prepare a range of technical advice, Level 2 and Level 3 measures to support and supplement the package.

Read more on the Listing Act package [here](#), [here](#) and [here](#).

What's on the horizon?

- In March 2025, ESMA [announced](#) a reprioritisation of its workload, involving delay or cancellation of various deliverables including in relation to the Listing Act package. The Commission also [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including RTS under Art. 5(5) of the Multiple-vote Directive.
- In 2026, the Commission is expected to adopt Level 2 and Level 3 measures to support and supplement the package, based on advice from ESMA, including:
 - In April 2025, ESMA submitted [technical advice](#) on the amendments to the research provisions in the MiFID2 Delegated Directive.
 - In May 2025, ESMA published its [final report](#) on draft technical advice concerning MAR and MiFID2 SME Growth Markets following consultation in December 2024.
 - In June 2025, ESMA published its [final report](#) on draft technical advice concerning the Prospectus Regulation and on updating the CDR on metadata.
 - Following its [consultation](#) on draft RTS for the establishment of an EU Code of Conduct for issuer-sponsored research (closed 18 March 2025), ESMA submitted [final draft RTS](#) to the Commission on 22 October 2025.
- In 2026, ESMA may publish a final report on Guidelines on supplements which introduce new securities to a base prospectus following [consultation](#) in February 2025.
- Following a [Call for evidence](#) in October 2024 on ESMA's draft advice on harmonising rules on civil liability pertaining to securities prospectuses under the Prospectus Regulation, ESMA is expected to publish its final technical advice in due course.

EU Securitisation Regulation review

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

Securitisation Regulation Review

As part of the capital markets union (CMU) action plan, the Commission conducted a review of the EU securitisation framework. Fulfilling its mandate under Article 46 of the Securitisation Regulation (SR), the Commission published a report in October 2022, which set out a stock take on the SR's functioning and highlighted some targeted non-legislative improvements to the framework. The European Council has called on the Commission to accelerate work on all identified measures under the CMU.

Separately, the reports of [Christian Noyer](#), [Enrico Letta](#) and [Mario Draghi](#) recommended relaunching the securitisation market as a means of strengthening the lending capacity of European banks, creating deeper capital markets, building a European Savings and Investments Union (SIU) and increasing the EU's competitiveness. Enhancing the EU Securitisation Framework is a key initiative under the SIU Strategy, adopted in February 2025.

The Commission adopted a package of proposed amendments to the securitisation framework in June 2025. The package is passing through the EU legislative process in 2026.

Read more on the Securitisation Regulation and CMU [here](#), [here](#) and [here](#).

What's on the horizon?

- In its October 2024 [consultation](#), the Commission noted that issuance and investment barriers remain high, impeding the EU economy from fully reaping the benefits that securitisation can offer. The Commission sought feedback on a broad range of issues.
- In February 2025, the Commission published a [call for evidence](#) launching a holistic evaluation of the prudential and non-prudential elements of the current EU securitisation framework, with a view to identifying and removing existing barriers that restrict issuance and investments in the EU securitisation market. The call for evidence was open until 26 March 2025.
- On 17 June 2025, the Commission published a package of proposals, which are under consideration by the co-legislators in 2026:
 - A [proposed regulation](#) amending the securitisation regulation to simplify due diligence rules and transparency requirements, aimed at making it easier for investors to comply with their obligations in a timely and efficient manner and reducing the reporting burden on issuers of securitisation. The Council agreed its [negotiating position](#) on 12 December 2025. The European Parliament's ECON Committee will vote on a [draft report](#) in May 2026.
 - A [proposed regulation](#) amending the Capital Requirements Regulation (CRR – see [page 38](#)) to introduce greater risk-sensitivity and address the undue overcapitalisation of some types of securitisation exposures. The Council agreed its [negotiating position](#) on 12 December 2025. The European Parliament's ECON Committee will vote on a [draft report](#) in May 2026.
 - A [call for feedback](#) (closing 25 July 2025) on a proposed regulation amending the Liquidity Coverage Delegated Regulation ((EU) 2015/61) as regards the eligibility conditions for securitisations in the liquidity buffer of credit institutions
- Once Parliament's ECON Committee finalises the Parliament's negotiating position, trilogues are expected to begin in H2 2026.
- In its work programme for 2026, ESMA noted that it expected revised or updated mandates for Level 2 and 3 work.
- The Securitisation Regulation 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 12](#)).

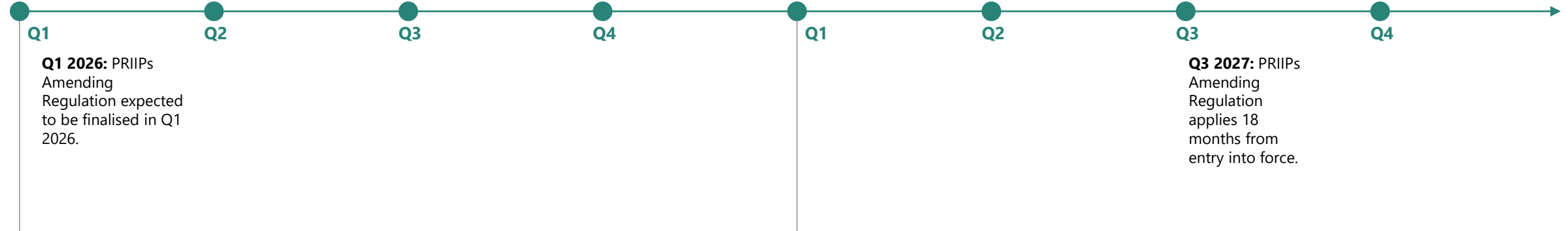
EU PRIIPS Regulation

[View related UK measures](#)



2026

2027



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.

What's on the horizon?

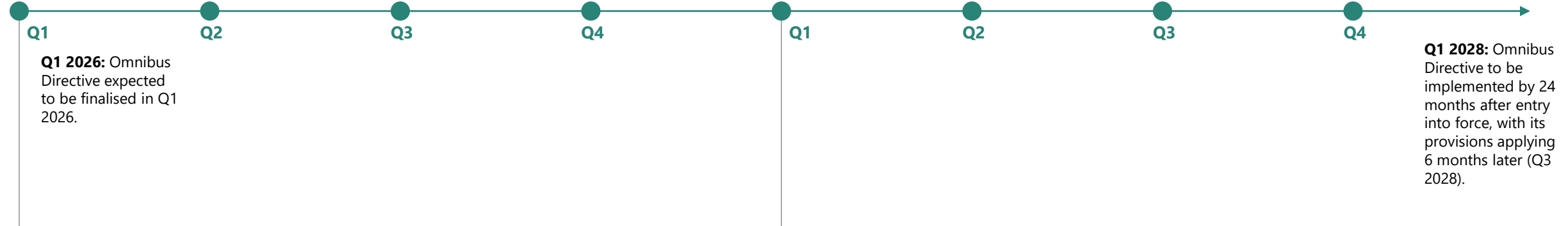
- The Commission has reviewed the PRIIPs Regulation as part of a wider assessment of the EU's retail investment strategy. The retail investment package was adopted in May 2023, comprising an 'Omnibus Directive' and a Regulation relating to retail investment reforms (see **page 26**). The package includes 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 30**) 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

2027



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 "influencers"; 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 25](#)); 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.



[View related UK measures](#)



EU Developments

II. ESG

EU ESG: In this section

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EU ESG Developments

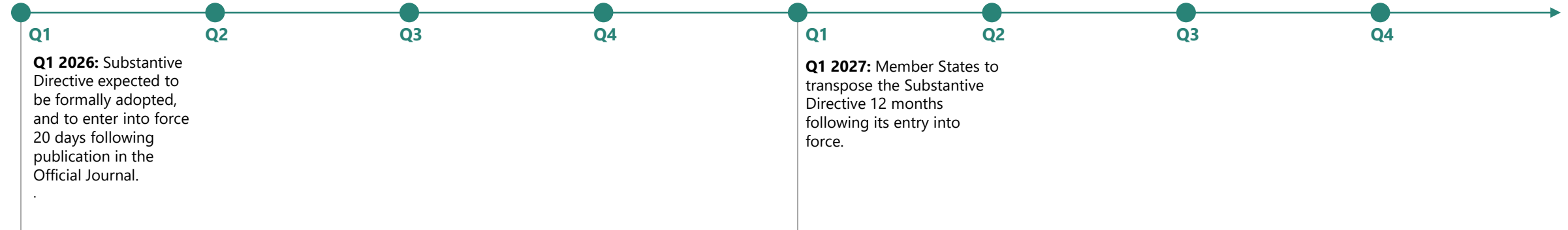
EU Sustainable Finance Omnibus I Simplification Package	29
EU Sustainable Finance Disclosure Regulation	30
EU Taxonomy Regulation	31
EU Anti-Greenwashing Directive	32
EU ESG Ratings Regulation	33
EU Corporate Sustainability Due Diligence Directive (CS3D)	34
EU Green Bond Regulation	35

Sustainable Finance Omnibus I package



2026

2027



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](#).

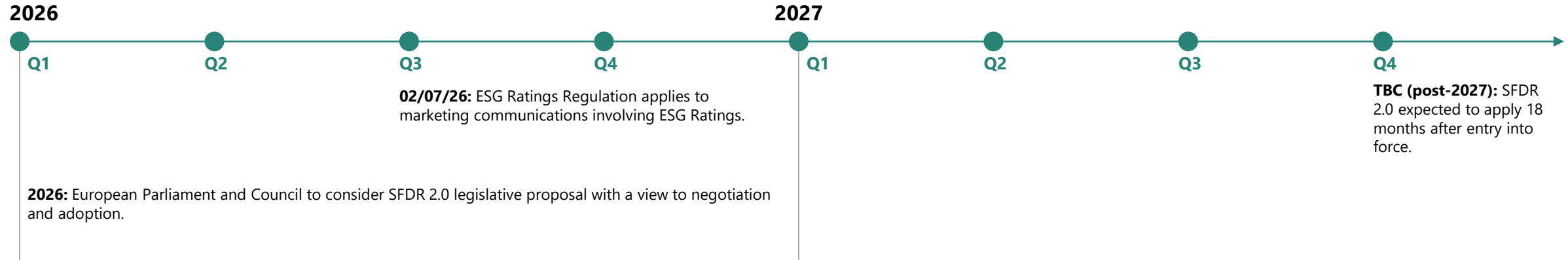
What's on the horizon?

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 31**)
- 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 34**).
- 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](#)



EU SFDR

The Sustainable Finance Disclosure Regulation (SFDR) aims 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.

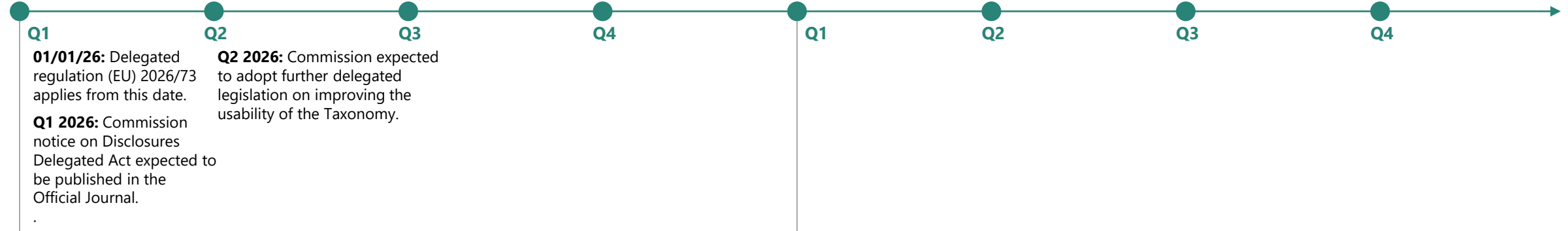
The Commission adopted its SFDR Review proposal in November 2025. The proposal will proceed through the EU legislative process during 2026.

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 33**) 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 29**). 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?

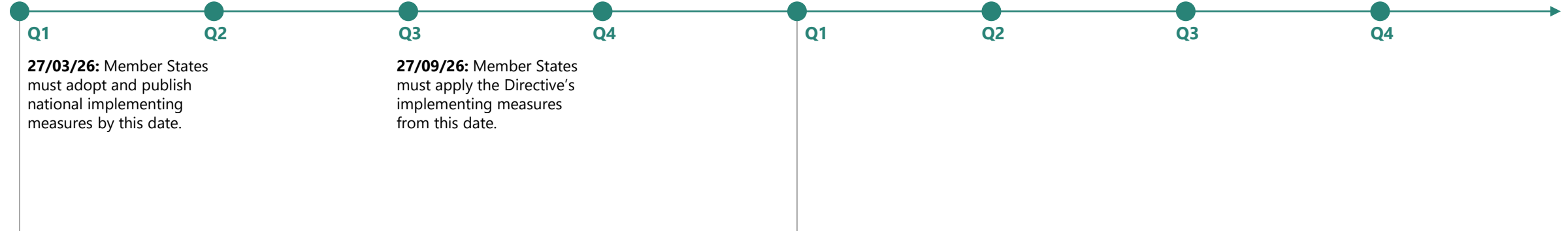
- Under Article 8 of the Taxonomy Regulation, undertakings that fall within the scope of the Corporate Sustainability Reporting Directive (CSRD) must report in their annual reports to what extent their activities are covered by the EU Taxonomy (Taxonomy-eligibility) and comply with the criteria set in 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 29**), 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

2027



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.

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.

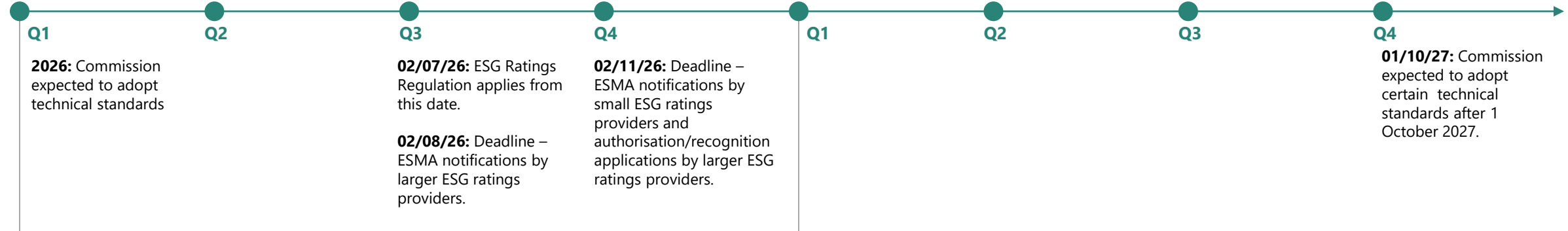
EU ESG Ratings Regulation

[View related UK measures](#)



2026

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 (iii) 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 changes in the ESMA Regulation, under the **EU Market Integration Package** (see **page 12**).

