

Regulatory Horizon Scanner: Fintech firms – Europe, Q1 2026



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01

Introduction

Introduction

Key contacts and further resources



Diego Ballon Ossio
Partner
London
T +44 207006 3425
E diego.ballonossio
@cliffordchance.com



Marc Benzler
Partner
Frankfurt
T+49 69 7199 3304
E marc.benzler
@cliffordchance.com



Anna Biala
Counsel
Warsaw
T+48 22429 9692
E anna.biala
@cliffordchance.com



Riccardo Coassini
Counsel
Milan
T+39 028063 4263
E riccardo.coassini
@cliffordchance.com



Steve Jacoby
Partner
Luxembourg
T+352 485050 219
E steve.jacoby
@cliffordchance.com



Sara Evans
Knowledge Director
Financial Regulation
T +44 20 7006 2557
E sara.evans
@cliffordchance.com



Frédéric Lacroix
Partner
Paris
T +33 14405 5241
E frederick.lacroix
@cliffordchance.com



Marian Scheele
Senior Counsel
Amsterdam
T +31 20711 9524
E marian.scheele
@cliffordchance.com

Our fintech practice

Clifford Chance is a global leader in advising clients across the full spectrum of the fintech sector, offering unparalleled expertise in digital assets, digital payments, lending, regulatory compliance, disputes, corporate transactions, capital markets, structuring, and derivatives. No other law firm is better placed to address the challenges of unprecedented global regulatory change for fintech and financial services clients.

Our clients include the world's leading cryptoasset exchanges, banks, payments and investment firms, insurance companies, corporates and big techs.

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

Further Clifford Chance resources

Fintech Topic Guide

Our [Fintech Topic Guide](#) includes global regulatory updates covering areas including digital asset, tokenisation and AI developments, as well as hosting Clifford Chance resources and webinar recordings. It's part of our wider Financial Markets Toolkit - a "one-stop shop" for practical, user-friendly resources on a range of topics, to help you structure your deals and assess current issues in the financial markets.

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

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We offer clients a fintech-specific weekly email round-up, summarising recent global regulatory developments along with an edited list of relevant Clifford Chance thought leadership publications and upcoming events.

We also offer a separate monthly email round-up focused on developments in the crypto space.

Email fintech@cliffordchance.com to subscribe.

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We offer our clients bespoke workshops and legal/market updates on a range of fintech topics, for example including legal and regulatory overviews for tokenisation, digital securities, cybersecurity and operational resilience and AI. We can tailor these sessions to both legal and non-legal staff. We also organise various talks and networking events.

Email fintech@cliffordchance.com for details of upcoming events.

Europe Fintech Key Contacts



[María Luisa Alonso](#)
Financial Regulation
Madrid
Counsel
T +34 91 590 7541
E marialuisa.alonso@cliffordchance.com



[Michael Brown](#)
Derivatives and Structured
Products - London
Partner
T +44 207006 8359
E michael.brown@cliffordchance.com



[Simon Crown](#)
Financial Regulation
London
Partner
T + 44 207006 2944
E simon.crown@cliffordchance.com



[Lounia Czupper](#)
Financial Regulation
Brussels
Partner
T +32 2533 5987
E lounia.czupper@cliffordchance.com



[Boika Deleva](#)
Financial Regulation
Luxemburg
Counsel
T+ 352 485050 260
E boika.deleva@cliffordchance.com



[Eduardo Garcia](#)
Structured Debt
Madrid
Partner
T +34 91590 9411
E eduardo.garcia@cliffordchance.com



[Laura Nixon](#)
Knowledge Director
Fintech
Director
T +44 207006 8385
E laura.nixon@cliffordchance.com



[Stephanie Peacock](#)
Financial Regulation
London
Director
T +44 207006 4387
E stephanie.peacock@cliffordchance.com



[Meera Ragha](#)
Financial Regulation
London
Senior Associate
T +44 207006 5421
E meera.ragha@cliffordchance.com



[Monica Sah](#)
Financial Regulation
London
Partner
T +44 207006 1103
E monica.sah@cliffordchance.com



[Matteo Sbraga](#)
Capital Markets
London
Partner
T +44 207006 3083
E matteo.sbraga@cliffordchance.com



[Dominik Schöneberger](#)
Financial Regulation
Frankfurt
Counsel
T +49 69 7199 1020
E dominik.schoeneberger@cliffordchance.com



[Alex Tollast](#)
Capital Markets
Paris
Counsel
T +33 14405 5157
E alexander.tollast@cliffordchance.com



[Jurgen Van Der Meer](#)
Capital Markets
Amsterdam
Partner
T +31 20711 9340
E jurgen.vandermeer@cliffordchance.com

Introduction

European regulatory horizon scanner: fintech firms

This regulatory horizon scanner provides a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to firms in the fintech sector.

