

INTERNATIONAL REGULATORY UPDATE: 01 – 05 June 2026



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If you would like to know more about the subjects covered in this publication or our services, please contact:

International Regulatory Group Contacts

[Marc Benzler](#) +49 69 7199 3304

[Caroline Dawson](#) +44 207006 4355

[Steven Gatti](#) +1 202 912 5095

[Rocky Mui](#) +852 2826 3481

[Lena Ng](#) +65 6410 2215

[Gareth Old](#) +1 212 878 8539

International Regulatory Update Editor

[Joachim Richter](#) +44 (0)20 7006 2503

To email one of the above, please use firstname.lastname@cliffordchance.com

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

www.cliffordchance.com

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CRR: EU Commission adopts temporary adjustments to Basel III market risk rules

The EU Commission has adopted a [delegated regulation](#) introducing temporary amendments to the EU's implementation of the Fundamental Review of the Trading Book (FRTB) framework for market risk as part of the Capital Requirements Regulation (CRR).

Several major jurisdictions have delayed their FRTB implementation and by introducing these temporary, targeted amendments, the EU Commission aims to ensure a level playing field for EU banks during this phase.

The amendments include:

- a multiplier to temporarily offset capital impacts for EU banks adversely affected by the FRTB implementation;
- temporary relaxation of some aspects of the internal model approach;
- a more flexible treatment for the calculation of capital requirements for Collective Investment Undertaking exposures;
- flexibilities in the calculation of the capital requirements for default risk for sovereign exposures under the internal model approach and for hedged equity exposures under the standardised approach; and
- a temporary phase-in of some requirements under the standardised approach, to address issues caused by different implementation timelines across jurisdictions.

The delegated regulation will be reviewed by the EU Parliament and the EU Council. If no objections are raised, the delegated act will apply for three years from 1 January 2027.

Listing Act/MiFID2: Delegated Directive amending research regime published in Official Journal

[Commission Delegated Directive \(EU\) 2026/374](#) amending the MiFID2 Delegated Directive ((EU) 2017/593) in relation to the conditions for the provision of third-party execution services and research to investment firms that provide portfolio management or other investment or ancillary services has been published in the Official Journal.

The Delegated Directive makes amendments to reflect the increased flexibility permitting investment firms to pay for third party execution services and research either separately or jointly as introduced by the Listing Act. Specifically, the Delegated Directive:

- specifies conditions that firms operating a separate research payment account must meet in relation to the operation of that account;
- requires firms to inform their clients about the way they pay for research and execution services; and
- sets out the transparency requirements firms must follow if they choose to pay separately for execution services and research.

The Delegated Directive will enter into force on 22 June 2026 and Member States must transpose it by 5 June 2026.

MiFIR2: Delegated Regulation amending RTS on volume cap and transparency calculations published in Official Journal

[Commission Delegated Regulation \(EU\) 2026/392](#) amending the regulatory technical standards (RTS) regarding the volume cap and the provision of information for the purposes of transparency and other calculations has been published in the Official Journal.

The amendments to the RTS reflect the replacement of the double volume cap with a single volume cap set at 7% as introduced by the MiFIR Review and the use of transaction reporting data for transparency calculations. The Delegated Regulation specifically sets out changes relating to:

- the content of data requests and information to be reported;
- the format of data requests;
- the type of data that must be stored and the period of time trading venues, approved publication arrangements (APAs) and consolidated tape providers (CTPs) shall store data;
- the reporting requirements for trading venues, APAs and CTPs to the European Securities and Markets Authority (ESMA) for the trading obligation for derivatives; and
- the publication requirements for ESMA for the volume cap.

The Delegated Regulation will enter into force on 21 June 2026.

Prospectus Regulation: RTS on classification of prospectuses and documents incorporated by reference published in Official Journal

[Commission Delegated Regulation \(EU\) 2026/395](#) amending the RTS laid down in Delegated Regulation (EU) 2019/979 as regards updating the list of data necessary for the classification of prospectuses and the list of information that can be incorporated by reference into prospectuses has been published in the Official Journal.