Corporate Sustainability Due Diligence Directive (CS3D)

[View related UK measures](#)**2026****2027****Q1****Q2****Q3****Q4****Q1****Q2****Q3****Q4**

Q1 2026 – Council expected to adopt Omnibus I Substantive Directive (see [page 29](#)).

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))

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)).

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 29](#)).

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?

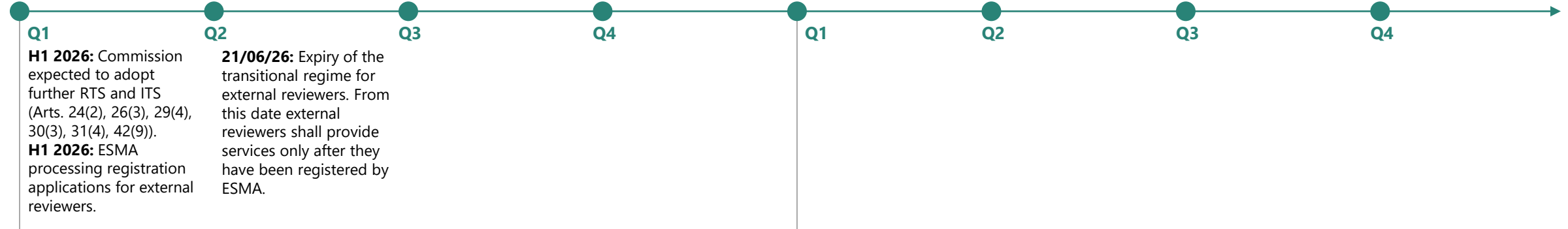
- [CS3D](#) entered into force on 24 July 2024. The Omnibus I package (see [page 29](#)) has pushed back the application date for the Directive by one year. Member States must now adopt and publish implementing measures by 26 July 2027, with phased deadlines for compliance starting on 26 July 2028.
- 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 29](#)).
- **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 29](#)) 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.

EU Green Bond Regulation



2026

2027



EU Green Bond Regulation

The EU Green Bond Regulation entered into force on 20 December 2023 and has applied from 21 December 2024.

The Regulation is designed to deliver the commitment in the European Green Deal Investment Plan of 14 January 2020 for a uniform standard for environmentally sustainable bonds.

The EU Green Bond Regulation sets out a voluntary EU framework for green use of proceeds bonds, including those issued by a special purpose vehicle in the context of a securitisation transaction (see **page 24** for securitisation developments). To obtain the 'EuGB' label, the issuer needs to allocate the proceeds from the bond issuance in full to finance (or refinance) assets, capex or opex aligned with the EU taxonomy set out in the EU Taxonomy Regulation.

What's on the horizon?

- The [EU Green Bond Regulation \(EU\) 2023/2631](#) entered into force on 20 December 2023 and has mainly applied from 21 December 2024. However, by way of derogation, certain provisions applied from 20 December 2023, and others will apply from 21 June 2026 (Article 72).
- Key elements of the Regulation are:
 - '**European Green Bond**' or '**EuGB**' designation for compliant bonds, with the issuers' home state National Competent Authorities supervising compliance with the standard.
 - To issue a European Green Bond, an issuer must produce a Prospectus Regulation compliant prospectus; prepare a European Green Bond factsheet; and use an **external reviewer** to provide (i) before the issuance of a European Green Bond, a 'pre-issuance review of European Green Bond factsheet' and; (ii) after the full allocation of its proceeds, a 'post-issuance review of allocation report'.
 - A transitional regime for external reviewers runs until 21 June 2026, after which they will be directly supervised by ESMA.
 - Provisions allowing some voluntary disclosure requirements for other environmentally sustainable and sustainability-linked bonds issued in the EU, such as those issued under the ICMA principles.
- ESMA was mandated to develop RTS for submission to the Commission by 21 December 2024, on the Commission adopted a [draft delegated regulation](#) in September 2025. ESMA submitted a [final report](#) on further draft RTS and ITS in October 2025, which the Commission is expected to adopt in H1 2026.
- External reviews of European Green Bonds, as well as external reviews and second-party opinions on bonds marketed as environmentally sustainable, sustainability-linked bonds, and bonds, loans and other types of debt instruments marketed as sustainable, will fall outside the scope of the new ESG Ratings Regulation (see **page 33**) to the extent that such external reviews and second-party opinions do not contain ESG ratings issued by the external reviewer or the second-party opinion provider. to ensure there is no duplication in reporting for companies subject to reporting under Article 4 of SFDR (see **page 30**).
- The EU Green Bond Regulation will be subject to targeted amendment under the **EU Market Integration Package**, to reflect changes to the ESMA Regulation (see **page 12**).

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



EU Developments

III. Prudential

EU Prudential: In this section

[View related UK measures](#)



EU Prudential Developments

CRR3/CRD6	<u>38</u>
EU IFD/IFR	<u>39</u>
CMDI Reform	<u>40</u>

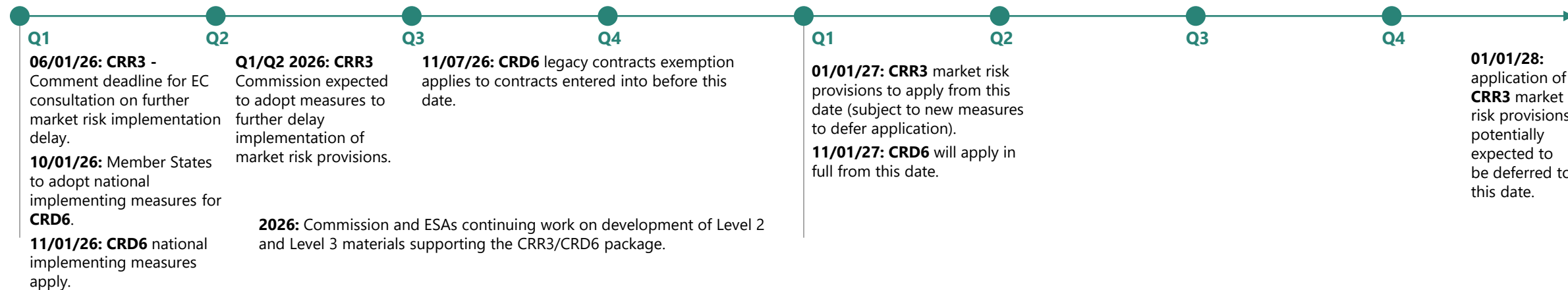
CRR3/CRD6

[View related UK measures](#)



2026

2027



CRR3/CRD6

Extensive revisions to the Capital Requirements Regulation (**CRR**) and the Capital Requirements Directive (**CRDIV**), known as the **CRR3/CRD6 package**, implement in the EU the final reforms agreed by the Basel Committee on Banking Supervision in December 2017 (known as **Basel 3.1** or, by some commentators, **Basel IV**).

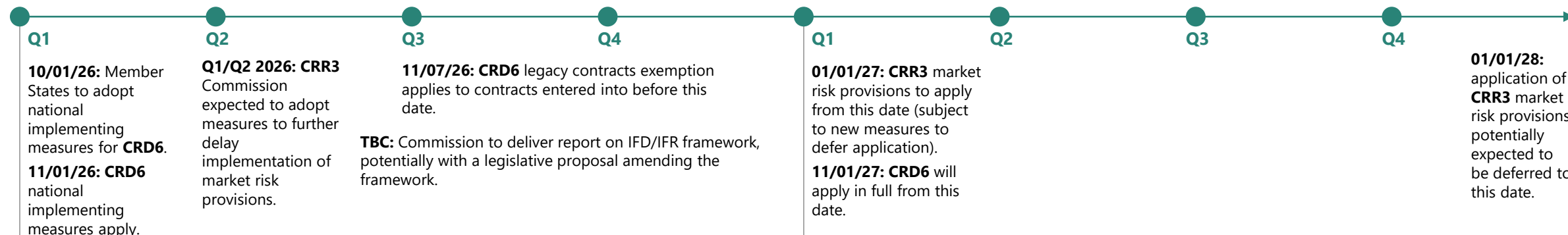
Other revisions introduce some EU-specific measures, including on the proportionate application of the prudential regime, the fitness and propriety of senior staff, new rules for bank M&A and reorganisations, and measures on supervisory powers including authorisation and prudential supervision of third country branches.

Read more on the elements of the CRR3/CRD6 package [here](#), [here](#), [here](#), [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- **CRR3** implements the Basel 3.1 reforms in the EU. It also includes some EU-specific measures in relation to the treatment of cryptoasset exposures and ESG risks. It entered into force on 9 July 2024 and has applied from 1 January 2025, apart from the FRTB (market risk) provisions which are currently set to apply from **1 January 2027** (by virtue of [Commission Delegated Regulation \(EU\) 2025/1496](#)). The Commission [consulted](#) in November 2025 on options for further delaying the FRTB provisions, in the context of ongoing uncertainty on implementation in other jurisdictions. Measures are expected to be published by end-March 2026.
- **CRD6** includes highly impactful provisions (Article 21c) prohibiting non-EU ('third country') firms from conducting 'core banking services' on a cross-border basis, requiring them to establish a branch in the EU ('Third country branch') and apply for authorisation unless they fall within one of the five available exemptions. Third country branches will need to comply with CRD6 prudential requirements including detailed reporting obligations. The CRD6 cross-border services restrictions apply to:
 - Non-EU Banks in respect of (i) Lending including, inter alia: consumer credit, credit agreements relating to immovable property, factoring, with or without recourse, financing of commercial transactions (including forfaiting); and (ii) Guarantees and commitments.
 - Any non-EU entity in respect of taking deposits and other repayable funds.
 - Exemptions from the prohibitions are available for (i) reverse solicitation; (ii) interbank business; (iii) intragroup business; (iv) MiFID ancillary business; and (v) legacy contracts (entered into prior to 11/07/26).
- **CRR3 and CRD6** include more than 50 mandates to the Commission and ESAs for delegated and implementing acts and technical standards, and more than 30 mandates to the EBA to develop guidelines on the operation of the package. The EBA is working to a [roadmap](#) for delivery of its mandates and is continuing work on these in 2026.

EU IFD/IFR

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

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?

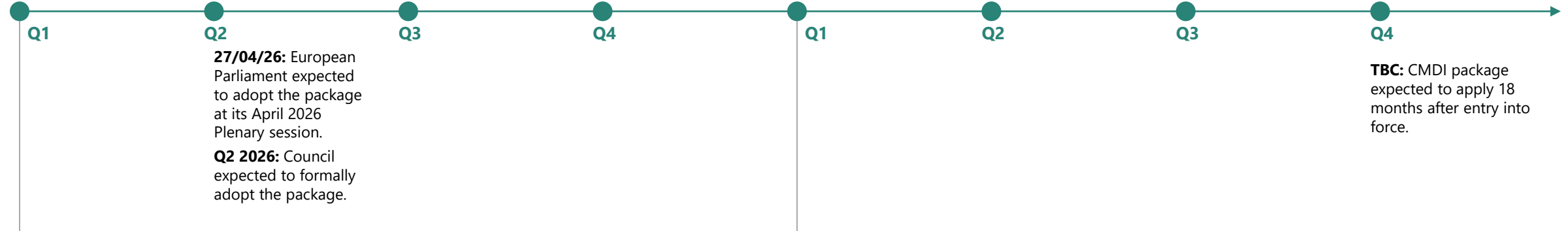
- Larger investment firms subject to CRDIV/CRR will be subject to the new CRD6/CRR3 provisions outlined on **page 38**.
- Article 60 of IFR and Article 66 of IFD mandate the Commission to submit a report (by 26 June 2024) to the Council and to the Parliament regarding multiple aspects of the IFD and 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.

CMDI reform



2026

2027



Crisis Management and Deposit Insurance (CMDI) reform

The Commission has reviewed the EU CMDI framework set out in the Bank Recovery and Resolution Directive (BRRD) the Single Resolution Mechanism Regulation (SRMR) and the Deposit Guarantee Schemes Directive (DGSD) with a view to making improvements to the framework to:

- improve its efficiency, flexibility and coherence;
- ensure depositors receive equal treatment; and
- give depositors more protection, including a possible common deposit protection mechanism.

What's on the horizon?

- The current EU CMDI framework is set out in the Bank Recovery and Resolution Directive (BRRD) and Deposit Guarantee Scheme Directive (DGSD) adopted in 2014. For eurozone and other banks subject to the SSM in the Banking Union, this framework is supplemented by the Single Resolution Mechanism Regulation (SRMR) which created a single resolution mechanism (SRM) in which the Single Resolution Board (SRB) acts as the resolution authority for significant and cross-border banks and the Single Resolution Fund (SRF) provides pre-funded resolution financing arrangements.
- Following consultations in early 2021 on general and technical issues in the CMDI framework the Commission published legislative proposals for revisions to the CMDI framework in April 2023. The legislative package is expected make significant amendments to the BRRD, the SRMR and the DGSD. It comprises the following legislative proposals:
 - a Directive amending the BRRD (BRRD3);
 - a Regulation amending the SRMR (SRMR3);
 - a Directive amending the DGSD (DGSD2);
 - a Directive amending the BRRD and SRMR on the methods for the indirect subscription of instruments eligible for meeting a bank's loss absorbency requirements (the daisy chain amendments – subsequently adopted).
- The European Parliament and the Council both finalised their negotiating positions in 2024 and the first inter-institutional 'trilogue' meeting took place on 17 December 2024. Trilogues progressed in H1 2025, and political agreement was eventually reached between the co-legislators on 26 June 2025. Technical trilogues took until November 2025, resulting in provisionally agreed texts for [BRRD3](#), [SRMR3](#) and [DGSD2](#). Adoption of the package and its publication in the Official Journal and its entry into force is now expected in Q2 2026.
- Once the package is in force, most of the measures will apply 18 months later.

Read more on the CMDI reforms [here](#).



