Clifford Chance

INTERNATIONAL REGULATORY UPDATE:
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Benchmarks Regulation: EU Commission publishes draft Implementing Regulation exempting certain spot FX benchmarks

The EU Commission has published a draft Implementing Regulation setting out a list of spot FX benchmarks that are exempt from the requirements of the Benchmark Regulation (BMR).

The aim is to ensure that EU banks, investment funds and businesses continue to have access to spot foreign exchange benchmarks that are widely used for hedging purposes, even where the administrators of these rates may not have the incentive to comply with the BMR.

Comments are due by 2 March 2026.

EMIR 3.0: RTS on active account requirement published in Official Journal

EU Commission Delegated Regulation (EU) 2026/305 containing regulatory technical standards (RTS) on the active account requirement (AAR) under the revised European Market Infrastructure Regulation (EMIR 3.0) has been published in the Official Journal.

The RTS set out the operational conditions related to the AAR, the representativeness obligation, and reporting requirements.

Delegated Regulation (EU) 2026/305 will enter into force on 26 February 2026.

SRB consults on business reorganisation plan analysis reports and quantitative template

The Single Resolution Board (SRB) has launched a public consultation on operational guidance for business reorganisation plan (BRP) analysis reports and the accompanying quantitative template.

Following a bail-in, institutions must prepare and deliver a BRP within a month. The SRB expects banks to prepare a BRP analysis report in the resolution planning phase, in order to ensure resolution readiness and to demonstrate their business reorganisation related capabilities.

The new operational guidance consolidates and streamlines existing requirements without introducing new expectations. It aligns with the SRB's updated approach to operationalisation, resolution testing and crisis readiness, reflected in its operational guidance on resolvability self-assessment and on resolvability testing for banks.

Comments on the operational guidance and the quantitative template are due by 30 March 2026.

FSB sets out work programme for 2026

The Financial Stability Board (FSB) has published its 2026 work programme, which sets out key priorities including:

- vulnerabilities assessments;
- nonbank financial intermediation (NBFI);
- cross-border payments;

- digital innovation and artificial intelligence (AI);
- operational resilience through public-private-sector collaboration;
- modernisation of financial regulation and supervision;
- crisis preparedness and resolution frameworks; and
- monitoring implementation of agreed reforms.

FSB highlights financial stability challenges in repo markets

The FSB has published a report on vulnerabilities in government bond-backed repo markets.

The report highlights how quickly repo markets were impacted in recent episodes of market stress and warns that, given the importance of repo markets within the global financial system, it is critical to preserve their functionality, particularly during periods of stress.

The report identifies several vulnerabilities within repo markets that could pose risks to the broader financial system, namely that:

- repo markets can facilitate the build-up of leverage in the financial system. According to the FSB, approximately 70% of activity in the non-centrally cleared segment operates with zero haircuts and there are high levels of collateral rehypothecation;
- demand and supply imbalances can arise quickly in periods of stress if repo lenders are unwilling or unable to provide funds to meet spikes in the demand for liquidity; and
- repo markets are highly concentrated along various dimensions, which could lead to disruptions in the event of failures.

The report outlines several measures for authorities to consider in response to these vulnerabilities, including closing data gaps, strengthening surveillance capabilities, and addressing vulnerabilities related to liquidity imbalances and leverage by taking into account the FSB's recommendations on leverage in nonbank financial intermediation (NBFI) and its Global Securities Financing Transactions exercise, as well as other relevant international standards.

Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 made

The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102) have been made.

SI 2026/102 delivers the UK's financial services regulatory framework for cryptoassets by amending the Regulated Activities Order (RAO) to define the principal categories of cryptoassets that will be part of regulation: 'qualifying cryptoassets', 'qualifying stablecoin' (a subset of qualifying cryptoassets) and 'specified investment cryptoassets'. It also specifies certain activities related to these assets as regulated activities, so that any persons carrying on those activities by way of business need to be authorised for that activity by the Financial Conduct Authority (FCA). The new regulated activities include issuing qualifying stablecoin, safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets, operating a qualifying cryptoasset trading platform, dealing in qualifying cryptoassets as principal or agent, or arranging deals in qualifying cryptoassets, and qualifying cryptoasset staking.

In addition, SI 2026/102:

- makes certain associated consequential amendments to other instruments such as existing anti-money laundering and financial promotions requirements for cryptoasset firms to reflect the new regulatory perimeter;
- introduces new designated activities under Part 5A of FSMA (as amended by the Financial Services and Markets Act 2023) in relation to offering a relevant qualifying cryptoasset to the public and admitting a cryptoasset to trading on a regulated platform;
- creates new designated activities to establish a market abuse framework for relevant qualifying cryptoassets; and
- includes savings and transitional provisions providing the FCA with a power to specify a relevant application period and makes provision for the treatment of, and obligations on, persons that do or do not secure all relevant authorisations within that period.

