

International Regulatory Update: 11 – 15 May 2026



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EU Commission reports on framework for money market funds

The EU Commission has published a [report](#) on the functioning of the framework for money market funds (MMF).

The report finds that MMFs generally take a cautious approach and keep liquidity reserves above the regulatory minimum. However, the Commission also believes that the market would benefit from additional guidance and has published frequently asked questions (FAQs) alongside the report. The FAQs set out guidance on MMFs' minimum liquidity levels and on how liquidity buffers may be used to meet rising redemption requests during times of market stress.

The report is intended to provide key additional guidance and aims to support more consistent and well-calibrated supervision of MMFs, helping MMF managers and competent authorities to identify situations that may require closer scrutiny.

ESMA issues guidance on effective use of resolution tools in CCP crisis planning

The European Securities and Markets Authority (ESMA) has published a [resolution briefing](#) for central counterparties (CCPs). In its 2025-26 workplan, the ESMA Resolution Committee (CCP ResCo) identified the need for further guidance on the operationalisation of the write-down and conversion of instruments tool (WDCI).

The briefing focuses on the operational steps and conditions for national resolution authorities (NRAs) to consider when including the WDCI in the resolution plan. These include:

- defining and receiving the relevant data from the CCP and calibrating the WDCI;
- assessing the impact on relevant stakeholders, such as shareholders and creditors, financial markets and linked financial market infrastructures (FMIs); and
- ensuring the appropriate implementation of the WDCI and the reorganisation following the implementation.

SRB consults on updated operational guidance on liquidity and funding in resolution

The Single Resolution Board (SRB) has launched a public [consultation](#) to the banking industry and relevant stakeholders on a consolidated version of its operational guidance for banks on liquidity and funding in resolution and its annexes.

According to the SRB, the guidance does not propose new deliverables but instead focuses on targeted amendments about existing expectations. The key updates include: the scope of Key Liquidity Entities (KLEs) and standard identification methods, methodological assumptions for banks to estimate liquidity needs, governance expectations on the liquidity situation and a review of collateral-related expectations.

Comments are due by 6 July 2026.

AMLA consults on draft RTS for home-host supervisory cooperation

The Anti-Money Laundering Authority (AMLA) has launched a public [consultation](#) on its draft regulatory technical standards (RTS) on cooperation between home and host supervisors of cross-border groups of obliged entities under the sixth Anti-Money Laundering Directive (AMLD6).

Article 46(4) of AMLD6 requires AMLA to develop draft RTS specifying the respective duties of home and host supervisors and establishing practical arrangements for effective cooperation. The draft RTS include provisions relating to:

- obligations to share information on the supervisor's own initiative and upon request, with specific content requirements;
- setting out procedures for conducting or facilitating cross-border supervisory inquiries, including roles, timelines, and post-inquiry exchanges; and
- common approaches to coordinated or joint supervisory activities.

Comments can be made during a public hearing on 28 May 2026.

AMLA publishes reporting package for identifying entities for direct supervision

AMLA has published a [reporting package](#) in preparation for the first selection cycle of entities that will come under its direct supervision from 2028.

The package for the identification of provisionally eligible obliged entities sets out reporting instructions for national supervisors to use to identify which entities meet the criteria for inclusion in the selection for direct supervision. It consists of a standardised reporting template and an interpretative note providing specifications and instructions to assist national supervisors and obliged entities in meeting the requirements.

National supervisors are responsible for organising the data collection from obliged entities and must collect data by 15 August 2026. The AMLA expects to finalise the provisional list of eligible obligated entities by the end of September 2026.

King's Speech May 2026: UK Government's legislative plans announced

His Majesty the King's speech has been delivered in the Houses of Parliament setting out [the UK Government's agenda](#) for the coming session.

Amongst other things, the Government plans to bring forward the Enhancing Financial Services Bill, which is intended to:

- streamline the regulatory architecture and consolidate the Payment Systems Regulator (PSR) within the Financial Conduct Authority (FCA) to enable stronger coordination and clearer responsibilities, reduce fragmentation of the regulators and support innovation;
- modernise consumer protections and redress arrangements to ensure protections are fit for the digital age. Reforms to the Financial

Ombudsman Service (FOS) are intended to increase consistency and clarity of decision-making;

- ensure that the administrative burden on firms is proportionate without compromising on core consumer, prudential and market protections. This includes reducing the overall burden of the Senior Managers and Certification Regime, with a focus on accountability of the most senior figures in financial services;
- enable credit unions to expand by improving the rules on who can become a member; and
- support lending and investment, including by updating the statutory framework underpinning the ring-fencing regime.