We identify and summarise key legislative and non-legislative developments that are likely to have an impact on fintech sector 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 three topics:

1

Markets related developments

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

2

Digital assets developments

Digital assets legislation and initiatives, such as the EU's MiCA, EU and UK sandboxes, and progress towards the Digital Euro and Digital Pound.

3

Cross-sectoral developments

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

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

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

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

Introduction

The EU financial services 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 finalisation of 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 financial services regulatory landscape

The UK angle...



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

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

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

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

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

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

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

02

EU developments



[View related UK measures](#)



EU Developments

I. Markets



EU Markets Developments

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EU Market Integration Package (MIP)



2026



2027



Market Integration Package (MIP)

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

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

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

What's on the horizon?

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

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



EU MiFID2/MiFIR

[View related UK measures](#)

2026

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

EU MiFID2/MiFIR package

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

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

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

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2027

Q1	Q2	Q3	Q4
July 2026: Commission to adopt delegated act on MTFs seeking SME Growth Market status.	Q4 2026: ESMA expected to launch 2026 CSA on MiFID II topics related to retail investors.		

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

What's on the horizon?

- The [MiFIR2](#) amendments to MiFIR have applied from 28 March 2024. EU Member States had to bring into force the [MiFID3](#) amendments to MiFID2 by 29 September 2025.
- The MiFID3/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 20](#)), 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 21](#)) 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.



2026

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

EU EMIR

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

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

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

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

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

2027

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

Q1	Q2	Q3	Q4
			01/10/27: Commission will adopt certain deprioritised Level 2 measures after this date.

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

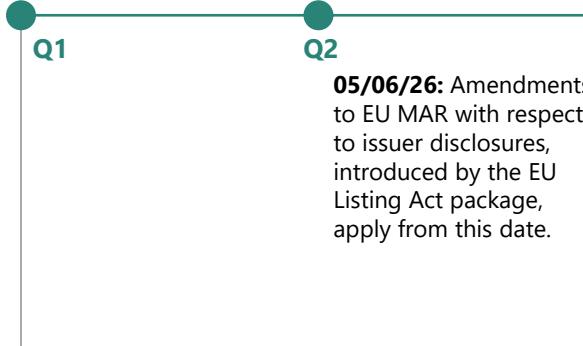
What's on the horizon?

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



2026



EU MAR and CSMAD

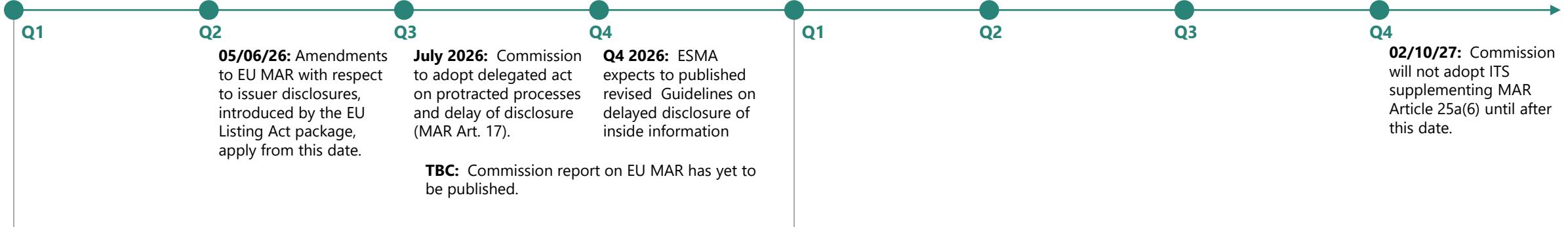
An EU-wide framework for tackling market abuse and market manipulation was first introduced in 2005. EU MAR and CSMAD aimed to update and strengthen this framework.

- 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](#).

2027



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 20](#)) 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).



