Clifford Chance

# International Regulatory Update:
## 05 – 08 May 2026

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- **Recent Clifford Chance briefings: Law Commission considers introduction of consumer class action regime. Follow this link to the briefings section.**

## Listing Act: EU Commission adopts Level 2 prospectus regime changes

The EU Commission has adopted a Delegated Regulation and annexes amending Delegated Regulation (EU) 2019/980 to implement changes to the Prospectus Regulation introduced by the Listing Act.

The Delegated Regulation shortens prospectuses and sets out a standardised format and sequence for the information included in them. It introduces the definition of an EU IPO prospectus and outlines new requirements for prospectuses with environmental, social and governance (ESG) elements. It also harmonises and clarifies the processes for scrutiny and approval of prospectuses.

The Delegated Regulation will enter into force on the third day following that of its publication in the Official Journal.

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## EU Commission seeks feedback on revised European Sustainability Reporting Standards

The EU Commission has published draft final versions of the revised European Sustainability Reporting Standards (ESRS) and a voluntary reporting standard for smaller companies.

The Commission has invited public feedback on these standards, which are intended to streamline administrative burdens for EU businesses whilst maintaining quality in sustainability disclosures. According to the Commission, the draft revised ESRS are simpler, clearer and more flexible with a predicted 30% reduction in company reporting costs.

The draft voluntary standard is intended to facilitate sustainability reporting for companies not subject to the mandatory Corporate Sustainability Reporting Directive (CSRD) requirements and introduces a 'value chain cap' for companies with 1,000 employees or fewer.

Comments are due by 3 June 2026.

## EMIR 3: EU Commission adopts Delegated Regulation on EBA fees for validation of pro forma models

The EU Commission has adopted a Delegated Regulation under the European Market Infrastructure Regulation (EMIR 3) specifying the fees to be charged by the European Banking Authority (EBA) for the validation of *pro forma* models used by counterparties to mitigate the risk of their uncleared over-the-counter (OTC) derivatives portfolios.

The EBA is required under Article 11(3)(4) of EMIR to set up a central validation function for the *pro forma* models, and changes made to those models, used by certain counterparties to calculate the amount of collateral to be exchanged with respect to their portfolios of non-centrally cleared OTC derivatives. Under Article 11(12a) of EMIR, the EBA is entitled to charge annual fees, per *pro forma* model, to those counterparties using the *pro forma* models validated by the EBA. The fees must be proportionate to the monthly average outstanding notional amount of non-centrally cleared OTC derivatives over the last 12 months of the

relevant counterparties and need to be assigned to cover all the validation tasks performed by the EBA.

The Delegated Regulation specifies the general principles the EBA should follow when calculating collecting fees relating to the performance of its validation function. It also specifies how the EBA should estimate its annual overall costs and how counterparties should calculate their average notional amount for the purpose of the determination of the fees to be paid for the validation of the *pro forma* models they use. The Delegated Regulation also sets out the fees to be paid:

- by counterparties on a regular basis;
- by counterparties using a *pro forma* model already in use prior to the entry into force of EMIR 3; and
- in the first years following the introduction and the application for validation of a new *pro forma* model.

The Delegated Regulation will enter into force 20 days after its publication in the Official Journal.

## Sustainable Finance: ECON Committee publishes draft report on SFDR 2.0

The EU Parliament's Economic and Monetary Affairs (ECON) Committee has published a draft report on the Commission's proposed set of amendments to the Sustainable Finance Disclosure Regulation (SFDR 2.0).

The ECON Committee has set out suggested amendments to the proposed Regulation, which include, among other things:

- providing further clarity to investors on the ESG conditions of their financial product in order to enhance transparency;
- creating more meaningful impact on sustainable investment by enhancing the 'ESG basics' and amending the proposed safe harbour; and
- having the elements regarding burden relief apply immediately upon entry into force of SFDR 2.0.

## ESMA consults on simplified approach to updating MMF stress test parameters

The European Securities and Markets Authority (ESMA) has launched a consultation on a new simplified approach to updating parameters for stress test scenarios under the Money Markets Funds framework.

ESMA is proposing to replace the current practice of annual amendments to Section 5 of its guidelines on stress test scenarios by an annual web-based publication of the calibration parameters. The guidelines would continue to set out the stress-testing framework and methodology, while ESMA's website would act as a single point of access for the most recent annual calibrations.