The RTS update the list of metadata to be provided to ESMA for the classification of prospectuses in its storage mechanism to reflect the introduction of the EU Growth issuance prospectus and the EU Follow-on prospectus.

The RTS also add the following document types to the list of documents set out in Article 19(1) of the Prospectus Regulation:

- documents which have been approved by or filed with a competent authority in accordance with the Prospectus Directive; and
- pre-issuance disclosures for issuers of bonds marketed as environmentally sustainable or of sustainability-linked bonds as referred to in Article 20 of the European Green Bond Regulation (EuGB Regulation).

The Regulation will enter into force on 22 June 2026 and the provisions on the metadata to be provided to ESMA will apply from 10 July 2026.

BRRD: Amendments to Delegated Regulation on ex ante contributions to resolution financing arrangements published in Official Journal

[Commission Delegated Regulation \(EU\) 2026/440](#) amending Delegated Regulation (EU) 2015/63 on ex ante contributions to resolution financing arrangements under the Bank Recovery and Resolution Directive (BRRD) as regards the calculation of the contributions of certain institutions, the deletion of a risk indicator and procedural modifications has been published in the Official Journal.

Amongst other things, the Delegated Regulation:

- amends Article 3(2) on the definition of investment firms and of competent authority;
- modifies the methodology for the calculation of contributions of certain institutions (investment firms);
- deletes the risk indicator 'Own funds and eligible liabilities held by the institution in excess of MREL'; and
- sets out changes regarding certain procedural issues.

The amendments are intended to reflect changes to the BRRD and the adoption of the new prudential regime for investment firms (IFR/IFD) as well as lessons learned from the initial period of collecting contributions.

Delegated Regulation (EU) 2026/440 entered into force on 6 June 2026. The amendments will apply immediately, with certain provisions, including the new contribution methodology for investment firms and related supervisory notification requirements, applying from 1 January 2027.

ESMA deprioritises certain 2026 deliverables

ESMA has written a [letter](#) to the EU Commission on the prioritisation of its 2026 deliverables.

ESMA has carried out an assessment of the tasks and commitments outlined in its 2026 Annual Work Programme (AWP) in light of external factors affecting its workload since its publication in September 2025, in particular the publication of the market integration and supervision package (MISP) proposal and the political priority towards simplification and burden reduction.

In the letter, ESMA outlines the deprioritised deliverables which relate to its commitments to the EU Commission and specifies the reasons for the

delay or deprioritisation of each of these deliverables. The delayed deliverables include:

- guidelines on suspensions and other national competent authority (NCA) powers under the Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive;
- guidelines on consistency and proportionality under the distributed ledger technology (DLT) Pilot;
- guidelines on public entities, RTS on public data and RTS on systemic manifest errors under the European Market Infrastructure Regulation (EMIR); and
- a one-off report on the equity consolidated tape under MiFIR.

ESMA is also proposing to cancel a number of 2026 annual or bi-annual reports which it believes have limited added value due to lack of new available data or because of interaction with the MISP package.

Finally, ESMA is requesting that the Commission repeals mandates for certain recurrent reports so it can prioritise the publication of findings which are most relevant for policy decisions or convergence or supervisory actions.

DORA: ESAs publish report on major ICT-related incidents

The European Supervisory Authorities (ESAs) have published their first [annual overview](#) of major ICT-related incidents in the EU financial sector based on a reporting mechanism established by the Digital Operational Resilience Act (DORA).

DORA introduced consistent requirements for financial entities on the management, classification and reporting of ICT-related incidents with the objective of harmonising and streamlining the reporting regime. This is intended to allow for a faster and more coordinated response in case of borderless and interconnected major ICT-related incidents. The report indicates that:

- around one third of the 3383 major incidents reported by financial entities in the EU had a cross-border impact, although the direct impact on clients and transactions was generally limited;
- system failures and external events were the main drivers for major incidents; and
- despite only 10% of the reported incidents being related to cybersecurity, it is important that financial entities uphold the highest cybersecurity standards to keep pace with the potential use of highly capable AI-driven tools.

AMLA consults on draft guidelines on ongoing monitoring of business relationship

The Anti-Money Laundering Authority (AMLA) has launched a [consultation](#) on its draft guidelines on ongoing monitoring of a business relationship under Article 26(5) of the Anti-Money Laundering Regulation (EU) 2024/1624 (AMLR).