EU Developments

IV. Cross-sectoral developments

EU Cross-sector: In this section

[View related UK measures](#)



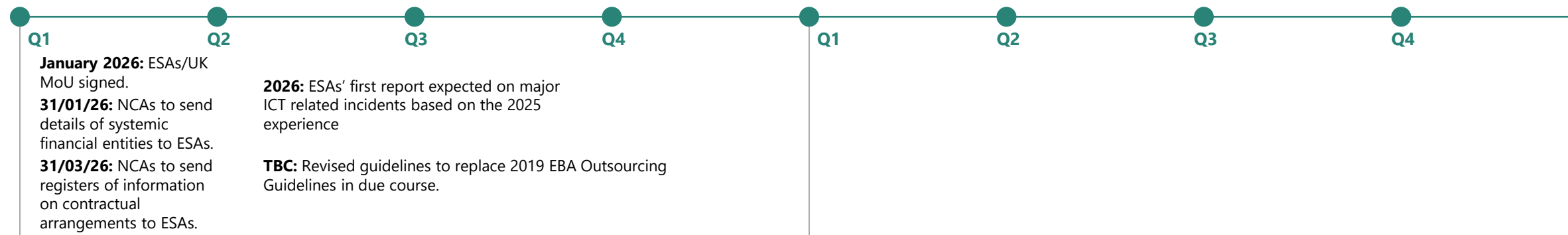
EU Cross-sectoral Developments

EU DORA	43
European Single Access Point (ESAP)	44
Distance Marketing of Financial Services	45
Insolvency Reform	46
Shareholder Rights Directive (SRD2)	47
PSD3, PSR and FIDA	48
New EU AML/CTF Framework	49
EU AI Act	50



2026

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.

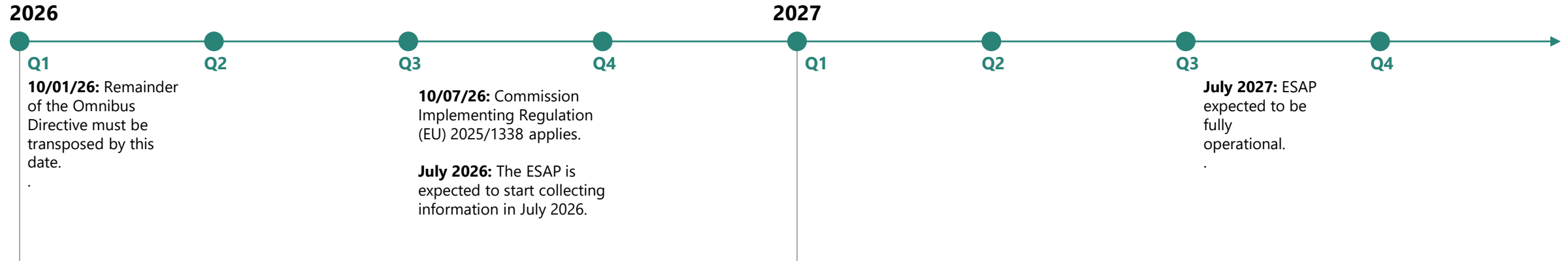
DORA is supported by Level 2 technical standards and Level 3 guidelines, many of which were delivered by the end of H1 2025. In 2026, the ESAs will be exercising their joint oversight mandate under DORA for the first time.

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 (see **page 83**) 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.

European Single Access Point (ESAP)



European Single Access Point (ESAP)

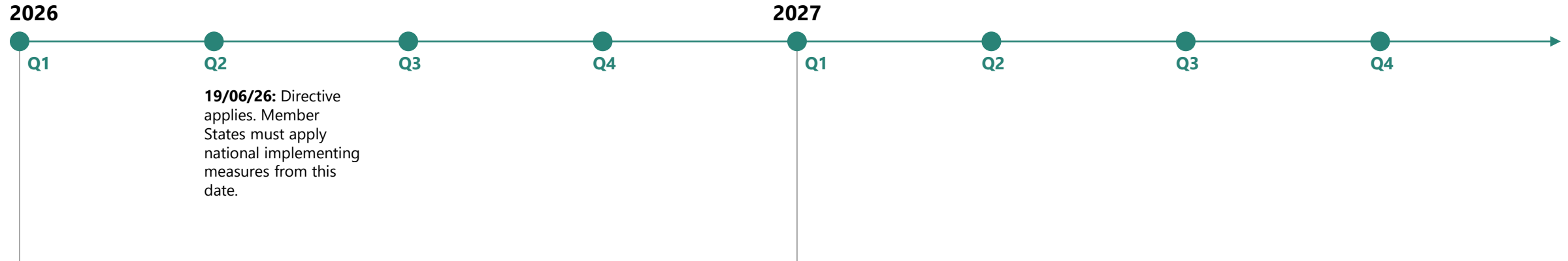
The ESAP Regulation will enable ESMA to create and maintain a single access point to financial and non-financial company data for investors. This data is currently fragmented across EU Member States, in many access points, in different languages and in various digital formats. The ESAP will instead provide free and non-discriminatory information about EU companies and investment products, regardless of where in the EU they are located or originated.

The ESAP is part of the Commission's second Action Plan on Capital Markets Union (CMU). It is designed to facilitate access to funding for EU companies and contribute to achieving the CMU objective of making it easier and safer for citizens to invest.

What's on the horizon?

- The [ESAP Regulation](#) was published in the Official Journal on 20 December 2023 and entered into force on 9 January 2024. It was accompanied by an Omnibus Regulation and an Omnibus Directive, which entered into force on the same date, and which amend a range of relevant EU legislation to specify the information that is to be made accessible in the ESAP, as well as certain characteristics of that information in relation to formats.
- Article 3 of the Omnibus Directive had to be transposed by Member States by 10 July 2025. The remainder of the Directive had to be transposed by 10 January 2026.
- From a timing perspective, the ESAP is expected to start collecting information in July 2026, while the publication of the information will start no later than July 2027 and gradually phased in.
 - Phase I will include in ESAP's scope information relating to the Short Selling Regulation, Prospectus Regulation and Transparency Directive.
 - Six months after the ESAP has been made public (i.e., 48 months after its entry into force), Phase II will begin – scope will include among other things information relating to SFDR, Credit Rating Agencies Regulation and the EU Benchmarks Regulation.
 - Phase III (the final phase) will include relevant information from around 20 additional pieces of legislation, including MiFIR, CRR and the EU Green Bonds Regulation.
- On 10 July 2025, [Commission Implementing Regulation \(EU\) 2025/1338](#) was published in the Official Journal, setting out the technical standards for the ESAP's core functionalities. These include a robust API for accessing data; support for machine-readable formats; use of Legal Entity Identifiers (LEIs) for consistent entity identification; and free access to basic functionalities, with ESMA allowed to charge fees for advanced services.
- The ESAP is expected to be fully operational by July 2027.

Distance Marketing of Financial Services



Directive on Financial Services Contracts Concluded at a Distance

Following a regulatory fitness (REFIT) evaluation, the Commission found that the protections of the Distance Marketing Directive (DMD) remain useful as a horizontal safety net where more recent sector-specific legislation has not been enacted, but that the DMD's protections need to be updated to account for technology developments since its adoption.

The Commission adopted a legislative proposal in May 2022 for a Directive on financial services contracts concluded at a distance. The Directive entered into force on 18 December 2023.

From 19 June 2026, the Directive will repeal the DMD and transfer its contents to a new chapter within the Consumer Rights Directive (CRD) and extend certain CRD rules to financial services contracts concluded at a distance. Existing DMD protections are also modernised.

What's on the horizon?

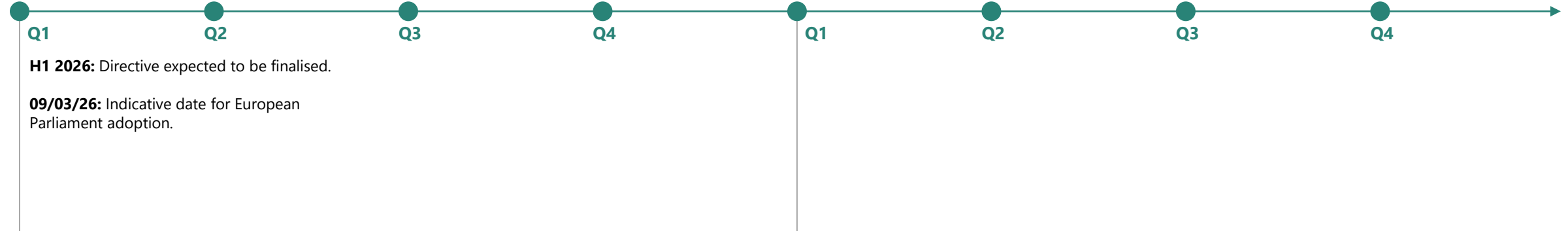
- [Directive \(EU\) 2023/2673](#) entered into force on 18 December 2023.
- National implementing measures were to include targeted amendments to the framework of protections in relation to pre-contractual information, the consumer right to withdrawal, and adequate explanations of proposed financial services contracts, to include a right to the customer to request human intervention where online services (for example chatbots) are used. A new protection is also included regarding online interfaces.
- The Directive required Member States to transpose the rules into national law by 19 December 2025, and to apply them from 19 June 2026.
- The Distance Marketing Directive will be repealed on the same date.

Insolvency reform



2026

2027



Directive harmonising certain aspects of insolvency law

Divergence between EU Member States' national insolvency regimes has long been a structural barrier to cross-border investment.

The Commission adopted a legislative proposal [harmonising certain aspects of insolvency law](#) on 7 December 2022 aimed at harmonising certain aspects of insolvency law. The proposal meets Action 11 of the Capital Markets Union (CMU) Action Plan, which is to introduce minimum harmonisation or increased convergence in targeted areas of non-bank insolvency law. This proposal focuses on formal insolvency, complementing the EU Restructuring framework introduced in 2019 which covered pre-insolvency/rescue measures.

The proposal is expected to increase legal certainty and the efficiency and duration of insolvency proceedings as well as to improve value recovery.

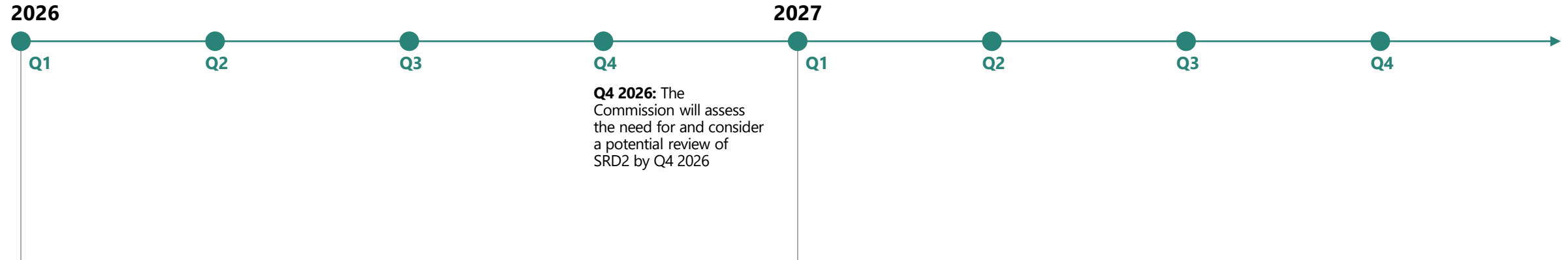
There have been calls by both the [Eurogroup](#) and the [ECB Governing Council](#) to redouble efforts on insolvency reform as a key part of achieving CMU.

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

What's on the horizon?

- The Commission's proposal covered the key elements set out below.
 - EU measures proposed to harmonise insolvency laws;
 - New pre-pack insolvency processes;
 - Measures for simplified liquidation;
 - A standardising mandatory duty for directors to file for insolvency;
 - Measures standardising claw back action;
 - Measures on availability of asset tracing registers and online auctions; and
 - Measures to mandate fact sheets on different insolvency laws.
- Under the Commission's proposal, the Directive would enter into force the day following its publication in the Official Journal. Member States would then be required transpose the provisions into their national law within 2 years. A Commission review of the Directive's application and impact was also envisaged 5 years after its entry into force.
- Following trilogue negotiations during H2 2025, [political agreement](#) on the proposal was reached on 19 November 2025. The legislation is expected to be formally adopted and published in the Official Journal in H1 2026.
- Once the Directive enters into force following adoption, Member States will have a period of two years and nine months to transpose the directive into national law.

Shareholder Rights Directive (SRD2)



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

PSD3, PSR and FIDA

[View related UK measures](#)



2026

2027

Q1

Q2

Q3

Q1

Q2

Q3

Q4

H1 2026: PSD3/PSR - Council and the European Parliament will continue working on the technical elements of the package before final adoption by the co-legislators.

H1 2026: FIDA - Trilogues ongoing with a view to reaching inter-institutional agreement.

TBC H2 2027/early 2028: PSD3 and PSR begin to apply.

TBC: FIDA to apply 18-24 months after entry into force (timings may be changed in trilogues).

EU financial data access and payments package

In June 2023, the Commission put forward a financial data access and payments package, comprising:

- proposals for a new Payment Services Directive (PSD3);
- a Payment Services Regulation (PSR); and
- a Regulation on a framework for financial data access (FIDA).

The current Payment Services Directive (PSD2), and the second e-money Directive, will be repealed and together become PSD3 and be complemented by the new PSR.

The package includes proposals to further level the playing field between banks and non-banks, improve the functioning of open banking, combat fraud and improve consumer rights.

The FIDA regulation will promote open finance, by establishing a framework of clear rights and obligations to manage customer data sharing in the financial sector beyond payment accounts. The proposals are continuing through the EU legislative process.

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

• What's on the horizon?

The **PSD3** and **PSR** proposals combine the existing payment services and electronic money regimes into a single set of proposals.

- PSD3 covers the authorisation and supervision of payment institutions and e-money issuers. PSD3 also amends the Settlement Finality Directive (**SFD**) (see **page 21**) definitions of "institution" and "participant" to add payment institutions to the list of institutions that can participate directly in payment systems designated by a Member State under the SFD.
- The PSR sets out harmonised conduct of business requirements for payment services including the rights and obligations of the parties involved.
- Under the Commission's PSD3 and PSR proposals,, firms' existing licenses would only remain valid for 30 months after PSD3 enters into force. This means that existing payment institutions and e-money institutions would be required to reapply for a licence under the new regime within 24 months of PSD3 coming into force. On **PSD3/PSR**, the [Council](#) and [Parliament](#) confirmed they had reached a provisional political agreement In November 2025. Technical discussions are ongoing and must conclude before the package can be formally adopted and published in the official journal.
- The **FIDA** proposal builds upon the existing third-party provider (TPP) access provisions in PSD2, extending the open banking principle to other types of accounts and financial products under a broader "open finance" initiative. It introduces financial sector-specific rules as envisaged by Chapter III of the proposed EU Data Act. On **FIDA**. In H1 2025, the co-legislators began trilogue negotiations on FIDA and these are ongoing.
- **Implementation:** under the Commission's proposals:
 - for **PSD3**, Member States must transpose and apply implementing legislation from 18 months after entry into force (apart from the SFD amendments which are to apply from 6 months after entry into force);
 - **PSR** would apply from 18 months after entry into force; and
 - **FIDA's** provisions would apply 18-24 months following entry into force.