2026

Q1 Q2 Q3 Q4

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

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

2027

Q1 Q2 Q3 Q4

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

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

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

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

EU CSDR

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

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

CSDR REFIT amends the CSDR to: (i) enhance supervisory cooperation; (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 17](#)).
- 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.



2026

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

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

2027

Q1

Q2

Q3

Q4

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

EU T+1 Settlement

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

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

ESMA was mandated under CSDR REFIT (see [page 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 16](#)) 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.

Settlement Finality Directive



2026



2026: the proposed Settlement Finality Regulation will be under consideration by the European Parliament and the Council during 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



2026: The prosed Settlement Finality Regulation (SFR) is under consideration by the European Parliament and the Council during 2026.

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**

2026: Finalisation of Level 2 and Level 3 measures expected.

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](#).

2027

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 Retail Investment package



2026



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

2027



Q1

Q2

Q3

Q4

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

EU Retail Investment Package

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

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

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

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

The package is expected to be finalised in Q1 2026.

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

What's on the horizon?

- The Commission's proposed retail investment package for improving the retail investment framework was adopted in May 2023 and consists of:
 - A proposal for a [Regulation](#) amending the PRIIPs Regulation as regards the modernisation of the key information document; 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. Digital Assets



EU Digital Assets developments

EU MiCA Regulation	24
EU DLT Pilot Regulation	25
Digital Euro	26

EU MiCA Regulation

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

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

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

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

2027

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

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

EU MiCA Regulation

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

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

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

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

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

What's on the horizon?

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



2026



24/03/26: Original deadline for ESMA to publish a report on DLTPR.

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

2027



DLT Pilot Regulation

The EU DLT Pilot Regulation (**DLTPR**) established an initial temporary three-year legal framework from 23 March 2023 for market participants to obtain permission to test DLT-based financial market infrastructures for trading and settlement of tokenised securities. The DLTPR permission allows exemptions for up to six years from certain provisions of MiFID II/MiFIR or CSDR with which the operators of DLT-based MTFs, settlement systems or trading and settlement systems would otherwise need to comply.

The Commission was due to conduct a review of the DLTPR in 2026 to establish whether the regime might need to be amended and whether it should be extended or made permanent. Based on a report from ESMA in 2025 the Commission has conducted an early review and, as a result, the DLTPR will potentially be significantly amended by the new EU Market Integration package (see **page 12**) which is at the early stages of the EU legislative process in H1 2026.

Read more on DLTPR [here](#).

What's on the horizon?

- ESMA was originally mandated to review and report to the Commission on the functioning of DLTPR by 24 March 2026, but published its report early, in [June 2025](#).
- The EU Market Integration Package** (see **page 12**) includes provisions that will significantly amend the DLTPR to expand its scope and eligible assets, increase scale thresholds and remove limits, and make amendments to the regime's governance, supervision, and operational flexibility.
- Specific proposed changes include:
 - Expanding the scope of financial instruments from shares, bonds and UCITS, to make all financial instruments eligible;
 - Removing the asset-specific caps;
 - Significantly expanding the aggregate value of DLT financial instruments that can be traded on a DLT trading venue or recorded on a DLT Settlement System to Eur 100bn (from Eur 6bn);
 - Removing the current permission duration (of up to six years);
 - Introducing a simplified regime for smaller DLT infrastructures;
 - Allowing CASPs authorised to operate a cryptoasset trading platform under MiCA (see **page 24**) to be eligible to apply for permission to operate a DLT trading venue or a DLT trading venue and settlement system;
 - Increasing the range of exemptions under MiFID II/MiFIR and/or CSDR that operators of DLT market infrastructures would be able to apply for, subject to conditions;
 - Allowing a wider range of firms to be able to provide notary and central maintenance services;
 - Enabling DLT account keepers to settle DLT financial instruments, where they have access to central bank money and are part of a settlement scheme; and
 - Requiring entities in the post-trade value chain to develop technical standards to support interoperability between DLT market infrastructures.
- The proposed changes to DLTPR should be read alongside proposed changes to EU CSDR (see **page 16**) by the Market Integration Package that are designed to enable certain e-money tokens authorised under MiCA to be used to settle the cash leg of a securities transaction, and changes to make CSDR's definitions technology-neutral.
- The Market Integration Package is currently under consideration by the EU co-legislators.