Under Article 26 of the AMLR, obliged entities are required to conduct customer due diligence reviews both periodically and on an ongoing basis

to identify any relevant changes in customer information. The draft guidelines set out AMLA's expectations on:

- keeping customer documents, data and information up to date, including using appropriate sources and assessing relevant information during periodic and event-driven reviews; and
- transaction and activity monitoring frameworks, including the design, implementation and testing of systems to detect unusual or suspicious transactions and activities.

A public hearing on these draft guidelines is planned for 2 July 2026.

The consultation closes on 3 September 2026.

IOSCO publishes final report on valuing collective investment schemes

The International Organization of Securities Commissions (IOSCO) has published its [final report](#) on valuing collective investment schemes (CIS). The report consolidates IOSCO's earlier principles on valuation for CIS and hedge funds and updates them to reflect market developments – including recent periods of market volatility – and feedback from market participants.

The report sets out recommendations that IOSCO intends to strengthen valuation practices across jurisdictions. The recommendations focus on:

- governance and oversight arrangement, including in situations of market stress;
- management of conflicts of interest;
- sound and consistently applied valuation methodologies;
- appropriate use and oversight of third-party valuation providers; and
- transparency, disclosure and record-keeping.

House of Lords Financial Services Regulation Committee publishes report on regulation of stablecoins

The House of Lords Financial Services Regulation Committee has published its [report](#) on the proposed regulation of stablecoins in the UK, following the inquiry it launched in January.

Amongst other things, the Committee has concluded that:

- the UK is currently lagging behind in developing its regulatory regime compared to the USA and EU;
- the regulators must adhere to current timelines and ensure that the final regulatory regime must not be delayed;
- there are several elements of the UK's proposed regime which would diverge from international equivalents, including in requirements for systemic issuers to hold unremunerated backing assets, the proposed stablecoin holding limits, and the restrictions on commercial banks issuing stablecoins;
- the Bank of England should conduct more granular modelling of the impact of imposing holding limits on high-value use cases;

- HM Treasury should consider with the Bank of England and the Financial Conduct Authority (FCA) whether the existing legal frameworks are sufficient to detect and deter illicit activity using private unhosted and unregulated wallets, and should be prepared to legislate to restrict their use if necessary;
- HM Treasury should set out further details about how it will determine whether stablecoins are systemic; and
- the FCA should reconsider whether a k-factor requirement for stablecoin issuers that increases with the volume of stablecoins is appropriate.

Financial Services and Markets Act 2023 (Commencement No. 14) Regulations 2026 made

The Financial Services and Markets Act 2023 (Commencement No. 14) Regulations 2026 ([SI 2026/587](#)) have been made. The regulations bring the revocation of the following assimilated EU law into force on 13 July 2026:

- Regulation (EU) No 236/2012 on short selling and certain aspects of credit default swaps;
- the Financial Services and Markets Act 2000 (Short Selling) Regulations 2012; and
- instruments made under Regulation (EU) No 236/2012.

FCA publishes policy statement on Retail Banking Business Models data

The FCA has published a [policy statement](#) (PS26/8) introducing an annual regulatory reporting requirement for retail banks and building societies, replacing the previously *ad hoc* Retail Banking Business Models (R2B2) data collections with a formalised annual return.

As part of a broader initiative to streamline data collection and reduce administrative burden, the FCA intends that the new policy will enable more effective monitoring, enhance understanding of competitive dynamics and structural pressures, and provide key insights into small business banking and lending to ensure fair value or access to affordable credit.

The new rules came into force on 1 June 2026.

FCA publishes Quarterly Consultation No. 52

The FCA has published its latest quarterly consultation paper ([CP26/17](#)) on proposed amendments to the FCA Handbook.