Most of the provisions of SI 2026/102 will come into force on 25 October 2027, although certain provisions will commence early to enable the FCA to give directions or guidance, make rules and to carry out any other preparatory steps.

Financial Services and Markets Act 2000 (Regulated Activities) (Providing Targeted Support) (Amendment) Order 2026 made and laid

The Financial Services and Markets Act 2000 (Regulated Activities) (Providing Targeted Support) (Amendment) Order 2026 (SI 2026/74) has been made and laid before Parliament.

SI 2026/74 amends the Regulated Activities Order 2001 (RAO) to create a new specified activity of providing targeted support. Targeted support is a new form of regulated support within the existing financial services framework, enabling authorised financial services firms to make recommendations that are designed for groups of consumers with similar characteristics and circumstances.

Firms will need to apply to the FCA or, where relevant, the Prudential Regulation Authority (PRA) in order to provide targeted support. The FCA has indicated that firms providing targeted support will be subject to bespoke conduct standards distinct from the requirements that apply to firms that carry on the activity of advising on investments.

The Government intends to introduce further legislative changes related to targeted support later in 2026, to ensure the regime operates effectively.

FCA and SRA issue joint warning to firms representing motor finance commission claims

The FCA and Solicitors Regulation Authority (SRA) have issued a joint warning to claims management companies (CMCs) and law firms involved in motor finance commission claims to make sure consumers do not have multiple representatives for the same claim and are not charged excessive termination fees.

The joint statement reminds CMCs and law firms that they are expected to have robust checks in place to confirm consumers have not already instructed another representative. The FCA has also written to

lenders setting out the potential actions they should take to address this issue.

PRA publishes discussion paper on future banking data

The PRA has published a discussion paper (DP 1/26) on banking data collections under the future banking data (FBD) programme. The PRA is reviewing its strategic approach to regulatory data reporting through the programme, with the goal of delivering cost reductions for banks while improving the relevance, quality and timeliness of data collection.

DP 1/26 sets out the PRA's current approach to the use of regulatory data and identifies areas for potential reform and improvement. These include reviewing the nature and frequencies of data collection and from which firms, and evaluating whether legacy collection processes reflect best practices. Other suggestions are to improve the clarity and accessibility of instructions and to check for data gaps around new and emerging risks.

The DP suggests four broad principles to guide reform under the FBD programme:

- anchoring the data collected in the PRA's objectives;
- collecting data 'once and well', minimising the data collected but ensuring it is used to its maximum potential;
- making it easier for firms to supply data; and
- ensuring that the data collected remains fit for purpose over time.

Comments are due by 5 May 2026.

FSMA publishes opinion on disclosures in IFRS financial statements in event of (potential) breach of loan covenants within 12 months after end of reporting period

The Financial Service and Markets Authority (FSMA) has published an opinion (FSMA_Opinion_2026_01) setting out its expectations regarding the information that should be included in the notes to IFRS financial statements concerning (potential) breaches of covenants relating to loan arrangements. According to the FSMA, the information which is disclosed in IFRS financial statements must enable the users of those financial statements to gain insight into the risk (including the likelihood) of a breach of covenants and into the impact associated with (potential) breaches.

The FSMA expects issuers to provide information on (i) the covenants themselves, and (ii) the relevant facts and circumstances, in each case to the extent relevant to the assessment of the risk of breaches. The FSMA has also emphasised that issuers must apply the principles of materiality as described in IAS 1.

Million-Euro Credit Reporting System to be discontinued

The German Federal Council (Bundesrat) has approved the German Location Promotion Act (Standortfördergesetz - StoFöG), following its adoption by the German Bundestag on 19 December 2025. The StoFöG, which will come into force upon publication in the German Federal Gazette, permits the discontinuation of the million-euro credit reporting system from 30 December 2026. This will be achieved by deleting or

amending relevant provisions in the German Banking Act (Kreditwesengesetz) and other legislation. The reform was proposed by the German Federal Financial Supervisory Authority (BaFin) and the Deutsche Bundesbank in August 2025.