2026



2026: ECB engaged in technical readiness phase.

2026: Regulation on a digital euro for the EU expected to be adopted following trilogue negotiations.

2027



Q1

Q2

Q3

Q4

Q1



[View related UK measures](#)



EU Developments

III. Cross-sectoral developments



EU Cross-sectoral Developments

EU DORA	29
PSD3, PSR and FIDA	30
New EU AML/CTF Framework	31
EU AI Act	32



2026



January 2026: ESAs/UK MoU signed.

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

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

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

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

2027



EU Digital Operational Resilience Act (DORA)

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

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

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

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

What's on the horizon?

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



2026



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.

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](#).

2027



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).

• 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 18](#)) 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**

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

2027

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

New EU AML and CTF Framework

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

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

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

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

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.



2026

Q1 **Q2**

2026: Proposed AI Omnibus Regulation published November 2025 is under consideration by European Parliament and Council. May **delay application** of a number of EU AI Act provisions.

Q3

02/08/26 (unless timing amended): provisions not already in application, except for Art.6(1) and corresponding obligations, apply from this date, e.g., rules for high-risk AI systems under Annex III; specific transparency requirements e.g. for GPAI.

Q4

2027

Q1

Q2

Q3

Q4

02/08/27 (unless timing amended): Art. 6(1) on Classification rules for high-risk AI systems under Annex I, and corresponding obligations, apply from this date.

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 EU measures](#)



UK Developments

I. Markets



UK Markets Developments

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UK Smarter Regulatory Framework



2026



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

2027



Smarter Regulatory Framework

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

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

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

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

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

THE 43 CORE FILES

TRANCHE ALLOCATIONS

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



2026



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

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

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

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

MiFID/R and Wholesale Markets Review

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

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

The '**Smarter Regulatory Framework**' programme (see [page 38](#)) has built on the recommendations of WMR by including MiFID/MiFIR in Tranches 1 and 2 of the programme, as well as including other measures to reform the UK wholesale market.

A range of further developments is progressing in 2026.

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

2027



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

2026: FCA working on a transaction reporting user pack.

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

What's on the horizon?

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



2026

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

2026: HM Treasury to lay before Parliament:

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

UK EMIR

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

The revocation of Titles III-V of UK EMIR and related secondary legislation and their replacement in BoE rules was allocated to Tranche 3 of the Smarter Regulatory Reform programme (see [page 38](#)) and is progressing in 2026, along with changes to intragroup exemptions to be in place by the end of the year.

2027

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

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

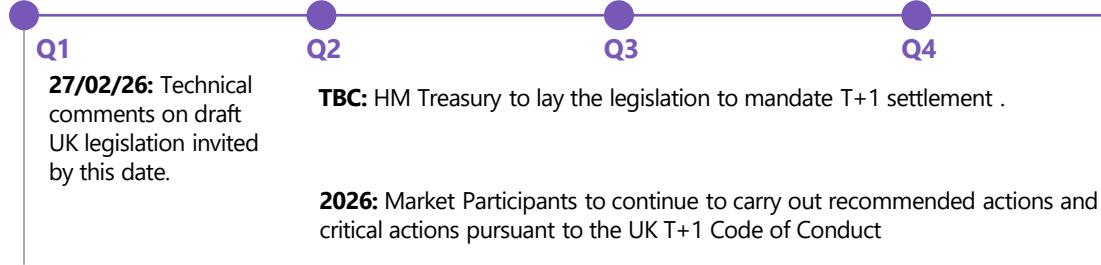
TBC: Timing for revocation and reform of the remainder of UK EMIR and associated assimilated legislation and technical standards.

What's on the horizon?