It is seeking feedback on its proposals to:

- simplify the product-level disclosure requirements in ESG following a post-implementation review of its climate disclosure rules for asset managers, life insurers and FCA-regulation pension providers;
- amend FEES 4 Annexes 1A, 2A, 11A and 13 to set regulated income as the tariff base for cryptoasset firms and insert three additional rows to FEES 5 Annex 1R to account for new regulated cryptoasset activities;

- make consequential amendments to references to the definitions and provisions of the UK Capital Requirements Regulation (UK CRR) in the FCA Handbook and Glossary of definitions;
- allow certain authorised funds to hold cryptoasset exchange traded notes (cETNs) to a limit of 10% of scheme property;
- delete the requirement for approvers of qualifying cryptoasset financial promotions to submit notifications following certain approvals; and
- simplify the scheduling rule for Section M of the retail mediation activities return (RMA-M) and to update guidance to complete FIN073.

Comments are due by 13 July 2026.

Banking Legislation (Miscellaneous Amendments) Bill 2026 gazetted

The Hong Kong Government has gazetted the [Banking Legislation \(Miscellaneous Amendments\) Bill 2026](#). The amendments are intended to reduce the compliance burden on the banking industry, make regulatory requirements clearer and more effective, keep pace with market developments, and further align Hong Kong's banking regulation with relevant international standards.

The Bill covers amendments to the Banking Ordinance in the following areas:

- regulation of bank holding companies;
- engagement of skilled persons for supervisory purposes;
- modernisation of enforcement provisions;
- simplification of the current three-tier banking system into a two-tier system; and
- technical amendments to reduce the compliance burden and enhance regulatory clarity.

It also makes amendments to the Hong Kong Association of Banks Ordinance and the Financial Institutions (Resolution) Ordinance to enhance operational efficiency and flexibility.

The Bill is scheduled to be introduced into the Legislative Council for first reading on 17 June 2026.

HKMA issues guidance on offering of financing for VA dealing, shared order book and client VA withdrawals

On 11 February 2026, the Securities and Futures Commission (SFC) issued a circular (SFC VA Circular) permitting licensed corporations providing virtual asset (VA) dealing services under an omnibus account arrangement (VA brokers) with SFC-licensed VA trading platforms operators (VATP operators) to offer financing for VA dealing. Prior to the SFC VA Circular, a licensed corporation or a registered institution (RI) was not allowed to provide any financial accommodation for its clients to acquire VA under paragraph 4.33 of the Terms and Conditions for Licensed Corporations or Registered Institutions Providing Virtual Asset Dealing Services under an Omnibus Account Arrangement (Terms and Conditions).

The Hong Kong Monetary Authority (HKMA) has published a [circular](#) noting that RIs providing VA dealing services may provide VA financing by observing similar standards expected by the SFC on VA brokers providing VA financing. RIs that wish to provide VA financing are expected to ensure compliance with the relevant requirements in the SFC VA Circular. To reflect the relaxation, the Terms and Conditions have been revised as attached to the HKMA's circular on 'Virtual asset-related activities in relation to relevant stablecoins issued by licensed stablecoin issuers' issued on 27 May 2026.

For RIs providing VA dealing services to conduct agency trading of clients on a shared order book and offering retail clients access to the shared order book, they should follow the same guidance given by the SFC to VA brokers as set out in paragraphs 15–17 of the SFC VA Circular.

Further, to better safeguard client VAs, and in addition to the HKMA's existing requirements on related matters, including those relating to e-banking, technology and operational risk management, the expected standards and measures regarding client VA withdrawals as set out in paragraphs 18–20 of the SFC VA Circular will also be applicable to RIs that permit client VA withdrawals.

HKMA issues updated guidance on provision of custodial services for digital assets

The HKMA has issued [updated guidance](#) on the provision of digital asset custodial services for clients by authorised institutions (AIs). This is intended to reflect market and technological developments in safeguarding clients' digital assets, including the implementation of the Stablecoins Ordinance.

The updated guidance emphasises the need for robust security, governance, and operational controls to ensure that client digital assets held by AIs in custody are adequately safeguarded and that the risks involved are properly managed. The refined standards allow flexibility for AIs to adopt operational arrangements that are commensurate with the nature, features and risks of the digital assets under custody.

The HKMA expects AIs to apply the standards in safeguarding client digital assets, whether the assets are received in the course of conducting virtual asset-related activities as an intermediary, distributing tokenised products, or providing standalone custodial services.