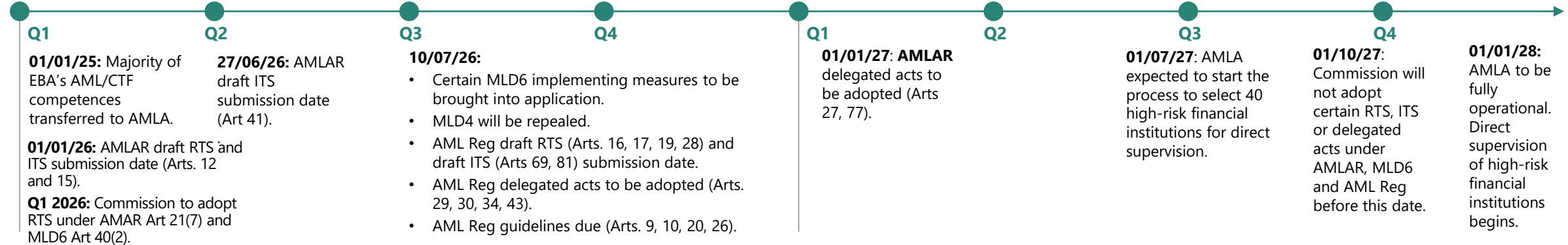
New EU AML and CTF Framework

[View related UK measures](#)



2026

2027



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 [AMLAR 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](#).

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.

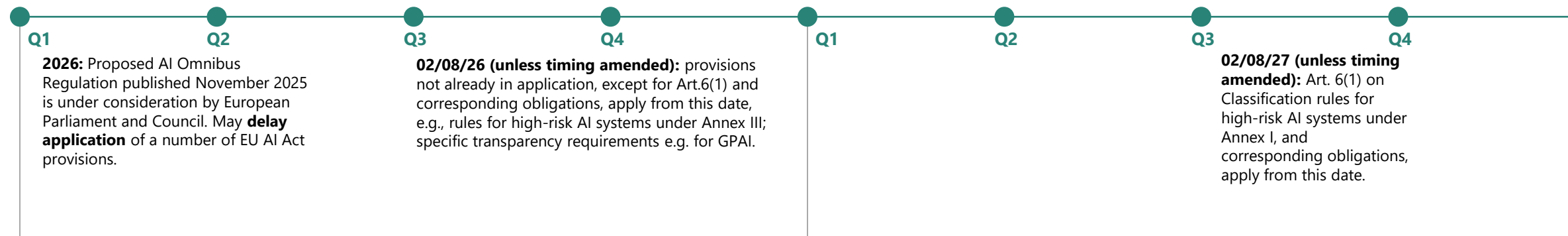
EU AI Act

[View related UK measures](#)



2026

2027



EU AI Act

The [EU AI Act](#) entered into force on 1 August 2024, and its provisions are being brought into application on a phased basis.

The EU AI Act sets out rules relating to the placing on the market, putting into service and use of AI systems in the EU, requirements on providers of GPAI models, and AI literacy requirements as well as transparency requirements and rules on market monitoring and surveillance.

The rules will apply proportionately according to level of risk.

- AI uses that are deemed to present unacceptable risk will be prohibited.
- High risk AI systems and their providers, deployers and other operators are subject to detailed requirements (including conformity assessment, risk and quality management, data governance, documentation and record-keeping, registration, transparency, human oversight, accuracy, robustness and cyber security).
- Certain other AI systems are subject to transparency requirements.

Application of the EU AI Act's provisions is set to be amended by the proposed **AI Omnibus Regulation**, which is passing through the EU legislative process.

Read more on the AI Act [here](#), [here](#), [here](#) and [here](#) and the Digital Omnibus [here](#).

What's on the horizon?

- The EU AI Act applies horizontally across all sectors including financial services, subject to certain specific exceptions. The Act is a complex and technical piece of legislation, and it is to be supplemented by delegated acts and guidelines and other supporting documentation. The measures in the Act extend to:
 - providers placing on the market or putting into service AI systems in the EU;
 - "deployers" of AI systems located in the EU;
 - providers and deployers based outside the EU to the extent the output produced by the AI system is used in the EU;
 - providers placing on the market general-purpose AI (GPAI) models in the EU; and
 - other actors in the AI value chain such as importers and distributors of AI systems.
- Providers of GPAI models can rely on voluntary codes of practice to demonstrate compliance with applicable requirements, until a harmonised standard is published. Codes of practice were originally to be ready at by 2 May 2025. The final version of the **GPAI Code of Practice** was [published](#) on 10 July 2025. The code of practice is supported by [guidelines](#) on the scope of obligations of providers of GPAI and a [template for the summary of training data](#).
- In 2026, further provisions of the EU AI Act are due to apply from 2 August 2026. However, the EU AI Act is impacted by the proposed [AI Omnibus Regulation](#), a simplification and burden reduction measure that forms part of the [Digital Omnibus package](#) published by the Commission in November 2025. Potential changes to the EU AI Act include postponed entry into application for high-risk AI provisions, transitional periods for entry of certain transparency requirements for generative AI and targeted amendments to other EU AI Act provisions on oversight, AI literacy, documentation and registration.

03

UK developments



[View related UK measures](#)



UK Developments

I. Markets

UK Markets: In this section

[View related EU measures](#)



UK Markets Developments

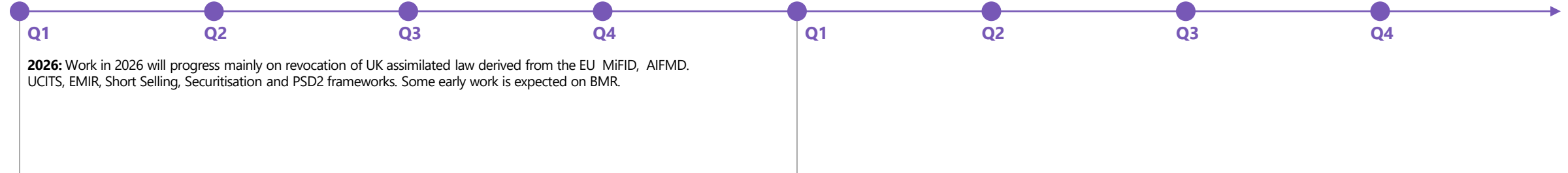
UK Smarter Regulatory Framework	54
MIFID/R and Wholesale Markets Review	55
Market data: UK Consolidated Tapes	56
UK EMIR	57
PISCES	58
UK T+1 settlement	59
Developing UK Cryptoassets regime	60
Short selling	61
Listing and Secondary Capital Raising	62
UK Securitisation framework	63
UK Retail Disclosure Framework replacing PRIIPs	64

UK Smarter Regulatory Framework



2026

2027



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.

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.

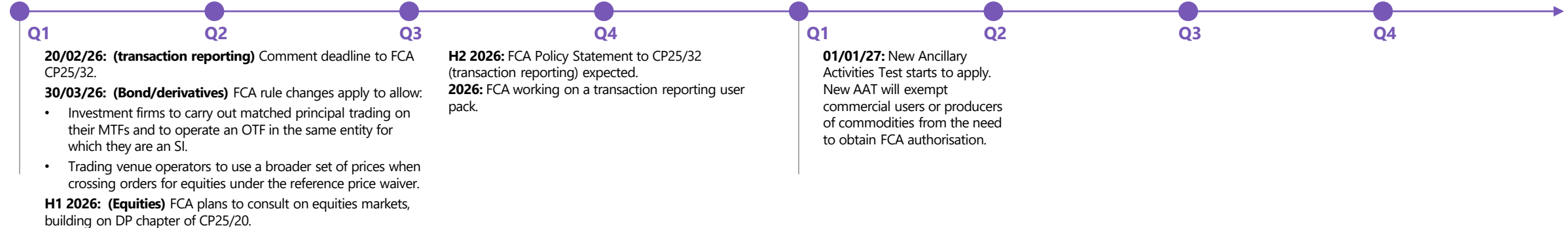
The Government introduced the 10-year [Financial Sector Growth and Competitiveness Strategy](#) in July 2025. The Strategy indicates that work will continue on the revocation and restatement of UK EMIR the UK MiFID framework, AIFMD and payments and e-money, and will begin on UK BMR. However, it is not 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.

THE 43 CORE FILES TRANCHE ALLOCATIONS

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

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

MIFID/R and Wholesale Markets Review

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

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 54](#)) 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.

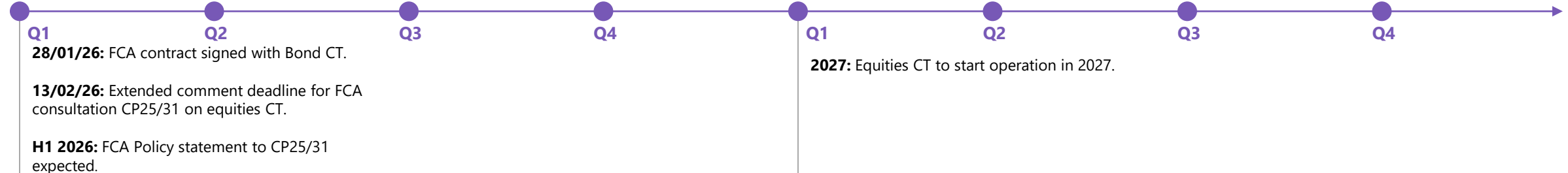
A range of further developments is progressing in 2026.

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

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 (see [page 56](#) for details).
- 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.
- Intermittent trading venue** – Developments relating to the PISCES sandbox are outlined on [page 58](#).
- 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.

Market Data: UK Consolidated Tapes

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

Market Data: UK Consolidated Tapes

Planned UK consolidated tapes (CTs) will consolidate, for selected asset classes, post-trade (and, for equities, potentially pre-trade) market data (such as prices and volumes) and disseminate them in a continuous, single feed. Benefits for market participants (for which consumption of CT data will not be mandatory) include a centralised source of price information against which to assess compliance with best execution obligations.

As part of the **'Smarter Regulatory Framework'** programme (see page 51) FSMA 2023 gave HM Treasury and the FCA powers to deliver on a recommendation in the Wholesale Markets Review to introduce a regulatory regime to support a consolidated tape for market data by 2024. This included powers for HM Treasury to amend the provisions around Data Reporting Service Providers (DRSPs).

Work is continuing in 2026 on the equities tape and with a view to the bonds tape to be in place as soon as practicable.

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

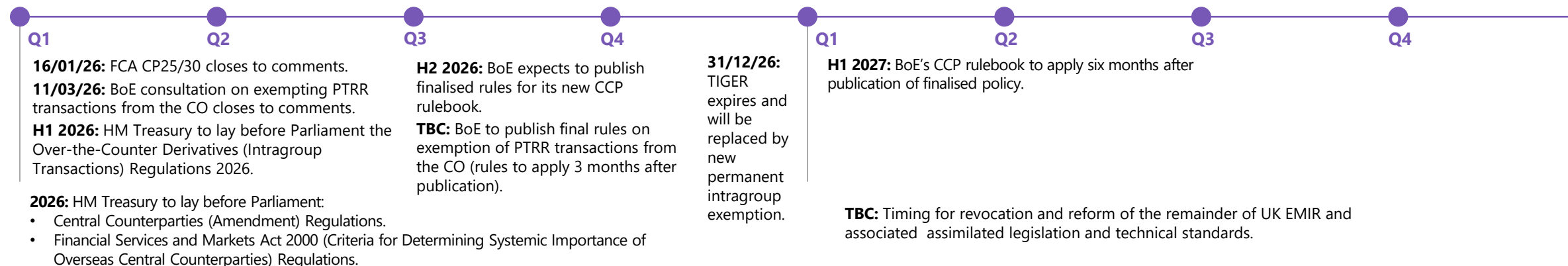
What's on the horizon?

- Delivering on a recommendation from the Wholesale Markets Review (see **page 55**), coordinated government and FCA work is facilitating the emergence of consolidated tapes. The aim is that, by building a more complete picture of the market, CTs will reinforce the UK's position as a leading centre for the listing and trading of bonds and equities. Following consultations, the FCA set out its finalised policy in [CP23/33](#). Under the framework, all trading venues and Approved Publication Arrangements (APAs) will be mandated to connect to the consolidated tape (CT) and provide their data to the CT provider free of charge.
- HM Treasury made the Data Reporting Services Regulations 2024 ([DRSRs 2024](#)) to replace the DRSRs 2017 and relevant retained EU law. The DRSRs 2024 entered into force on 4 April 2024, the day of revocation of the existing EU-derived legislation. FCA Handbook changes took effect on the same date.
- On the bonds CT, the FCA published tender documents on 7 March 2025, setting out how applicants could participate in the tender process. The selected CT provider would then need to go through the FCA authorisation process. The go-live date for the bonds CT was expected to occur after the planned changes to the bond transparency regime in December 2025 (see **page 55**). However, the FCA received a legal challenge to its selection of the Bonds CT, which delayed signing the Bond CTP contract until the High Court lifted the freeze. The FCA [confirmed](#) on 28 January 2026 that it has signed the contract with Etrading Software (ETS).
- On the equities CT (covering (shares and ETFs)), the FCA published an [update](#) in December 2024, along with the results of some [research](#) it commissioned. At the same time, it issued a call for expressions of interest from potential CT providers. The FCA published consultation [CP25/31](#) on the framework for the equities CT in November 2025 and expects to issue its policy statement in H1 2026. Procurement for an equity CTP will then commence. The intention is that the equities CT will start operation in 2027.



2026

2027



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 FMIs. 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 54**) and is progressing in 2026, along with changes to intragroup exemptions to be in place by the end of the year.