The proposed changes are intended to streamline the update process and improve accessibility, enabling market participants to apply updated parameters immediately following approval. The approach is also designed to reduce compliance and supervisory burdens, in line with ESMA's Simplification and Burden Reduction (SBR) initiative.

Responses are due by 6 August 2026. ESMA will consider the feedback received and expects to publish a final report in the second half of 2026. The new procedure would apply from the next scheduled parameter update, expected at the end of 2026.

## ESMA simplifies EU reporting framework for funds and transactions

ESMA has published two reports under its simplification and burden reduction agenda.

The final report on the integrated collection of funds' data sets out a move away from national reporting towards a common EU reporting framework. It is centred on a common and single reporting template designed to remain proportionate for different fund sizes and investment strategies, while meeting supervisory needs. It is intended to reduce duplication, improve data consistency and enhance the usability of data for authorities. The report outlines a hybrid operational model, with data validation, storage and analytics organised at EU level, and data collection remaining at a national level. ESMA intends to publish regulatory technical standards (RTS) and implementing technical standards (ITS) on the framework in 2027.

The interim report on the holistic review of transaction reporting summarises the feedback received during ESMA's call for evidence on a comprehensive approach for the simplification of financial transaction reporting. It highlights the principal elements identified during the consultation. ESMA intends to set out its final recommendations for policymakers in a final report by mid-2026.

## ESMA publishes statement on MiFID2 sustainability supervision

ESMA has published the results of its common supervisory action (CSA) with national competent authorities (NCAs) on MiFID2 sustainability aspects. The CSA exercise assessed the integration of sustainability in firms' suitability assessment and product governance processes.

The statement highlights several key themes from the CSA and sets out ESMA's high-level interim supervisory expectations. Key areas include:

- how clients' sustainability preferences are collected and treated and how products are categorised and matched to these preferences;
- the application of the 'portfolio approach' to sustainable investing; and
- the role of sustainability-related objectives in the target market assessment of an investment product.

ESMA encourages firms to continue to implement the MiFID2 sustainability requirements and will consider the results of the CSA for any future updates to MiFID2 and the related ESMA guidelines. In recognition of ongoing revisions to the sustainable finance framework, ESMA suggests that NCAs should adopt a proportionate and collaborative supervisory approach.

## CRR3: EBA amends guidelines on definition of default

The EBA has published a final report (EBA/GL/2026/05) amending its guidelines on the application of the definition of default under Article 178 of the Capital Requirements Regulation (CRR3).

The report introduces amendments targeted at addressing technical aspects of the past-due treatment of non-recourse factoring. The specific past-due treatment at individual notice level has been extended from 30 to 90 days to better reflect operational features of invoice-based receivables.

The EBA has also reaffirmed its stance that the current net present value loss (NPV) threshold framework in debt restructuring remains appropriate, and that amendments to the framework could reduce the resilience of the banking sector by weakening the reliability of capital and provisioning assessments.

The amended guidelines will apply from 3 months after they have been published on the EBA's website in all official EU languages. Competent authorities will be required to report whether they comply by the guidelines within two months of this publication date.

## CRR3: EBA consults on supervisory slotting criteria approach RTS

The EBA has launched a consultation on proposed amendments to its RTS on the assignment of risk weights to specialised lending exposures under the supervisory slotting criteria approach (SSCA).

The RTS are being amended to reflect changes introduced by CRR3 and to enhance the risk sensitivity, clarity and usability of the framework. Specifically, the amendments align the RTS with definitions and terminology introduced by CRR3, remove certain constraints in the methodology to allow for a better reflection of risk, and clarify the assessment criteria in order to simplify their application.

Comments are due by 7 August 2026.

## FSB reports on private credit vulnerabilities

The Financial Stability Board (FSB) has published a report on financial stability vulnerabilities in private credit. The report highlights several vulnerabilities, including:

- interlinkages with banks and the growing use of synthetic risk transfers;
- borrower credit risks and valuation practices;
- concentration, leverage and liquidity issues; and
- data gaps.

The FSB encourages authorities to address data challenges, harmonise definitions to enhance monitoring, and deepen analysis of financial interconnections and liquidity issues, while sharing supervisory insights.