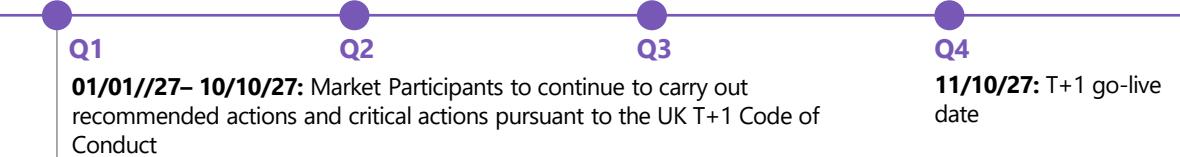
- CCPs:** The UK is proceeding with revocation and reform of the framework for central counterparties (**CCPs**) (Titles III-V of UK EMIR) in 2026. These elements of UK EMIR will be revoked and will be replaced (with some changes) in BoE rules. In a [policy note](#) in July 2025, HM Treasury noted that, in 2026, it intends to lay before Parliament finalised drafts of the following statutory instruments which were published in draft for technical comments:
 - Central Counterparties (Amendment) Regulations** – these regulations will restate in legislation elements of UK EMIR that cannot be replaced by BoE rules.
 - Financial Services and Markets Act 2000 (Criteria for Determining Systemic Importance of Overseas Central Counterparties) Regulations** – these regulations set out the criteria against which BoE is to judge systemic importance of overseas CCPs once UK EMIR is revoked.
- CCP rulebook:** With respect to the rules that will replace the revoked provisions of UK EMIR, the BoE [consulted](#) between July and November 2025 on its proposed new CCP rulebook. The BoE proposes 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



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.

Listing and secondary capital raising reforms

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

19/01/26: POATR framework and POP regime apply from 19 January 2026.

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](#).

2027

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 retail disclosure framework replacing PRIIPs Regulation

[View related EU measures](#)



2026

Q1	Q2	Q3
08/12/25 – 08/06/27: Transitional period in operation for the new CCI regime.	06/04/26: UK PRIIPs revocation date. FCA rules and guidance for CCI regime mostly in force on this date. CCI regime transitional period begins.	

2027

Q4	Q1	Q2	Q3	Q4
	31/12/26: Exemption for UCITS funds from the requirements of the UK PRIIPs regime expires.		08/06/27: CCI regime transitional period expires. CCI regime fully in force.	

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 51](#)). 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. Digital Assets

UK Digital Assets: In this section

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UK Digital Assets developments

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Developing UK Cryptoassets regime

[View related EU measures](#)



2026

Q1	Q2	Q3	Q4				
23/01/26: FCA publishes CP26/4 and GC26/2 with a comment deadline of 12/03/26 .		Mid-Late 2026: finalisation of all FCA policy for the cryptoasset regime.					25/10/27: UK Cryptoasset regime enters into application.

04/02/26: Parliament approves Regulations for the cryptoassets regime.

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.

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 and on 4 February 2026, Parliament approved the legislation to bring cryptoassets (including stablecoins) into the UK regulatory regime.

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

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

2027

Q1	Q2	Q3	Q4
September 2026: authorisation gateway will open.			25/10/27: UK Cryptoasset regime enters into application.

What's on the horizon?

- Overview:** the UK will regulate cryptoassets under FSMA 2000, through new specified investments and new regulated activities tailored to the stablecoin and other cryptoasset markets. Persons engaged in these activities **in or to** the UK by way of business would require authorisation. The DAR may also be used, should any cryptoasset-related be designated under that regime, which would attach regulatory obligations to those activities but not trigger an authorisation requirement.
- Fiat-backed stablecoins:** HM Treasury is taking forward [October 2023](#) proposals to create new regulated activities for issuance and custody of fiat-backed stablecoins. This will form part of the regime for cryptoassets outlined below. A proposal to amend payments regulation to regulate use of fiat-backed stablecoins in payments chains is not proceeding. As regards **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 will initially cover: Issuance and disclosures (resembling the new POAT regime – see [page 40](#)); 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 draft regulations to introduce the UK cryptoasset regime. [The Financial Services and Markets Act 2000 \(Cryptoassets\) Regulations 2026 \(SI 2026/102\)](#) were made on 4 February 2026 and the regime will 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 49](#)) 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.

UK Digital Securities Sandbox

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

UK Digital Securities Sandbox (UK DSS)

Created by HM Treasury under its FSMA 2023 "FMI Sandbox" powers, the UK DSS opened on 30 September 2024 and is currently expected to run until December 2028.

The introduction of the UK DSS is a key pillar of the UK's ambition to become a global hub for cryptoasset technology and investments, with the aim of subsequently attracting a wide spectrum of market actors. It follows the launch of the EU's DLT Pilot Regime in 2023. The UK DSS (and the wider FMI sandbox framework) has a broader scope than the EU regime and offers market participants greater flexibility. However, proposed changes to the EU regime are likely to significantly narrow the differences between the UK and EU regimes (see [page 25](#)).