Other Bills announced in the speech include, amongst others:

- the Digital Access to Services Bill, which will introduce a digital ID scheme that individuals will have an option to use;
- the Tackling State Threats Bill, which includes a new power to proscribe organisations that threaten national security;
- the Small Business Protections (Late Payments) Bill;
- the Commonhold and Leasehold Reform Bill;
- the Remediation Bill;
- the Civil Aviation Bill;
- the Energy Independence Bill;
- the Cyber Security and Resilience Bill;
- the Regulating for Growth Bill; and
- the European Partnership Bill.

UK Government and FCA announce plans to reform UK Money Market Fund Regulations

HM Treasury and the FCA have [announced](#) their plans to reform the UK Money Market Fund Regulation (MMFR) regime to ensure the UK's regulatory framework appropriately supports the resilience of these markets while maintaining the UK's international competitiveness. This follows their December 2023 consultations on replacing and reforming the MMFR.

The Government has indicated that it will now lay legislation as soon as Parliamentary time allows to establish the new regulatory framework, under which most requirements for UK MMFs will be set out in FCA rules and guidance. This will include guidance setting out expectations that UK MMFs hold higher levels of liquidity.

The UK's new regime is expected to be in place by Q4 2026, subject to Parliamentary approval, and the FCA intends to issue a statement with further details on its plans in the near future.

UK Government publishes response to consultations on Commercial Credit Data Sharing and Bank Referral Scheme

The UK Government has published its [response](#) to its consultations on issues relating to Commercial Credit Data Sharing (CCDS) and the Bank Referral Scheme (BRS).

In its response, the Government confirms its intention to amend legislation to enable reforms to CCDS when parliamentary time allows. Reforms will include:

- expanding CCDS beyond regulated banking institutions;
- revising CCDS data reporting requirements to improve data quality and coverage; and
- including charities and the not-for-profit sector in CCDS to support access to finance.

The Government does not propose legislative changes to the BRS, and instead invites the financial services sector to develop industry-led proposals to support referrals and finance for small and medium-sized enterprises.

HM Treasury responds to consultation on regulatory environment and cross-cutting reforms

The UK Government has published its [response](#) to its consultation on cross-cutting reforms to ensure that the financial services regulatory environment is effective, proportionate, and in line with the Government's ambition on regulation, launched as part of the Leeds Reforms in July 2025.

Having considered the feedback received, the Government intends to legislate to:

- set new, shorter statutory deadlines for determining applications for new firm authorisations, variations of permissions, and senior manager approvals;
- require the FCA and Prudential Regulation Authority (PRA) to produce new long-term strategies, at least once every five years;
- require the regulators to have regard to regulatory and supervisory principles, as well as remit letters (containing recommendations from the Treasury) when producing their new long-term strategies, and remove the requirement for the regulators to consider these when making day-to-day decisions; and
- remove a range of reporting and other procedural requirements from the regulators which are of lower value to stakeholders.

Building on the proposals outlined in the consultation, the Government also intends to legislate to shorten a number of other statutory deadlines relating to those it consulted on, in particular the deadlines for determining applications for requirements imposed by the regulators, financial promotion approvals, and Senior Managers & Certification Regime (SMCR) variations.

The Government has indicated that it will bring forward primary legislation to deliver the reforms when Parliamentary time allows.

HM Treasury launches access to banking review

HM Treasury has [commissioned an independent review](#) to protect access to banking in the UK.

The Access to Banking Services Review will gather evidence on the impact of branch closures, identify who is most affected and assess where further action may be needed to protect access to banking services.

It is expected to provide a report and recommendations to the Government by October 2026. The Government intends to create new powers under the Enhancing Financial Services Bill, which was announced in the King's Speech on 13 May 2026 and will enable it to act where access to banking is at risk.

Motor finance: FCA publishes advice for firms and consumers

The FCA has published a [statement](#) setting out further advice for firms and consumers following the legal challenges to its motor finance compensation scheme.

The statement summarises the grounds of challenge the FCA has received and the issues for the Upper Tribunal to resolve. These include, among other things:

- the FCA's power to make the rules;
- the application of the rules to agreements entered into before 1 April 2014;
- the FCA's application of the law relating to limitation periods;
- rules for determining whether lenders are liable and whether consumers suffered loss or damage, including rules around unfair relationships;
- the rules governing the calculation of redress;
- the FCA's application of its statutory objective of protecting and enhancing the integrity of the UK financial system; and
- alleged unlawful interference with lenders' property rights under the Human Rights Act 1998.