## CPMI-IOSCO consult on amendments to CCP resilience and disclosure frameworks

The Bank for International Settlements' Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) have launched a consultation on proposed amendments to their guidance on the resilience of central counterparties (CCPs) and to the public quantitative disclosure standards for CCPs.

The proposed amendments are intended to incorporate relevant elements of the January 2025 BCBS-CPMI-IOSCO report on the transparency and responsiveness of initial margin in centrally cleared markets. The changes cover areas such as simulation tools, the measurement of initial margin responsiveness, margin model governance and overrides, and related public disclosures by CCPs.

Comments are due by 30 June 2026.

## Capital Requirements Regulation (Market Risk Transitional Provision) Regulations 2026 made

The UK Government has published the Capital Requirements Regulation (Market Risk Transitional Provision) Regulations 2026.

The Regulations facilitate the Prudential Regulation Authority's (PRA) transitional approach to implementing the Basel 3.1 internal model requirements for market risk. Institutions can continue to use their existing internal market risk models before moving to the new PRA internal model approach from 1 January 2028.

The PRA has decided to delay the implementation of Basel 3.1 market risk requirements to ensure the UK remains aligned with other jurisdictions, namely: the European Union, which has postponed the implementation of its market risk rules to 1 January 2027; and the United States, which has not yet finalised its proposed Basel 3.1 implementation rules.

The Regulations will come into force on 30 December 2026.

## Polish Council of Ministers adopts Act on Individual Investment Accounts

The Council of Ministers has adopted the Act on Individual Investment Accounts.

The draft provides for the creation of a new product that will enable savings to be invested in various financial instruments, including shares, bonds, and investment fund units. Savings held in individual investment accounts of up to PLN 100,000 will be exempt from the 19% flat-rate capital gains tax.

For amounts exceeding PLN 100,000, an asset value tax will apply, initially set at 0.85%, and ultimately linked to the rates of the National Bank of Poland.

The Act will now be submitted to the Sejm.

Polish Council of Ministers

## HKMA consults on proposed amendments to Banking (Capital) Rules

The Hong Kong Monetary Authority (HKMA) has launched a consultation on proposed amendments to the Banking (Capital) Rules (BCR). The proposals primarily seek to:

- introduce certain policy refinements and clarifications regarding the capital base or the consolidation basis used in calculating the capital adequacy ratio;
- implement the changes or clarifications to the credit risk framework introduced by the following two documents issued by the Basel Committee on Banking Supervision: (a) Technical Amendment – Various technical amendments and frequently asked questions (June 2025); (b) Technical Amendment – Hedging of counterparty credit risk exposures (October 2025); and
- refine the BCR provisions relating to Type B external credit assessment institutions (ECAIs) to enhance flexibility and accommodate recognition of additional Type B ECAIs, if any, whose ratings may be used for exposures other than corporate exposures.

Comments on the consultation are due by 1 June 2026.

## MAS and SGX RegCo respond to consultation feedback on regulatory framework to facilitate dual listings on Global Listing Board

The Monetary Authority of Singapore (MAS) has published its responses to the feedback it received on its January 2026 consultation on proposed amendments to the Securities and Futures Act 2001 (SFA) and draft regulations to facilitate dual listings on the Global Listing Board (GLB), to be set up for the purpose of dual listing on the Singapore Exchange and Nasdaq.

Amongst other things, the MAS has clarified the following:

- GLB issuers will be permitted to prepare a single set of offering documents that comply with US prospectus disclosure requirements. These will be incorporated by reference into Singapore law under the Securities and Futures (Part 13A) (Global Listing Board and US Exchange) Regulations 2026 (GLB Regulations);
- GLB issuers will be allowed to conduct pre-marketing outreach with accredited and institutional investors in Singapore prior to the lodgement of the preliminary prospectus, without being subject to the existing SFA requirement for a minimum seven-day public exposure period prior to registration;
- the MAS will disapply the standalone general disclosure requirement under section 243(1)(a) of the SFA for GLB issuers. GLB issuers will nevertheless remain subject to the SFA's liability regime for false or misleading statements and material omissions;
- investigations and enforcement action may be taken by the relevant Singapore authorities independently of any action taken in the US. In cases of cross-border misconduct, the MAS and the relevant Singapore authorities will cooperate with their foreign law enforcement counterparts;