Under the UK DSS, providers of financial market infrastructures that meet [eligibility criteria](#) can apply to obtain a temporary waiver or modification of rules in respect of CSD activities (notary, settlement or central maintenance activities) in relation to digital assets or the operation of a trading venue in relation to digital assets.

Read more on the UK DSS [here](#).

What's on the horizon?

- [The Financial Services and Markets Act 2023 \(Digital Securities Sandbox\) Regulations 2023](#), which entered into force on 8 January 2024, set out the statutory basis for the UK DSS. The Regulations were amended with effect from 3 March 2025 to bring the money laundering regulations (**MLRs 2017 – see page 52**) within scope of the FMI sandbox powers in FSMA 2023, in order to provide that engaging in UK DSS activity does not in itself make a firm a cryptoasset exchange provider or a custodian wallet provider. The statutory framework is supported by [BoE and FCA rules](#) governing the operation of the UK DSS and [eligibility criteria](#) for applicants to the sandbox.
- The UK DSS will be operational until December 2028, but its duration can be extended by the government. To progress through the stages of the UK DSS, participants must pass through a series of 'gates' (Gates 1-4) with the amount of permitted activity increasing with each stage. At each Gate, participants must demonstrate their ability to meet higher regulatory standards to supervisors.
- In 2026:
 - The Gate 1 application window remains open for applicant firms, who may continue to apply and enter Gate 1 (Testing stage) throughout 2026.
 - Because Gate 1 does not permit live activity, firms approved at Gate 1 (noted on [BoE's dashboard](#)) will spend 2026 advancing readiness to meet the more stringent Gate 2 requirements (live operations under limits).
 - 2026 is expected to be the first year in which the BoE begins granting Gate 2 approvals, enabling live issuance, trading and settlement of digital securities.
 - BoE [guidance](#) on the operation of the UK DSS explained that there were periodic Gate 3 (scaling stage) review points in 2025 and 2026. However, the review point in 2025 was not taken advantage of because no firm had yet reached the Gate 3 stage.
- The Gate 1 application window is expected to close around March 2027 to allow for firms inside the UK DSS and regulators to prepare for a transition to a possible new permanent regime (Gate 4), provided new technologies are successfully implemented.



2026



2026: Digital pound design phase ongoing.

2026: Blueprint expected to be published in 2026.

Following blueprint publication, BoE and HMT will conduct a joint evidence-based assessment on whether to proceed to a build phase.

2027



2027: If the decision is made to adopt a digital pound, build phase will begin and HM Treasury will develop the necessary primary legislation.

Digital Pound

The Bank of England and HM Treasury are continuing to explore the case for a digital pound – a form of central bank money that would complement existing ways to pay in an increasingly digital economy. The current ‘design phase’ of the digital pound workplan runs through 2026.

The Government confirmed in the National Payments Vision (see [page 51](#)), that it would continue with the ongoing design phase of the digital pound. It also confirmed that, if a digital pound were to be implemented, primary legislation would be introduced, and this would guarantee users’ privacy and control. No final decision has been made yet on whether to pursue a digital pound.

What's on the horizon?

- Since 2024 the UK has been in a design and experimentation phase, focusing on:
 - Developing a blueprint for the digital pound (expected 2026);
 - Carrying out experiments and proofs of concept with private-sector partners;
 - Building out the [Digital Pound Lab](#), an experimentation sandbox launched in 2025; and
 - Publishing design notes on interoperability, product strategy, roles of intermediaries, and offline payments.
- During 2026, HM Treasury and BoE are [completing the blueprint](#) – a detailed design for any potential digital pound – and an assessment. These will inform a decision by HM Treasury on BoE on next steps in 2026. The blueprint is expected to be published in 2026, as well as design notes that set out their emerging thinking on key issues and supported by practical experimentation, particularly through the Digital Pound Lab.
- Following the blueprint publication, BoE and HMT will conduct a joint evidence-based assessment on whether to proceed to a build phase.
- No launch decision will be taken before the end of the design phase. Should a decision to adopt a digital pound be taken (in 2027 at the earliest), then given the need for a build phase, primary legislation and pilot testing before national rollout, it is likely the earliest possible issuance for a digital pound would be in the late 2020s or possibly the early 2030s.

Read more on CDBCs [here](#).