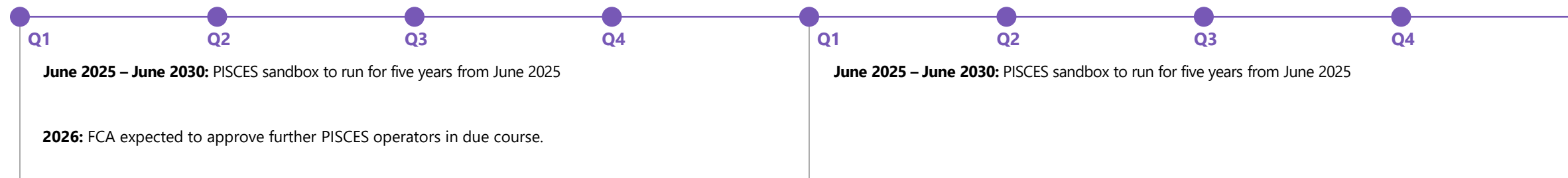
What's on the horizon?

- **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 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.



2026

2027



PISCES

One proposal in the Wholesale Markets Review (**WMR** - see **page 55**) was for a new type of trading venue should be established for SMEs with a market capitalisation of less than £50 million. The government [announced](#) in July 2023 at Mansion House that it would instead proceed with establishing a new 'intermittent' trading venue for private company shares. This was the preferred approach of respondents to the WMR.

'FMI Sandbox' powers in FSMA 2023 were used to establish the **Private Intermittent Securities and Capital Exchange System (PISCES)**, a new regulated market to be used for sale of existing shares in unlisted UK and overseas companies.

It is intended that, alongside the UK's listing reforms (see **page 62**), which will make it quicker and easier for companies to raise capital, PISCES will make private secondary markets more transparent and efficient. For companies, PISCES should also provide a stepping-stone to listing on public markets.

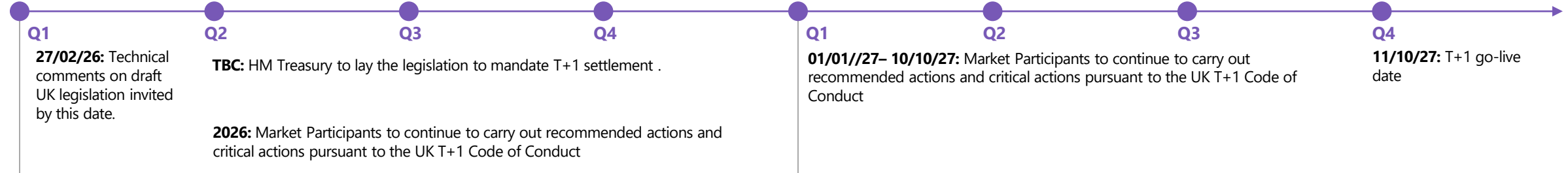
The PISCES sandbox launched in June 2025 and will run for five-year period.

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

What's on the horizon?

- PISCES has been developed using a 'financial markets infrastructure (FMI) sandbox'. This is the second use of the FSMA 2023 FMI Sandbox powers (following the creation of the Digital Securities Sandbox).
- In May 2025, HM Treasury laid the [Regulations](#) before Parliament setting out the legal framework for the PISCES Sandbox, and they entered into force on 5 June 2025.
- In December 2024, the FCA consulted in [CP24/29](#) on PISCES sandbox arrangements. The FCA published its final policy ([PS25/6](#)) in June 2025 relating to:
 - Rules for operators on establishing arrangements for pre- and post-trade disclosures in connection with trading events on PISCES;
 - Requirements for operators on organising and running trading events;
 - Requirements for operators in relation to oversight and prevention of market manipulation;
 - FCA's approach to determining sandbox applications;
 - Requirements for intermediaries establishing consumer protections for retail investors who are individuals and eligible to trade on PISCES; and
 - Guidance on how existing rules and guidance in the FCA Handbook apply to persons when they are participating in PISCES.
- The PISCES Sandbox launched on 10 June 2025 and trading in the sandbox began later in 2025.
- The FCA also published [information](#) for firms interested in applying to be a PISCES operator. As of January 2026, two PISCES operators have been approved. More are expected to be approved in due course.
- The [December 2025](#) iteration of the Regulatory Initiatives Grid did not note further specific planned work in 2026.

UK T+1 Settlement

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

Developing UK Cryptoassets regime

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

Q1

23/01/26: FCA publishes CP26/4 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.

Q2

Q3

Q4

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.

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](#).

What's on the horizon?

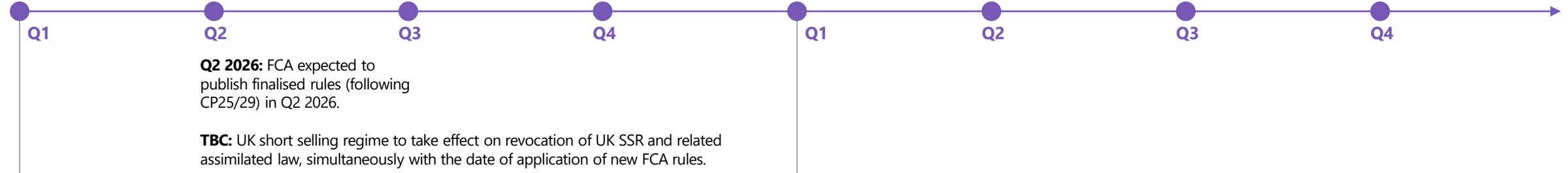
- **Overview:** the UK will regulate cryptoassets under FSMA 2000, through new specified investments and new regulated activities tailored to the stablecoin and other cryptoasset markets. Persons engaged in these activities **in or to** the UK by way of business would require authorisation. The DAR may 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 (resembling the new POAT regime – see **page 62**); 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 [CP26/4](#) on the application of its Handbook, and its Guidance Consultation [GC26/2](#) on how the Consumer Duty (see **page 82**) 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.

Short selling



2026

2027



Short selling

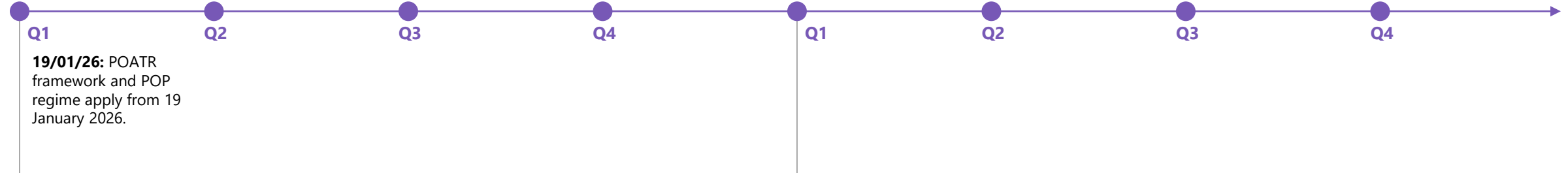
Revocation and replacement in FCA rules of the assimilated UK version of the EU Short Selling Regulation (UK SSR) was allocated to Tranche 2 of the 'Smarter Regulatory Framework' programme (see page 51).

HM Treasury and the FCA have been working on a replacement UK short selling regime to enter into force on repeal of the UK SSR. The aim is to ensure that the UK's approach to regulating the short selling of shares admitted to trading reflects the specificities of UK markets and continues to facilitate the benefits of short selling, whilst also protecting market participants and supporting market integrity.

What's on the horizon?

- Following consultation on the appropriate UK framework for short selling, and a further targeted consultation on removal from scope of the sovereign debt and credit default swaps aspects of the regime, the [Short Selling Regulations 2025 \(SSRs\)](#) were made on 13 January 2025. The proposed UK regime replacing will diverge from the EU SSR. Key elements of the SSRs include:
 - Publication by FCA of anonymised aggregated net short positions, replacing the requirement for firms to publicly disclose net short positions above 0.5%;
 - No restrictions on uncovered short selling of sovereign debt or sovereign CDS, and no sovereign debt notification requirements;
 - FCA will make rules on notification of net short positions;
 - FCA rulemaking power to exempt market-making and stabilisation activities (i.e. the FCA can replace the market maker exemption in the UK SSR);
 - FCA must publish a statement of policy on how it will use its emergency intervention powers; and
 - UK SSR equivalence regime replaced with a new 'designation' regime.
- The SSRs partly entered into force on 14 January 2025 (Regs 1-6, 8, 9 and 11) to enable designation of activities (see below) and the FCA to make rules. The remainder of the SSRs will take enter into force on the date of revocation of the UK SSR and related EU-derived legislation, in tandem with entry into application of the new FCA rules.
- As noted above, the SSRs include empowerments for the FCA to specify the firm-facing short selling requirements in its Handbook. The reformed UK short selling regime will be implemented via the new Designated Activities Regime (**DAR**) introduced under FSMA 2023. The DAR provides a enables certain 'designated' financial activities to be regulated whether or not the actor is authorised by the FCA to conduct regulated activities. The activities designated in the UK SSR are (i) entering into a short sale of an admitted share; and (ii) Entering into any transaction other than a short sale of an admitted share, where an effect of the transaction is to confer a financial advantage on the person entering into that transaction in the event of a decrease in the price or value of an admitted share.
- The FCA consulted between October and December 2025 in [Consultation Paper CP25/29](#) on a new Short Selling sourcebook containing proposed rules and guidance to implement the UK's new short selling framework under the SSRs. The FCA proposes to publish finalised rules In Q2 2026.

Listing and secondary capital raising reforms

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

Listing and secondary capital raising reforms

FSMA 2023 enabled the government to reform the UK's prospectus regime, to implement recommendations from Lord Hill's UK Listing Review designed to widen participation in the ownership of public companies, simplify the UK capital raising process, and make the UK a more attractive destination for initial public offerings.

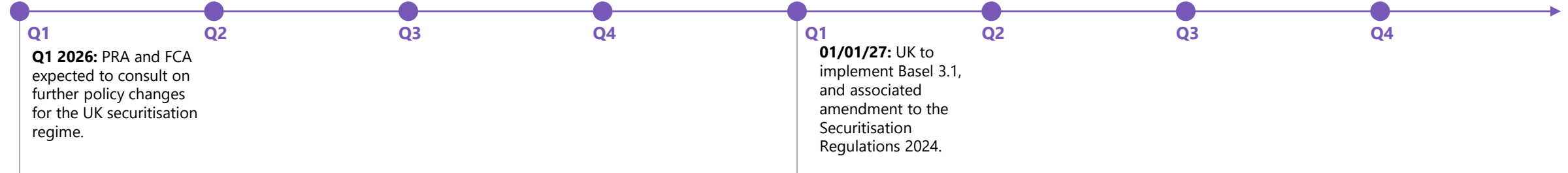
HM Treasury has also been working with the Department for Business, Energy & Industrial Strategy to deliver the recommendations made to government as part of the Secondary Capital Raising Review, and more broadly on reforms to corporate governance, aiming to further enhance the attractiveness of UK public markets.

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

What's on the horizon?

- Following Lord Hill's recommendations on the proposed reform of the UK listing regime, the new UKLR regime took effect on 29 July 2024, replacing the Listing Rules.
- As part of the Smarter Regulatory Framework programme (see **page 54**), the UK Prospectus Regulation (assimilated law) has been revoked and replaced by a new regulatory framework created under the Designated Activities Regime (DAR) introduced by FSMA 2023. [The Public Offers and Admissions to Trading Regulations 2024 \(POAT Regulations\)](#) set out the legislative framework to replace the UK prospectus regime. Among other things the POAT Regulations create a new prohibition on public offers of 'restricted securities' in the UK (subject to exemptions and exclusions). They also:
 - establish a new regime for securities 'admitted to trading' on a regulated market or multilateral trading facility (MTF);
 - introduce a new regulated activity of operating an electronic system for public offers of relevant securities; and
 - give the FCA powers to specify the content requirements for a prospectus for admission to trading of 'transferable securities' on a UK regulated market or UK primary MTF.
- Following [pre-consultation engagement](#) in 2023, the FCA issued two consultations in 2024 ([CP24/12](#) and [CP24/13](#)) on its proposed use of new powers. The FCA published two further consultations in Q1 2025 (CP25/2 and CP25/3) on further aspects of the regime. Finalised Policy was published on 15 July 2025 in two policy statements:
 - [PS25/9](#): New rules for the public offers and admissions to trading regime; and
 - [PS25/10](#): Final rules for public offer platforms (**POPs**).
- The POAT Regulations and the finalised FCA rules took effect on 19 January 2026.

UK Securitisation framework

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

UK securitisation framework

Revocation and replacement of the assimilated UK version of the EU Securitisation Regulation by new framework legislation and regulatory rules was allocated to Tranche 1 of the 'Smarter Regulatory Framework' programme (see page 51), culminating in a new UK framework in place from 1 November 2024.

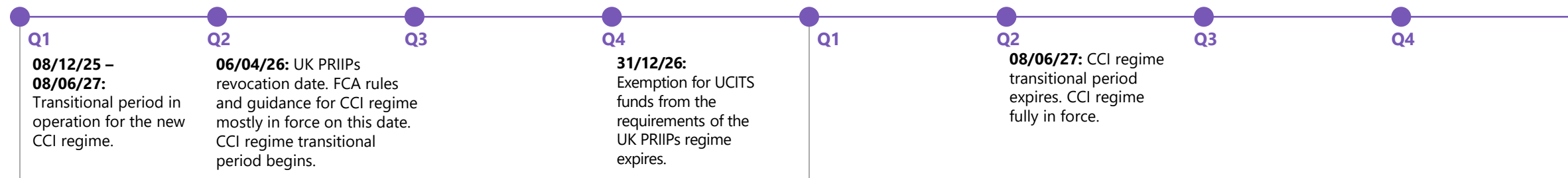
The April 2025 Regulatory Initiatives Grid provided that the PRA and FCA plan to consult on proposals for some further amendments to the UK securitisation regime in Q1 2026.

Read more on the UK framework [here](#) and [here](#)

What's on the horizon?