- the MAS intends to disapply the 14-day research blackout period for GLB offers to facilitate alignment between the first public filing of the registration statement in the US and the lodgement of the preliminary prospectus in Singapore in circumstances where a pre-deal research report is published and distributed in Singapore;
- the filing of a registration statement in the US prior to the lodgement of a preliminary prospectus in Singapore will not, in itself, be regarded as a breach of the advertising restrictions under section 251 of the SFA. The MAS intends to grant a class exemption for disclosures, notices or reports required under US rules and regulations;
- the MAS intends to allow US-style 'testing-the-waters' engagements and the use of free writing prospectuses for GLB offers, provided these are allowed under the relevant US rules and regulations. Pre-deal investor education may also be conducted with institutional and accredited investors for GLB offers;
- the MAS will amend Notice SFA 04-N21 on Business Conduct Requirements for Corporate Finance Advisers to allow issue managers to adopt alternative due diligence steps, where appropriate. Issue managers will remain subject to the overarching obligation to exercise reasonable care, skill and diligence;
- conditional safe harbours modelled on US practice – relating to forward-looking statements, share repurchases and pre-determined trading plans – will be introduced but will not apply in cases involving fraud or dishonesty; and
- the Singapore Code on Take-overs and Mergers will not apply to GLB issuers unless they are incorporated in Singapore. The MAS also intends to issue a class exemption from Part 7 of the SFA (disclosure of interests) for directors and officers of Singapore-incorporated GLB issuers, as well as for shareholders with more than 5% shareholding interest.

Singapore Exchange Regulation (SGX RegCo) has concurrently responded to its April 2026 consultation paper on the proposed GLB listing rulebook, confirming that a new set of listing rules for the GLB will be implemented to facilitate cross border capital raising for companies and access to a wider range of listings for investors. The GLB listing rules are expected to take effect in mid-2026.

## APRA calls for step-change in AI-related risk management and governance

The Australian Prudential Regulation Authority (APRA) has published a letter calling for a step-change in how banks, insurers and superannuation trustees manage artificial intelligence (AI)-related risks as the technology continues to rapidly evolve.

The letter outlines the findings of a targeted supervisory review APRA undertook in late 2025 across all its regulated industries examining how AI was being deployed and governed. The review noted that the expanded use of advanced AI is introducing a range of new financial and operational vulnerabilities for entities, but that information security practices are struggling to keep up with the pace of change.

APRA has warned that governance, risk management, assurance and operational resilience practices are not keeping pace with the scale, speed, and complexity of AI adoption. The letter also warns that frontier AI

models, which could enhance the discovery of vulnerabilities by bad actors, are expected to further increase the probability, speed and scale of cyber-attacks.

Other observations from the review include the following:

- AI use is accelerating across all APRA-regulated industries with entities moving from experimentation towards more operationally embedded and customer-facing applications. However, governance arrangements have not matured at the same pace;
- while boards demonstrate strong interest in the potential benefits of AI, many lack the technical literacy required to provide effective challenge to management on AI related risks and oversight;
- heightened concentration risk was noted with some entities heavily dependent on a single provider for multiple AI use cases and gaps in contingency planning;
- AI functionality is often embedded within broader software platforms or developer tooling, reducing transparency over where and how models are trained, updated or constrained and limiting entities' ability to completely assess and manage risks; and
- AI risks can cut across multiple domains, such as operational resilience, cyber and information security, privacy and procurement. Existing change and assurance management approaches are often fragmented and may not effectively provide sufficient assurance for AI.

While the letter is based on APRA's current observations, APRA strongly encourages entities to engage early with its Non-Financial Risk Team where unexpected or heightened AI-related risk concerns arise, including in circumstances where existing risk management approaches may be challenged.

## Recent Clifford Chance briefings

### Law Commission considers introduction of consumer class action regime

On 20 April 2026, the Law Commission announced that it is considering the introduction of a consumer class action regime in England and Wales. Its stated aims are to improve consumer access to redress by securing remedies through the courts, ensuring that damages are distributed to the affected classes and promoting the efficient conduct of litigation at proportionate cost.

This briefing paper discusses the broad potential scope of the regime and the significant implications it may have on consumer-facing organisations.

https://www.cliffordchance.com/briefings/2026/05/law-commission-considers-introduction-of-consumer-class-action-r.html