[View related EU measures](#)



UK Developments

III. Cross-sectoral developments



UK Cross-sectoral Developments

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UK Consumer Duty



2026

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

The Consumer Duty

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

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

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

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

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

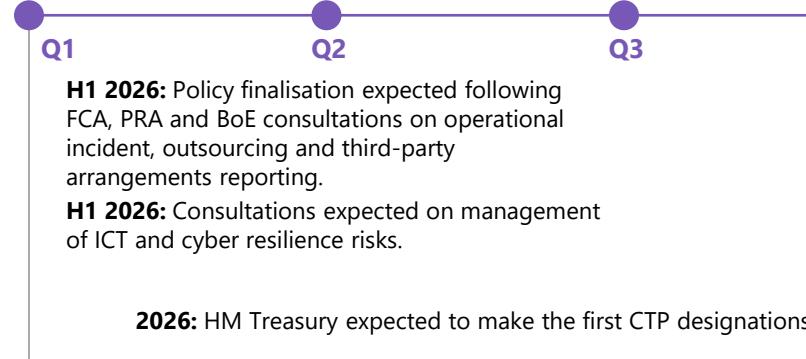
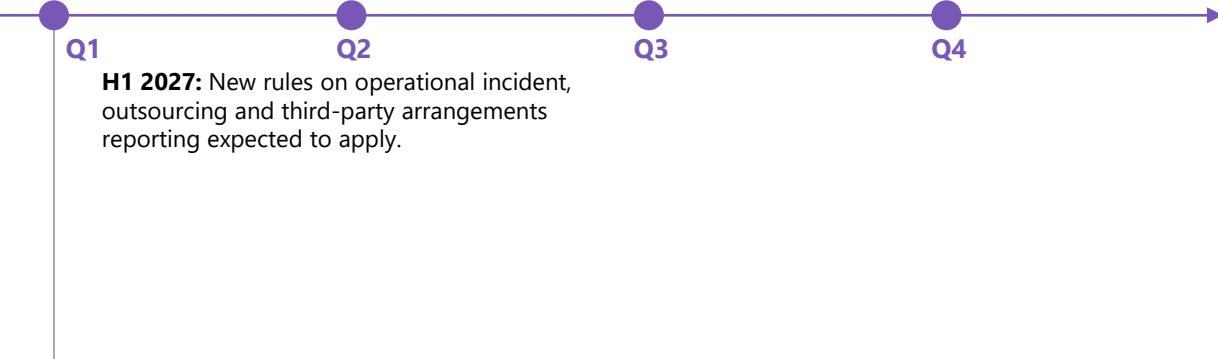
2027

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

What's on the horizon?

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

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

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

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

What's on the horizon?

- FSMA 2023 introduced a new Part 18 Chapter 3C into FSMA, to establish the **CTP regime**. HM Treasury has been given a power to designate third party providers of services to financial sector firms and FMs as critical third parties (**CTPs**) and was expected to make the first CTP designations in H2 2025, but this did not happen. CTP designations are now expected in 2026.
- The CTP regime gives a range of powers to the regulators with respect to CTPs, which apply to each CTP as of the date they are designated. The regulators published [finalised rules](#) in November 2024, with a view for the CTP regime becoming operational from 1 January 2025. The new rules align with international standards and similar regimes such as **EU DORA**. The 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/FMs should submit when operational incidents occur; and (ii) collect certain information on firms' outsourcing and third-party arrangements, to manage the risks that they may present to the FCA's, PRA's or BoE's objectives, including resilience, concentration and competition risks. The regulators originally expected to finalise their policy in H2 2025, with new rules to take effect in H2 2026, but the timing has been pushed back slightly. Finalised policy is now expected in H1 2026, followed by implementation 12 months later.

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

UK Payments, Open Banking and Open Finance

View related EU measures



2026

Q1	Q2	Q3	Q4
Q1 2026: <ul style="list-style-type: none">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.		07/05/26: Changes to safeguarding rules apply for UK payments and e-money firms.	

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](#).

2027

Q1	Q2	Q3	Q4
			TBC: FCA expected to take over PSR's functions, until which time it retains its powers and remains an independent regulator

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

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.