- Following HM Treasury consultations on the proposed UK framework legislation in 2022 and 2023, the [Securitisation Regulations 2024](#) were made in January 2024. The Regulations entered into force on 1 November 2024, with transitional provisions applying for securitisations which closed before that date. The Securitisation Regulations form part of the new UK securitisation framework along with [PRA rules](#) (for credit institutions and large investment firms) and [FCA rules](#) (for other firms).
- The UK securitisation framework applies in respect of a securitisation where the transaction meets the definition of a "securitisation" contained in the Securitisation Regulations and where one or more manufacturer (originator, sponsor or SSPE) is established in the UK or an institutional investor falls within the scope of regulation by the FCA or PRA.
- For UK implementation of the Basel 3.1 capital framework (see **page 75**), the PRA's final Basel 3.1 rules include a revised definition of "specialised lending" which incorporates an additional criterion related to the capacity of the borrowing entity to repay the obligation. Under regulation 3(1) of the Securitisation Regulations 2024, transactions or schemes which meet the definition of specialised lending are excluded from the definition of a "securitisation". HM Treasury [intends](#) to update the definition of "securitisation" to align with the updated Basel rules. This change would take effect alongside the implementation of the Basel 3.1 standards through PRA rules from the date of UK Basel 3.1 implementation, which has been set for 1 January 2027. The PRA's proposals on revocation and restatement of the remainder of UK CRR (see **page 77**), also include securitisation-relevant aspects.
- In their policy statements, the PRA and FCA committed to a further round of consultation in late 2024/early 2025 to take into account feedback to their rule consultations. Those further consultations are now expected in Q1 2026. The consultations will likely include, among other things, a redefining of what constitutes a "public" securitisation and proportionate changes to distinguish the reporting regimes for public and private securitisations.

UK retail disclosure framework replacing PRIIPs Regulation

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

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 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 82](#)). 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.



[View related EU measures](#)



UK Developments

II. ESG

UK ESG: In this section

[View related EU measures](#)



UK ESG Developments

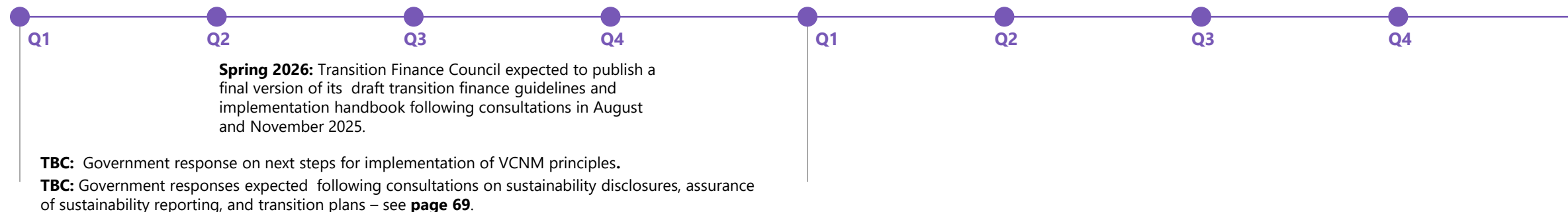
UK Green Strategy	67
Climate-related disclosures: Sell-side	68
Climate-related disclosures: Listed Issuers	69
Sustainability Disclosures and Investment Labels	70
UK Regulation of ESG Ratings Providers	71
Diversity in Financial Services	72

UK Green Strategy



2026

2027



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.

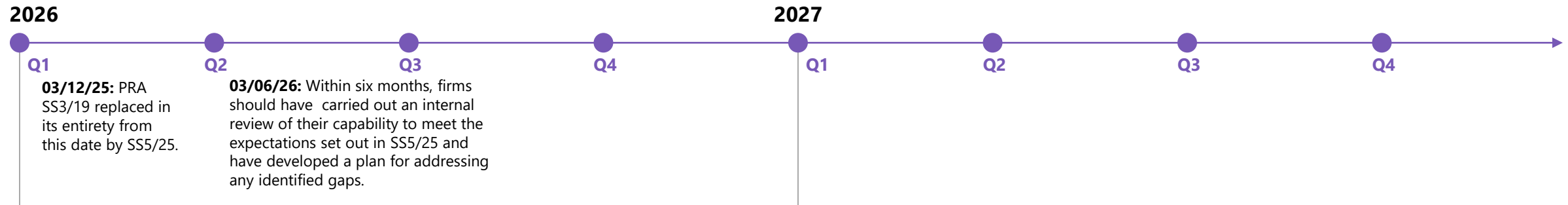
It is not yet fully clear what reforms may be made to the Modern Slavery Act 2015 (**MSA**), as recommended by the House of Lords in an October 2024 [report](#) on how the MSA should be updated for international alignment. The report included recommendations on supply chain due diligence (similar to 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 69**.
 - **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 71**.
 - **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 respond with next steps by the end of 2025, but the response is still awaited.

Climate-related disclosures: Sell-side



TBC: FCA may consult on ESG (including climate-related) disclosures and MIFIDPRU clarifications.

Climate-related disclosures: Sell-side

The UK formally committed in 2017 to using the recommended disclosures from the Task Force on Climate-related Financial Disclosures (TCFD) as a basis for mandatory climate related financial disclosures in the UK.

Sell-side firms are subject to an expanding range of climate-related disclosures obligations. For banks and PRA regulated investment firms, this includes Pillar III disclosures under the prudential framework, obligations arising under the PRA's expectations as set out in its ned SS5/25, the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and the Listing Rules.

FCA-only regulated MiFID investment firms are not currently required to make specific disclosures under the FCA's MIFIDPRU rules, but the FCA may potentially consult in 2026 on ESG (including climate-related) disclosures and MIFIDPRU clarifications.

What's on the horizon?

- At an international level, following a [consultation](#) in November 2023 on a possible Pillar 3 disclosure framework for climate-related financial risks, the BCBS finalised and published a [Framework for the voluntary disclosure of climate-related financial risks](#) in June 2025. The BCBS will also monitor developments, including implementation of other reporting frameworks and disclosure practices by internationally active banks in member jurisdictions and may update the voluntary framework if needed.
- Following a [consultation](#) between April and July 2025, the PRA published [PS25/25 – Enhancing banks' and insurers' approaches to managing climate-related risks – Update to SS3/19](#). With effect from 3 December 2025, the PRA's supervisory statement SS3/19 has been replaced by [SS5/25 – Enhancing banks' and insurers' approaches to managing climate-related risks](#).
- Firms will be expected to carry out an internal review of their current status in meeting the expectations set out in the final policy and develop a plan for addressing any identified gaps. This should be completed within six months of commencement of the final policy. Supervisors may ask for evidence of firms' internal reviews and action plans but would not do so until at least after the six-month review period has ended. Firms are not required to undertake an interim annual refresh of their SCR, ILAAP or ICAAP calculations within the six-month period to take into account the new SS5/25.
- Having set out its [early thinking](#) in 2021 on climate change and regulatory capital, the PRA explained in a March 2023 [report](#) on climate related risks and the regulatory capital framework, the PRA explained that it was engaged in ongoing work to establish if there are 'regime gaps' in the capital framework, including with the Basel Committee on Banking Supervision (BCBS) to establish whether climate related risks should be accounted for in banks' Pillar 1 capital framework.
- The FCA was expected to consult during 2024 on ESG disclosures under the Investment Firms Prudential Regime (IFPR), which would affect firms subject to MIFIDPRU. This consultation was not issued and may potentially be issued in 2026 (see **page 78**).

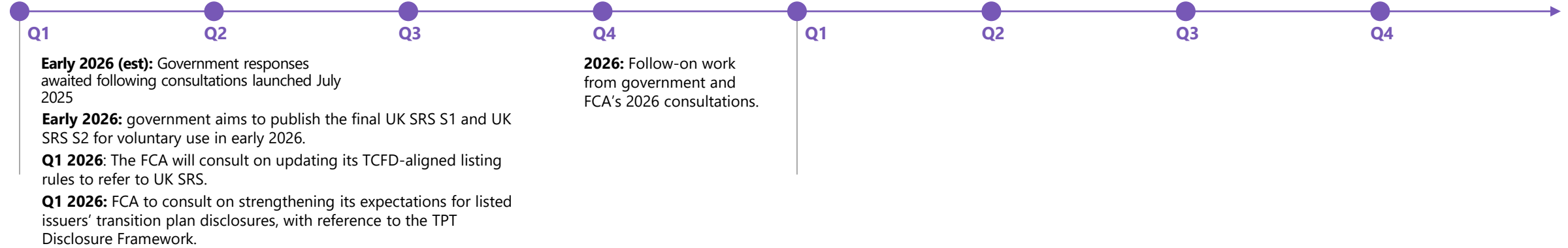
Read more on this development [here](#) and [here](#).

Climate-related disclosures: Listed issuers



2026

2027



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](#).

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](#).

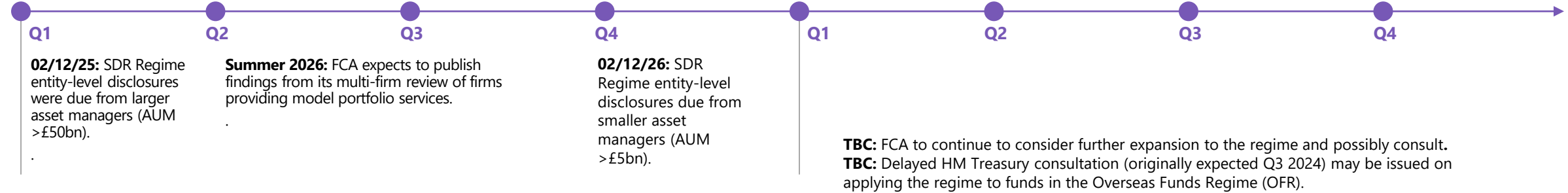
Sustainability Disclosures and Investment Labels

[View related EU measures](#)



2026

2027



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](#).

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 69](#)) and international developments.

UK regulation of ESG Ratings

[View related EU measures](#)**2026****2027****Q1**

Q1 2026: FCA engagement via webinars and roundtables.
31/03/26: Comment deadline for FCA CP25/34.

Q2**Q3****Q4**

Q4 2026: FCA Policy Statement and final rules expected.

Q1

January 2027: From January 2027, the FCA will provide pre-application support for in-scope firms.

Q2

June 2027: FCA expected to open authorisation gateway, allowing firms a 12-month period to seek authorisation.

Q3**Q4**

29/06/28 ESG rating regime applies in full from this date

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.

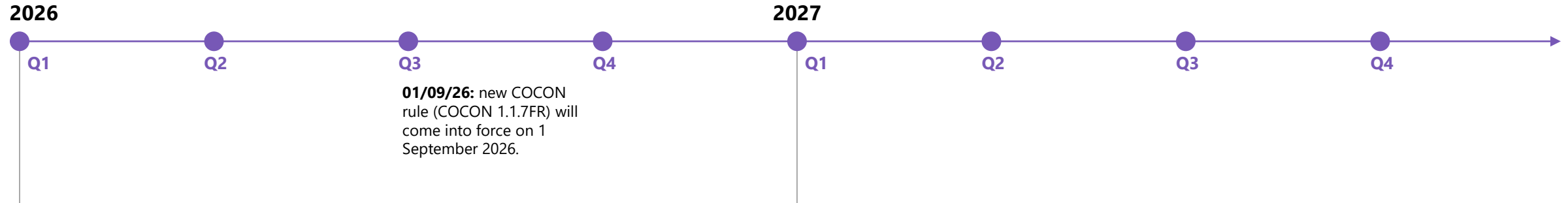
Since December 2023, the UK has had in place a voluntary Code of Conduct for ESG ratings and data products providers. In 2025 the government made the legislation to bring ESG ratings providers within the UK regulatory perimeter. The FCA is consulting on regulatory rules for ESG ratings providers and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

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.

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

Diversity in financial services



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. Prudential

UK Prudential: In this section

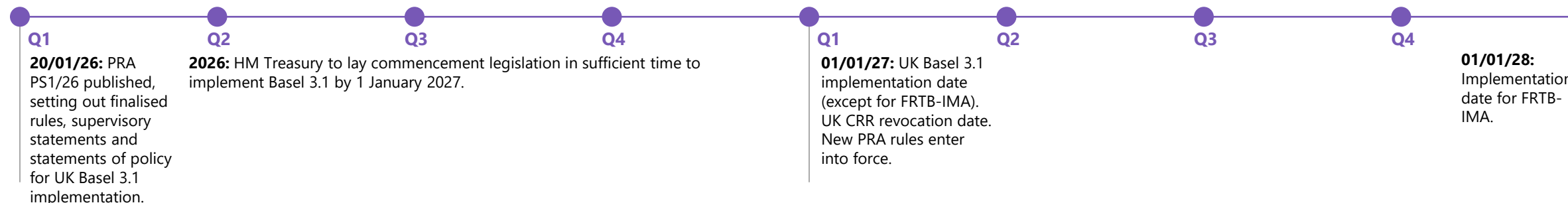
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UK Prudential Developments

UK CRR reforms for Basel 3.1 implementation	<u>75</u>
Strong and Simple Framework: New SDDT regime	<u>76</u>
Beyond Basel 3.1: Remaining UK CRR revocation and replacement	<u>77</u>
Investment Firm Prudential Regime (IFPR)	<u>78</u>
Ring-fencing regime	<u>79</u>

UK CRR reforms for Basel 3.1 implementation

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

UK CRR reforms for Basel 3.1 implementation

UK implementation of the final revisions to the Basel III framework agreed in December 2017 (referred to as **Basel 3.1**) requires a combination of legislation (revocation of parts of the retained Capital Requirements Regulation (575/2013) (**UK CRR**)) and revisions to **PRA rules and supervisory materials**. This forms part of the government's Smarter Regulatory Framework programme enabled by FSMA 2023 and outlined in the Edinburgh Reforms (see **page 54**).

HM Treasury initially consulted on the repeal of provisions of the UK CRR in November 2022, and since then the PRA has been consulting on the PRA rules that will replace UK CRR, to implement the majority of the Basel 3.1 standards with effect from 1 January 2027. These proposals were finalised in January 2026.

The PRA is also developing an adapted application of Basel 3.1, a '**strong and simple**' prudential framework, to non-systemically important or internationally active UK banks and building societies. Initial work is focused on small domestic deposit takers (**SDDTs**). This framework, which will take several years to establish, is discussed further on **page 76**.

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

What's on the horizon?