Under the current million-euro credit reporting system, credit institutions, insurers, and other obliged entities are required to submit quarterly reports on all loans to a borrower or borrower unit that reach or exceed EUR 1 million. Approximately 3,200 entities are currently subject to this reporting obligation. However, banks already provide highly granular data on their loan portfolios to the Deutsche Bundesbank as part of the European Central Bank (ECB)'s analytical credit datasets (AnaCredit). As the necessary information is available from alternative sources, the continuation of the million-euro credit reporting system is no longer considered proportionate.

SFC directs IPO sponsors to rectify deficiencies in preparation of new listing documents

The Securities and Futures Commission (SFC) and the Stock Exchange of Hong Kong Limited (SEHK) have issued a circular highlighting a decline in the quality of draft listing documents as well as certain substandard conduct of licensed corporations carrying out sponsor work, following a surge in new listing applications in 2025. The SFC's concerns relate to:

- serious deficiencies in the preparation of some listing documents and responses to regulatory comments as well as failure to attend to key regulatory processes and procedures at the offer stage;
- over-reliance on experts and third parties, including legal advisers, accountants, valuers and others to perform specific tasks, without adequate assessments of their competency and resources;
- insufficient capacity of principals to supervise the transaction teams and participate in the listing engagements;
- attempts to appoint principals that are not suitably qualified; and
- insufficient staff with appropriate levels of knowledge, skills and experience at sponsors.

Amongst others, the SFC has provided the following direction:

- all sponsors are required to report to the SFC the ratio of active listing engagements undertaken to the number of appointed sponsor principals, and details of any staff engaged in IPO sponsor work who have not passed the required examination within prescribed timeframe;
- the 13 sponsors that received a joint letter from the SFC and SEHK in December 2025 citing specific cases of concerns, as well as sponsors with strained resources, are required to complete comprehensive reviews on the concerns raised and on their resources available to conduct sponsor work, respectively, within three months. The SFC has indicated that it will commence a thematic review on sponsors soon;
- sponsors that have designated any sponsor principal to simultaneously supervise or participate in six or more active listing engagements are required to provide the SFC with a viable rectification and resource plan and demonstrate a responsible approach to managing their resources;

- given certain sponsors have engaged individuals who have not met the eligibility criteria for passing the required examination, all individuals engaging in IPO sponsor work are now subject to tightened examination requirements; and
- for current listing applications, the SFC has warned that, where sponsors provide materially incomplete or unsatisfactory responses to regulators or where listing documents are considered unreasonably lengthy, the vetting process may be suspended.

SFC and HKMA consult on standard calculation periods under OTC derivative clearing rules

The SFC and the Hong Kong Monetary Authority (HKMA) have launched a joint consultation on standardising the calculation periods for each year under the Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules for the over-the-counter (OTC) derivatives regulatory regime.

Under the current approach requiring the central clearing of OTC derivative transactions, the existing list of calculation periods specified in the clearing rules needs to be updated regularly. The regulators are proposing to amend Schedule 2 to the clearing rules so that from 1 March 2027 onwards, two calendar periods, i.e. 1 March to 31 May and 1 September to 30 November, in each year will be designated as calculation periods. The amendments will serve to generate new calculation periods under the clearing rules going forward without requiring further legislative amendments.

The proposed change is part of the regulators' ongoing efforts to enhance the OTC derivatives regulatory regime in Hong Kong, and is expected to offer greater certainty to derivative dealers in identifying future calculation periods to ensure compliance.

The regulators intend to table the necessary subsidiary legislation to effect the proposed changes before the Legislative Council for negative vetting by the third quarter of 2026.

Comments on the consultation are due by 27 February 2026.

RECENT CLIFFORD CHANCE BRIEFINGS

Clifford Chance Buy-Side Regulatory Horizon Scanner Q1 2026

Clifford Chance has prepared a buy-side regulatory horizon scanner providing a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to investment managers.

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

- asset management developments;
- ESG developments; and

- cross-sectoral developments.

The horizon scanner also sets out projected timelines for the finalisation and implementation of the relevant developments, covering approximately the next two years. Further background information and commentary on many of these developments, as well as an overview of the EU legislative process, is available on the Financial Markets Toolkit.

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

https://www.cliffordchance.com/briefings/2026/01/buy-side-regulatory-horizon-scanner-q1-2026.html

Clifford Chance Sell-Side Horizon Scanner Q1 2026

Clifford Chance has prepared a sell-side regulatory horizon scanner providing a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to banks and investment firms.

The tracker identifies and summarises 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:

- markets related developments;
- ESG developments;
- prudential developments; and
- cross-sector developments.

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.

https://www.cliffordchance.com/briefings/2026/01/sell-side-horizon-scanner-q1-2026.html