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**

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

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

UK AML/CTF regime

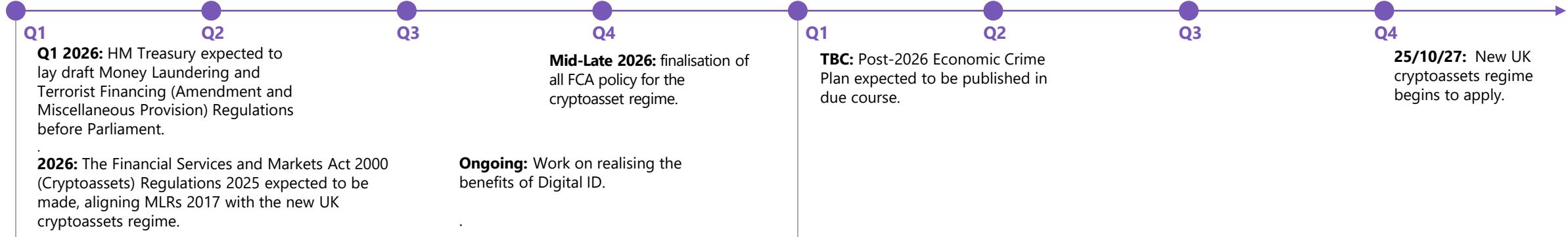
The UK's Economic Crime Plan 2023-2026, outlined an ambition for an improved end-to-end response to tackling money laundering, which would require further targeted consultations.

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

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

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

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

2027

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

Ongoing: Work on realising the benefits of Digital ID.

Q1

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

Q2**Q3**

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

What's on the horizon?

- The UK's incoming cryptoasset regime requires consequential amendments to the MLRs 2017 to align its provisions with the proposed new cryptoasset-related regulated activities. Cryptoasset exchanges and custodian wallet providers already registered with the FCA for the purposes of the MLRs 2017 will be permitted to continue their operations while they apply for full authorisation under the new regime (see [page 44](#)). 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 44](#)).
- HM Treasury consulted in June 2023 on potential reform of the AML/CTF supervisory framework, which set out four possible future supervisory models. HM Treasury published a response in October 2023 confirming that it would proceed with appointing the FCA as a Single Professional Services Supervisor for all firms supervised by a Professional Body Supervisor and all accountancy service providers and trust and company services providers supervised by HMRC.
- In March 2024, HM Treasury consulted on proposals to improve the effectiveness of the MLRs 2017. HM Treasury highlighted wide-ranging areas for improvement, including: clarifying the scope of the MLRs 2017, Customer Due Diligence (CDD), trust registration services requirements, and better co-ordination in the AML system. HM Treasury published its [response](#) in July 2025. HM Treasury published a [draft](#) of the secondary legislation to amend the MLRs. This is expected to be finalised and made in 2026.

Developing UK AI regime

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

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

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

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.

2027

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

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 2024 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
- **BoE** – Bank of England
- **CCI** – Consumer Composite Investment
- **CCP** – Central counterparty
- **Commission** – The European Commission
- **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)
- **CT** – Consolidated Tape
- **CTP** – Critical Third Party
- **Digital Euro** – the proposed name of the EU Central Bank Digital Currency (CBDC) a form of central bank money in the EU. The framework legislation is under development based on a proposal from the Commission COM(2023) 369 final.
- **Digital Pound** – the proposed name of the UK Central Bank Digital Currency (CBDC) a form of central bank money in the UK.
- **DLT Pilot Regulation** – Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 on a pilot regime for market infrastructures based on distributed ledger technology. This is the official legislative act governing the regulatory sandbox for DLT-based market infrastructures.
- **Digital Securities Sandbox** – the UK regulatory sandbox for FMIs, to which providers of financial market infrastructures that meet eligibility criteria can apply to obtain a temporary waiver or modification of rules in respect of CSD activities (notary, settlement or central maintenance activities) in relation to digital assets or the operation of a trading venue in relation to digital assets.
- **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
- **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

Glossary

(continued)

- **ESAs** – European Supervisory Authorities
- **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
- **FMI** – Financial Market Infrastructure
- **FSMA 2023** – The Financial Services and Markets Act 2023, which was enacted on 29 June 2023
- **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
- **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
- **POAT regime** – Public Offers and Admissions to Trading regime
- **PRA** – UK's Prudential Regulation Authority
- **PRIIPs** – Packaged retail and insurance-based investment products

Glossary

(continued)

- **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
- **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



Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

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