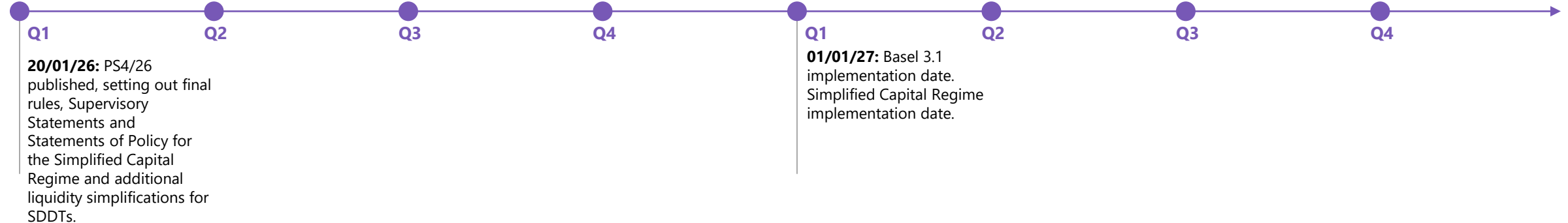
- Implementation of the Basel 3.1 standards in the UK was originally set for 1 July 2025, but the implementation date has been changed to **1 January 2027**, with full implementation by 1 January 2030 (when the output floor will be set at a final level of 72.5%).
- In July 2025, the government and PRA confirmed that the market risk elements relating to the internal model approach (FRTB-IMA) would be delayed by one year to **1 January 2028**. Other elements of the market risk framework, including the trading book boundary, and the standardised and advanced approaches (SSA and ASA) will still be implemented on **1 January 2027**.
- HM Treasury published a September 2024 [policy update](#) and the [draft regulations](#) for the revocation of relevant articles of UK CRR for Basel 3.1 implementation. This was followed by a [further policy update](#) on 15 July 2025, [draft transitional regulations](#) to delay implementation of the FRTB-IMA, and [draft regulations](#) to restate key UK CRR definitions in UK legislation. HM Treasury also published [guidance](#) on proposed Overseas Recognition Regimes (ORRs). Comments invited by 5 September 2025.
- The PRA previously published its near-final rules for Basel 3.1 implementation in two parts: (i) Part 1: [PS17/23](#) (December 2023) – covering market risk, CVA risk, counterparty credit risk and operational risk; and (ii) Part 2: [PS9/24](#) (September 2024) – covering credit risk, credit risk mitigation, the output floor, Pillar 2, and reporting and disclosure requirements. In July 2025, the PRA published an update ([PS7/25](#)) to PS9/24 and consulted in [CP17/25](#) on deferring application of the FRTB-IMA. The PRA published its final rules and policy in [PS1/26](#) in January 2026.
- The draft secondary legislation will be finalised and take effect on 1 January 2027 on revocation by HM Treasury of the UK CRR and related assimilated law, using its powers under FSMA 2023.
- UK CRR reforms for Basel 3.1 implementation will still leave a complex prudential regulatory framework across legislation, PRA rules and remaining technical standards. HM Treasury and the PRA are also working on the repeal and replacement of the remainder of the prudential legislative framework as soon as possible. This is discussed further on **page 77**.

Strong and Simple framework: New SDDT regime



2026

2027



SDDT regime

HM Treasury and the PRA are finalising proposals in 2026 for UK implementation of the final revisions to the Basel III framework agreed in December 2017 (referred to as Basel 3.1). This is outlined on **page 74**. Basel 3.1 will apply to firms that are systemically important and/or internationally active.

To cut complexity and cost for smaller banks and building societies, the PRA also plans adapted application of Basel 3.1, a 'strong and simple' prudential framework, to non-systemically important or internationally active UK banks and building societies. This framework will introduce a scale-up of capital and liquidity requirements according to the size or complexity of firms, equating to a simplified application of the Basel rules for smaller firms, while remaining consistent with the BCBS Core Principles for effective banking supervision.

The PRA's Initial work on the strong and simple framework has focused on small domestic deposit takers (SDDTs). The December 2025 version of the Regulatory Initiatives Grid gave no update on timing of proposals for extension of the strong and simple framework beyond SDDTs.

What's on the horizon?

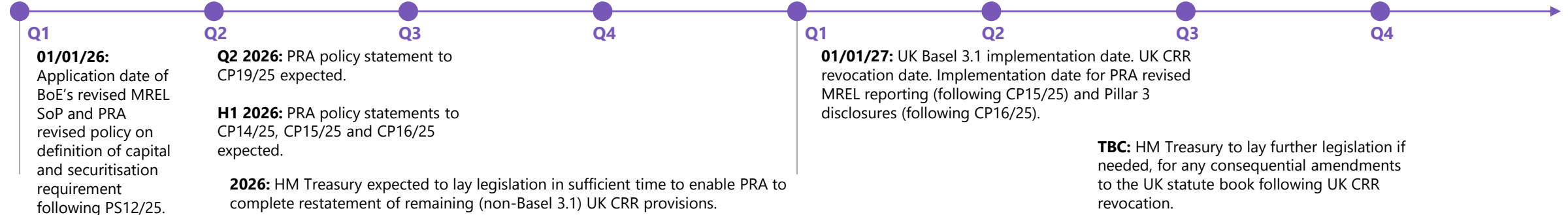
- Implementation of the Basel 3.1 standards in the UK was originally to take effect from 1 July 2025, which was subsequently changed to 1 January 2026, and most recently to [1 January 2027](#), with full implementation by 1 January 2030. The implementation date for the Simplified Capital Framework for the SDDT regime was previously set at 1 January 2026, but as noted below, the PRA now plans a Basel 3.1-aligned date of **1 January 2027**.
- The finalised policy published by the PRA on UK Basel 3.1 implementation (see **page 74**) is relevant for SDDTs. On the SDDT regime specifically, a range of consultations have taken place. The PRA published its first policy statement ([PS15/23](#)) in December 2023 on SDDT eligibility criteria, liquidity and disclosure requirements, along with a [Statement of Policy](#) on operation of the SDDT regime.
- In September 2024, the PRA published [CP7/24 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers \(SDDTs\)](#), setting out proposals for the proposed simplified capital regime and additional liquidity simplifications for SDDTs. The PRA published near final rules in October 2025 (PS20/25). Final rules were published on 20 January 2026, in [PS4/26](#).
- **Interim Capital Regime (ICR):** The ICR was designed to act as a bridge so that small firms would not need to apply the Basel 3.1 standards before the future implementation date of the permanent capital framework (Simplified Capital Regime) for the SDDT regime. The PRA published a policy statement (PS 19/24) in November 2024 on the definition of an ICR firm and a Statement of Policy on operating the Interim Capital Regime. On 15 July 2025, the PRA published consultation [CP17/25](#), which, among other things, proposed that the Simplified Capital Regime apply on the Basel 3.1 implementation date of 1 January 2027. In PS1/26 (see **page 74**) the PRA confirmed that this proposal will be carried forward and consequently **the ICR is no longer required**. Published materials on ICR will be deleted.

Beyond Basel 3.1: Remaining UK CRR revocation



2026

2027



Revocation and replacement of the non-Basel 3.1 elements of UK CRR

Draft legislation and PRA rules in development for UK implementation of the final revisions to the Basel III framework agreed in December 2017 (referred to as Basel 3.1) is discussed on **Page 75**.

Both Basel 3.1 implementation and replacement of the remaining EU-CRR-derived framework form part of the government's Smarter Regulatory Framework programme enabled by FSMA 2023 and outlined in the Edinburgh Reforms (see **Page 54**).

The Government has recognised that implementation of Basel 3.1 will repeal elements of UK CRR but will still leave the UK a complex prudential regulatory framework across legislation, PRA rules and remaining technical standards.

HM Treasury and the PRA are finalising proposals for revocation and replacement of the remaining ('non-Basel 3.1') elements of the prudential legislative framework to take effect on 1 January 2027 alongside the Basel 3.1 package.

What's on the horizon?

- In September 2024, HM Treasury published a [policy update](#) on its approach to Basel 3.1 implementation, including the proposed approach to revocation of the TLAC provisions in UK CRR and additionally its approach to revoking the remainder of assimilated law in the CRR and the Capital Buffers Regulations 2014 (CBR). The capital buffers framework was [amended](#) on 31 July 2025.
- UK CRR provisions on the definition of capital and on TLAC were revoked by [SI 2025/873](#) with effect from 1 January 2026 and replaced on the same date with PRA rules ([PRA PS12/25](#)) and a revised version of the Bank of England's [MREL Statement of Policy \(SoP\)](#).
- In September 2024, the PRA published consultation [CP13/24](#) on its proposals to restate (or not to restate) UK CRR's provisions relating to: the level of application of requirements; securitisation requirements; counterparty credit risk; settlement risk; mapping of external credit ratings (ECAI mapping); and certain other provisions.
- On 17 July 2025, PRA published [PS12/25](#), setting out finalised policy on the definition of capital, ECAI mapping, and securitisation expectations. The remainder of the PRA's policy following CP13/24 was published in near-final form in [PS 19/25](#) in October 2025. Final PRA policy was published on 20 January 2026 in [PS3/26](#), which included amendments to the PRA's policy regarding ECAI mapping. The revocation of the UK CRR provisions and their replacement with PRA rules outlined in PS3/26 will take effect on 1 January 2027.
- Revocation of definitions for key terms set out in Articles 4, 4a, 4b and 5 of UKCRR will take effect on 1 January 2027. HM Treasury published a [draft](#) of the revocation regulations in July 2025. The PRA published its consultation on replacement rules in [CP19/25 – CRR Definitions: restatement in PRA Rulebook](#) in July 2025 and expects to publish finalised policy in Q2 2026.
- Also expected in H1 2026 is the PRA's finalised policy following its July 2025 consultations [CP14/25](#), [CP15/25](#) and [CP16/25](#) on MREL reporting and disclosures and on raising the resolution assessment threshold for retail deposits

Investment Firms Prudential Regime (IFPR)

[View related EU measures](#)**2026****Q1**

10/02/26: FCA engagement paper on market risk capital framework for MIFIDPRU firms closes to comments

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

Q2

01/04/26: New MIFIDPRU-based definition of capital applies.

Q3

H2 2026: FCA to consult on market risk capital requirements for specialised trading firms.

Q4

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

2027**Q1**

2027: FCA expects to finalise policy on market risk capital requirements for specialised trading firms.

Q2**Q3****Q4**

Investment Firms Prudential Regime (IFPR)

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

The IFPR is based on, but not identical to, the EU IFD 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-authorized 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?

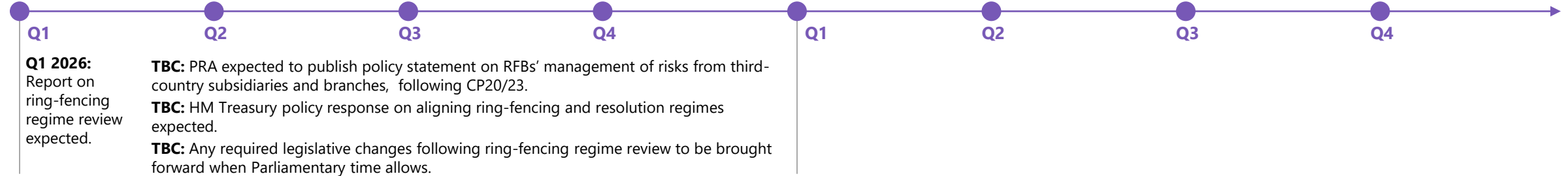
- IFPR applies to investment firms engaged in MiFID (Markets in Financial Instruments Directive) activities such as fund managers, asset managers, investment platforms, firms which deal on their own account, depositaries, and securities brokers. The majority of the FCA rules relating to the IFPR are 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.

Ring-fencing Regime



2026

2027



Ring-fencing Regime

The UK's ring-fencing regime aims to contribute to financial stability by requiring banking groups within the scope of the ring-fencing requirements (those with more than £35 billion of core retail deposits) to split out their retail banking activities from their investment banking activities. The threshold was increased from £25 billion to £35 billion on 4 February 2025.

An independent panel appointed by HM Treasury to review the operation of the regime, led by Keith Skeoch, published its report in March 2022. The panel noted that the regime has been beneficial for financial stability and should be retained, but that its benefit is likely to reduce with time once the UK's resolution regime is fully embedded.

The panel made some recommendations to improve the operation of the regime, including for reforms to the scope of the regime, the scope of excluded activities, the restrictions on servicing relevant financial institutions and the ability of firms to establish operations or service customers outside the EEA.

What's on the horizon?

- Following the panel's recommendations and consultation in 2023, In November 2024 HM Treasury published '[A Smarter ring-fencing regime](#)' in November 2024. The finalised secondary legislation, [The Financial Services and Markets Act 2000 \(Ring-fenced Bodies, Core Activities, Excluded Activities and Prohibitions\) \(Amendment\) Order 2025 \(SI 2025/30\)](#), entered into force on 4 February 2025. Among other things this legislation:
 - increased the ringfencing deposit threshold to £35 billion of core deposits;
 - Introduced a new secondary threshold that will take large UK banking groups that have only minimal investment banking operations out of scope;
 - allows ring-fenced bodies (RFBs) to incur an exposure of up to £100,000 to a single relevant financial institution (RFI) at any one time;
 - removed the geographic restrictions on where RFBs can operate, allowing RFBs to operate branches and subsidiaries outside of the UK or EEA, subject to PRA rules;
 - introduced a four-year transition period for complying with the ring-fencing regime where ringfenced banking groups acquire another bank that is not subject to ringfencing; and
 - Introduced other provisions to facilitate provision of finance to SMEs.
- Following consultation ([CP20/23](#)) in 2023, the PRA is expected to finalise its policy in due course on how RFBs should manage risks from third country subsidiaries and branches, reflecting the removal of the legislative prohibition on RFBs having non-EEA branches and subsidiaries.
- The government is expected in due course to publish a formal policy response on proposals for alignment of the ring-fencing and resolution regimes, following a call for evidence in March 2023 and a [summary of responses](#) in September 2023.
- In its Financial Services Competitiveness and Growth Strategy in July 2025, the government announced plans to review the regime, both legislation and PRA rules to: (a) assess allowing ring-fenced banks to provide more products and services to UK businesses; (b) address inefficiencies in how ring-fencing is applied to banking groups; and (c) examine the case for allowing banks to share resources and services more flexibly across the ring-fence. The report is expected in Q1 2026.