In the statement, the FCA notes that the case is unlikely to be heard before October 2026 and sets out how firms should continue to prepare for the scheme in the meantime. That includes identifying relevant complaints and agreements, gathering the data needed to identify commission arrangements and disclosure practices, working with claims management companies (CMCs) to resolve instances where consumers are represented by more than one party, and cooperating fully and promptly with the Financial Ombudsman Service on any existing complaints. The FCA has confirmed that firms should submit implementation plans by 12 May 2026, but it does not insist on receiving formal attestations by that date.

The statement also sets out some contingency planning in the event that the scheme, or parts of it, are quashed. The plans are based on a set of indicative assumptions which include lenders preparing to be ready to deal with compliance within the usual statutory timeframes from mid-November 2026.

HKMA and IA jointly announce cross-sector reference checking arrangement between banking and insurance sectors

The Hong Kong Monetary Authority (HKMA) and the Insurance Authority (IA) have jointly [announced](#) a cross-sector reference checking arrangement between the banking and insurance sectors. The arrangement is intended to address the ‘rolling bad apples’ phenomenon in the broader financial services industry and builds on the experiences of the respective sectors in implementing earlier phases of their respective reference checking schemes.

Under the arrangement, which will be implemented in phases, authorised institutions (AIs) and insurance entities will be allowed to obtain and share conduct related reference information of in-scope individuals who were previously appointed by AIs and/or insurance entities.

Following the implementation of Phase 1 and Phase 2 of the respective sectoral schemes, Phase 3A of the cross-sector reference checking arrangement will be effective from 1 July 2026. Phase 3A will apply to the appointment of all individual insurance intermediaries engaged in long term insurance business by AIs that are also licensed insurance agencies under the Insurance Ordinance, as well as by insurance entities. Further details on the scope of individuals to be covered and a high-level summary of the arrangement are set out in the annex to the circular. The operational details of the arrangement are governed by the reference checking schemes guidelines issued by the respective industry associations.

The two regulators intend to conduct a post-implementation review at the end of 2026 after the implementation of Phase 3A of the arrangement. It is envisaged that Phase 3B will extend the cross-sector reference checking to all AIs and insurance entities, covering all other prospective individuals currently subject to the Banking Mandatory Reference Checking Scheme and the Insurance Reference Checking Scheme who are not included in Phase 3A.

All AIs and insurance entities are expected to put in place necessary internal controls, policies and procedures to ensure smooth implementation of the arrangement.

Cross-Agency Steering Group welcomes first sector-based operational guide on transition finance

The Hong Kong Green and Sustainable Finance Cross-Agency Steering Group has [welcomed the publication](#) of the ‘Transition Finance Operational Reference Guide – Phase 1 Report: Mobilising Finance for the Transition of the Technology Sector’.

Building on the Steering Group’s strategic priorities for 2026 to 2028 to scale up transition finance with practical guidance, the report provides a toolkit for financial institutions and corporates to operationalise global frameworks and principles in this respect, and is intended to promote good practices through a sector-based approach. The first-phase report focuses on entity-level financing and investment, exploring how financial institutions can support a company’s overall climate transition strategy through general corporate-purpose financing.

Amongst other things, the report highlights commonalities across recognised international frameworks and identifies a core set of

entity-level transition-related information and metrics that are material and relevant to the information and communications technology sector. It also addresses market feedback on implementation challenges through case studies to illustrate how to apply international principles and guidance on transition finance in practice.

RECENT CLIFFORD CHANCE BRIEFINGS

How governments are backing critical minerals investment

Demand for critical minerals – essential for high tech, energy and defence applications – is high, yet production is concentrated in a limited number of countries, leaving supply chains vulnerable to disruption and price volatility. Recent geopolitical developments, including the Iran conflict and Chinese export restrictions, have underscored these risks and the strategic importance of diversifying supply. In response, governments are stepping up policy and financial support for critical minerals investment, recognising that market economics often render these capital-intensive projects unviable without public intervention.

This briefing paper explores the different government policies and initiatives for financing critical minerals projects in key jurisdictions.

https://www.cliffordchance.com/insights/thought_leadership/how-governments-are-backing-critical-minerals-investment.html

Japan proposes 'J CFIUS' reforms under FEFTA

Japan has entered the legislative phase of its proposed 'Japan-style CFIUS' reforms. The Cabinet has submitted a bill to amend the Foreign Exchange and Foreign Trade Act (FEFTA) to strengthen the national security screening of inbound investments.

This briefing paper discusses the proposed amendments, which expand the scope of transactions subject to screening, introduce structured mitigation and post-closing intervention tools, and signal a shift to a more centralised, security-focused review. If enacted, the reforms would affect foreign investors, including those involved in indirect acquisitions and foreign-over-foreign transactions involving Japanese businesses.

<https://www.cliffordchance.com/briefings/2026/05/japan-proposes-j-cfius-reforms-under-fefta.html>

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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