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UK Developments

IV. Cross-sectoral developments

UK Cross-sector: In this section

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UK Cross-sectoral Developments

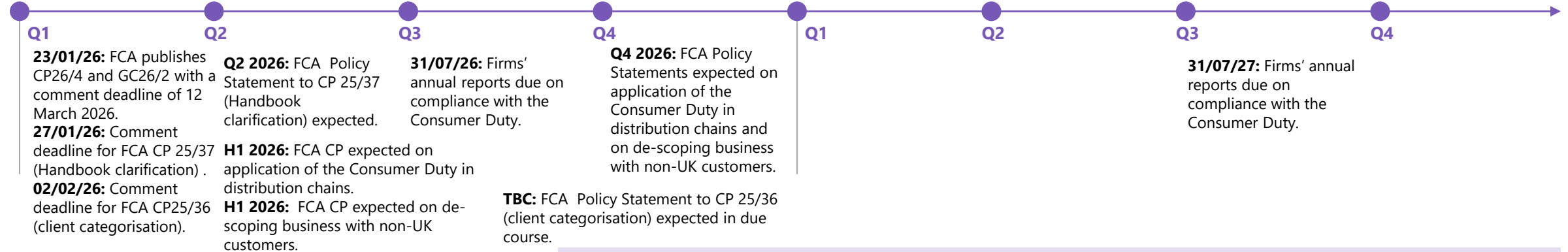
The Consumer Duty	82
Operational resilience	83
UK Payments, Open Banking and Open Finance	84
UK AML/CTF regime	85
Developing UK AI regime	86

UK Consumer Duty



2026

2027



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.

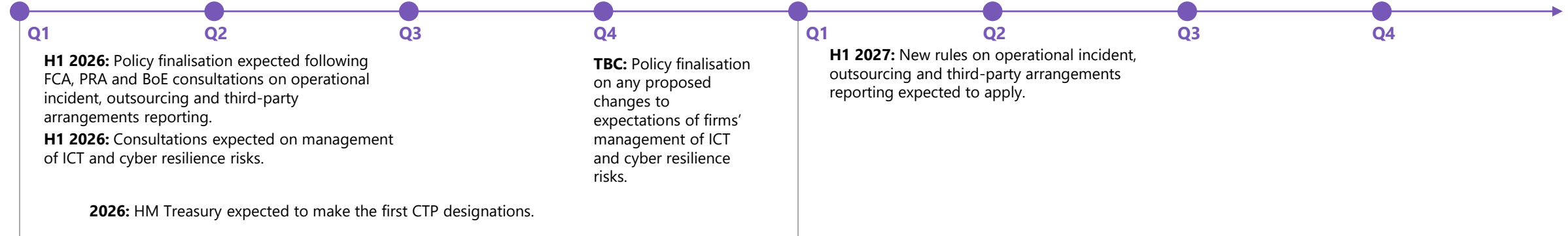
In 2026, the FCA is engaged in a range of workstreams. Wider measures such as the new retail disclosure framework and on the redress framework will also impact Consumer Duty-related policy.

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

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.

Operational resilience

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

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 FMIs 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 FMIs. 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.

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 FMIs 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 ESAs 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/FMIs 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.

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

UK Payments, Open Banking and Open Finance

[View related EU measures](#)**2026****2027****Q1****Q1 2026:**

- Payments Forward Plan to be published.
- Payment contactless limit removal.
- PVDC to consult on design of the new retail payments infrastructure.
- HM Treasury response on consolidating the PSR into the FCA.
- First cVRPs expected under UKPI scheme.
- Government and FCA to publish Open Finance roadmap by March 2026.

Q2**Q3**

07/05/26: Changes to safeguarding rules apply for UK payments and e-money firms.

Q4

Q4 2026: HM Treasury to draft secondary legislation to create Smart Data schemes for financial services.
Q4 2026: FCA to consult on Open Banking rules.

Q1

TBC: FCA expected to take over PSR's functions, until which time it retains its powers and remains an independent regulator

Q2

TBC: Work on reform of remainder of payments legislation under the Smarter Regulatory Framework

Q3

TBC: FCA to review implementation of the Supplementary Regime for safeguarding and consider whether to proceed with the 'end-state' (Post-Repeal Regime) proposals outlined in CP24/20.

Q4

UK Payments, Open Banking and Open Finance

In November 2024, the new UK government outlined the long-awaited articulation of the future of UK payments, in the form of the National Payments Vision.

The July 2025 Financial Services Growth and Competitiveness Strategy highlighted fintech as one of the priority growth areas for the financial sector, outlined new innovation- and growth-supporting initiatives for the fintech sector.

Multiple workstreams are ongoing or will commence in 2026, involving the PVDC, FCA, PSR and HM Treasury.

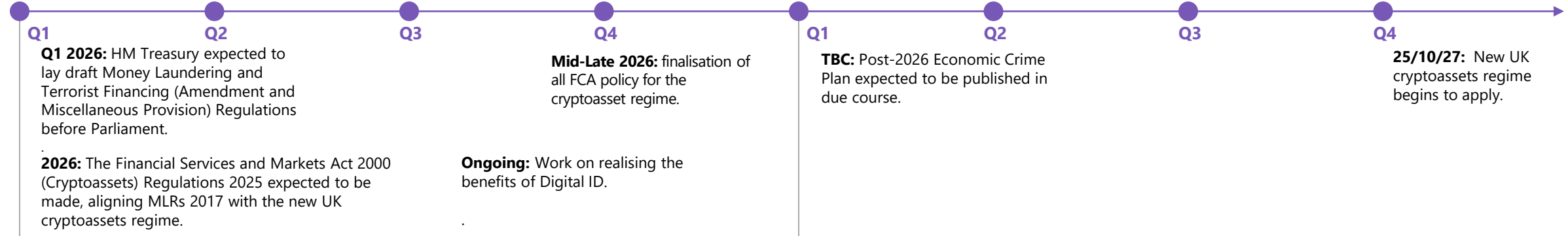
Work on reform of EU-derived payments legislation, which was allocated in Tranche 2 of the Smarter Regulatory Framework programme (see [page 54](#)), will also progress in 2026.

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

What's on the horizon?

- **National Payments Vision (NPV):** Tasked with delivering on the NPV, the industry-led **Payments Vision Delivery Committee (PVDC)** published its [retail payments infrastructure strategy](#) in November 2025. In Q1 2026, the PVDC will consult on the design of the new payments infrastructure and publish a sequenced plan of broader future initiatives (the **Payments Forward Plan**), and a recommended monitoring approach.
- **FCA and PSR:** The FCA and PSR were given a new [growth focused remit](#) in relation to payments regulation and provided a [progress update](#) to the Chancellor in late 2025. HM Treasury [consulted](#) in September 2025 on abolishing the PSR and consolidating its functions within the FCA and is expected to deliver its response in Q1 2026.
- **UK Competitiveness and Growth:** The [Financial Services Growth and Competitiveness Strategy](#) published in July 2025 identified fintech as one of the priority growth opportunities for the financial sector. The strategy announced that the FCA and PRA would launch a Scale-Up Unit ([launched in October 2025](#)) to enhance engagement with fast-growing, innovative regulated firms, as well as cross-cutting reforms to improve authorisation timeframes.
- **Open Banking:** The FCA and PSR, among other things, plan to put in place a new open banking payment method, variable recurring payments (**VRPs**), to increase competition and choice. In a December 2025 [delivery update](#) they noted that the first live commercial VRPs (**cVRPs**) would take place in Q1 2026 under the new UK Payments Initiative (UKPI) scheme. The FCA and PSR set out [next steps for open banking](#) in January 2026. HM Treasury is expected to consult on a regulatory framework for open banking, with draft legislation to create Smart Data schemes for financial services under the Data (Use and Access) Act (**DUA**) in Q4 2026. The FCA will then consult on proposed rules for the open banking framework
- **Open Finance:** The Government and FCA will publish an Open Finance Roadmap by March 2026. The FCA's [Smart Data Accelerator](#) will help facilitate Open Finance.
- **Safeguarding and the Smarter Regulatory Framework (SRF)** – Following its October 2024 consultation (CP24/20) on near- and long-term changes to the safeguarding regime for UK payments and e-money firms, the FCA confirmed in [PS25/12](#) that the rules for the Supplementary Regime (referred to as the 'interim state' in the consultation) will come into effect on 7 May 2026. During the Supplementary Regime, the PSRs and EMRs will continue to apply (with enhancements). In 2026, the government intends to progress revocation of the Strong Customer Authentication (SCA) in the PSRs – milestones will be set out in the Payments Forward Plan. Changes by the FCA to the SCA RTS removing the payment contactless limit will also take effect on [19 March 2026](#).

UK AML/CTF regime

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

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.

What's on the horizon?

- The UK's incoming cryptoasset regime requires consequential amendments 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 60](#)). 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 60](#)).
- 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.

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

Developing UK AI regime

[View related EU measures](#)**2026****2027****Q1**

30/09/25 – 09/01/26: FCA's Supercharged Sandbox offered participants with opportunity to experiment with AI using NVIDIA's Accelerated Computing and AI Platform.

Q2

Q2/Q3 2026: Draft Frontier AI Bill expected to be laid before Parliament mid-2026.

Q3**Q4**

2026: DRCF expected to provide an update on horizon scanning work on agentic AI.

TBC: FCA/PRA response to Treasury Committee report on AI in Financial Services.

2026: Ongoing work delivering recommendations of the UK AI Opportunities Action Plan.

2026: DRCF working on regulatory coherence and regulatory uncertainty.

Ongoing: DSIT guidance on implementing the cross-sectoral AI regulation principles developing over time.

Q1**Q2****Q3****Q4**

Developing UK regime for Artificial Intelligence

A government white paper in 2023 outlined a principles-based approach to the embrace of AI in the UK economic sectors, which would rely on sector-specific regulatory guidance.

In 2024 the UK hosted the AI safety summit at which a non-binding agreement was signed by major AI firms, including OpenAI, Google DeepMind, and Anthropic, signed a non-binding agreement to allow partner governments to evaluate their large language models for risks before their release.

To put that voluntary agreement on a statutory footing, a draft 'Frontier AI Bill' was expected to be introduced in 2024/2025 but has been delayed to mid-2026. The Frontier AI Bill is expected to focus on advanced "frontier" AI models (the most powerful models that generate text, images and videos) and potentially copyright issues related to AI.

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

What's on the horizon?

- In March 2023, the government published a white paper, [AI regulation: a pro-innovation approach](#), setting out the government's proposals for implementing a proportionate, future-proof and pro-innovation framework for regulating AI.
- In place of a single UK AI regulator, the white paper set out a set of cross-sectoral principles (covering safety, fairness, transparency, accountability and redress) for all existing UK regulators to develop sector-specific guidelines for AI development and use. This regulatory guideline approach is intended to apply to all models except frontier AI. ['Phase 1' guidance](#) on implementing the principles was published in 2024, with further phases to be rolled out over time.
- Timing for introduction of the proposed Frontier AI Bill is uncertain at this stage but likely to be after the next King's Speech (expected May 2026). The Bill's scope is expected to be expanded beyond AI safety and security to include a comprehensive framework for copyright issues related to AI.
- The UK's January 2025 [AI Opportunities Action Plan](#), set a strategy for harnessing AI to help meet the UK's goals for sustained economic growth. The UK government has [endorsed all 50 of its recommendations](#), with most of the immediate next steps scheduled for delivery during 2025.
- The Digital Regulation Cooperation Forum (DRCF) ran a pilot initiative, [the DRCF AI and Digital Hub](#) to support AI and digital innovators with free (non-legally binding) advice on how regulations apply to their AI and digital products. The pilot period ended in April 2025. In its [2025/26 Workplan](#), the DRCF is focusing, among other things, on regulatory consistency in AI and AI assurance, including gaining deeper understanding of each others' regulatory regimes and on industry perceptions of regulatory uncertainty.
- The FCA is focused [in 2025/26](#) on working with firms to support the adoption of AI use cases (including through testing in its [AI Lab](#)) and on working with the ICO to assess GDPR barriers to AI innovation. From 30 September 2022 until 9 January 2026, successful applicant firms could test early-stage proofs of concept within the FCA's Supercharged Sandbox.
- The FCA and PRA are yet to respond to the House of Commons Treasury Committee's January 2026 report "[AI in Financial Services](#)."

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)
- **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
- **Basel 3.1** – The final Basel III standards agreed by the Basel Committee on Banking Supervision (BCBS) in December 2017, comprising further revisions to the Basel III framework designed to reduce excessive variability in the calculation by banks of their risk weighted assets (RWA) for regulatory capital purposes.
- **BoE** – Bank of England
- **CCI** – Consumer Composite Investment
- **CCP** – Central counterparty
- **Commission** – The European Commission
- **CMDI** – Crisis Management and Depositor Insurance
- **CRD6/CRDVI** – Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks
- **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
- **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)
- **CS3D** – Corporate Sustainability Due Diligence Directive
- **CT** – Consolidated Tape
- **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
- **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

Glossary

(continued)

- **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
- **ESAP** – European Single Access Point
- **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
- **FCA** – UK's Financial Conduct Authority
- **FIDA** – Proposal for a Regulation on a framework for Financial Data Access and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2022/2554. Interinstitutional reference 2023/0205 (COD)
- **Financial Collateral Directive** – Directive 2002/47/EC of the European Parliament and of the Council of 6 June 2002 on financial collateral arrangements
- **FSMA 2023** – The Financial Services and Markets Act 2023, which was enacted on 29 June 2023.
- **Green Bond Regulation** – Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds
- **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
- **Listing Act Package** – (i) Directive ((EU) 2024/2811) introducing targeted adjustments to MiFID2 to enhance visibility and facilitate listing of companies (especially SMEs) on EU stock exchanges, to introduce regulation for issuer-sponsored research, and to repeal the original EU Listing Directive to enhance legal clarity (ii) Regulation ((EU) 2024/2809) amending the EU Prospectus Regulation, the EU Market Abuse Regulation (MAR) and EU MiFIR to streamline and clarify listing requirements applying on primary and secondary markets, while maintaining an appropriate level of investor protection and market integrity and (iii) Directive ((EU) 2024/2810) on multiple-vote share structures
- **MAR** – Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC)
- **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
- **PISCES** – Private Intermittent Securities and Capital Exchange System
- **POAT regime** – Public Offers and Admissions to Trading regime
- **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
- **PSD3/PSR** – (i) Proposal for a Directive on payment services and electronic money services in the internal market amending Directive 98/26/EC and repealing Directives 2015/2366/EU and 2009/110/EC. Interinstitutional reference 2023/0209 (COD) and (ii) Proposal for a Regulation on payment services in the internal market and amending Regulation (1093/2010). Interinstitutional reference 2023/0210 (COD).
- **PSR** – UK's Payment Systems Regulator
- **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
- **Settlement Finality Directive** – Directive 98/26/EC of the European Parliament and of the Council of 19 May 1998 on settlement finality in payment and securities settlement systems
- **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
- **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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