The circular applies to AIs and subsidiaries of locally incorporated AIs that conduct digital asset custodial activities. AIs which by themselves or (in the case of locally incorporated AIs) whose subsidiaries intend to provide digital asset custodial services are expected to discuss with the HKMA in advance and demonstrate compliance with the expected standards and requirements set out in the circular. AIs or subsidiaries of locally incorporated AIs already engaging in such activities are required to review and revise their systems and controls as necessary, to ensure that they meet the updated expected standards.

The circular supersedes the HKMA circular dated 20 February 2024 titled 'Provision of Custodial Services for Digital Assets'.

HKMA shares good practices on market risk capital charge calculation and related risk management

The HKMA has issued a [circular](#) to share good industry practices observed in its thematic reviews of AIs regarding their market risk capital charge (MRCC) calculation and related risk management for implementing the Basel III final reform package.

The HKMA observed that many AIs have enhanced their market risk systems and control processes to effectively identify, measure and monitor market risk exposures, thereby supporting the complete, accurate and consistent calculation of the MRCC. The key good industry practices observed by the HKMA include:

- adopting a robust new product approval process for identifying risks arising from trading and holding financial instruments;
- establishing and maintaining a granular product taxonomy for risk management and oversight; and
- applying proper proxy booking practices to address limitations in pricing models and market data.

AIs are expected to review respective MRCC calculation processes and market risk management frameworks, taking into account the good practices and observations outlined in the Annex, and to implement enhancements where appropriate.

HKMA urges authorised institutions to strengthen cyber resilience amid AI-empowered cyber threats

The HKMA has issued a [circular](#) reminding authorised institutions to remain vigilant in light of the evolving global cyber threat landscape, particularly the potential for cyber attacks empowered by frontier artificial intelligence (AI) models. In this context, the HKMA expects authorised institutions to:

- critically review and assess the sufficiency of their existing cyber defence controls;
- strengthen incident response and recovery capabilities; and
- enhance data resilience to counter destructive cyber attacks.

The HKMA intends to support the industry through a series of targeted initiatives, including:

- the establishment of a task force on AI-driven cyber risks;
- the development of a cyber resilience testing framework to provide authorised institutions with a systematic way to stress test their ability to respond to and recover from actual breach situations. A dedicated Industry Working Group under the Hong Kong Association of Banks is currently working with the HKMA on the framework's development, with an initial pilot involving selected institutions targeted for late 2026; and
- supporting the effective implementation of the Protection of Critical Infrastructures (Computer Systems) Ordinance (PCICSO) – among other measures, the HKMA has, pursuant to Section 8(1) of the PCICSO, issued a sectoral Code of Practice (CoP) providing practical guidance to authorised institutions designated as critical infrastructure

operators on compliance with the 'category 1' and 'category 2' statutory obligations. The sectoral CoP is effective from 2 June 2026.

SFC urges licensed firms to guard against emerging AI-enabled cyber threats

The SFC has issued a [circular](#) requiring licensed firms to strengthen their cybersecurity measures against emerging threats enabled by frontier AI models.

The SFC notes that AI-enabled cyber threats have become increasingly prominent, with Hong Kong recording a double-digit increase in overall cyberattack incidents in 2025. The SFC warns that fast-advancing frontier AI models have the potential to enable more frequent, targeted and sophisticated cyberattacks, posing significant operational disruptions and risks for licensed firms, their staff and clients.

The SFC also notes that recent advancements in AI have enabled malicious actors to identify and exploit system vulnerabilities at a faster pace, coordinate attacks across multiple interconnected systems and orchestrate large-scale attacks. Concurrently, the proliferation of AI-enabled tools has lowered the barriers for them to engage in phishing, social engineering, deepfake impersonation and reconnaissance.

The SFC urges licensed firms, especially internet brokers and virtual asset trading platforms, to implement robust and up-to-date measures to protect their systems, prevent confidential client information from unauthorised access or disclosure, and safeguard client assets against misappropriation. The SFC has set out areas for licensed firms to review and enhance their cybersecurity frameworks to ensure they remain up-to-date and effective.

As part of its ongoing efforts, the SFC will organise webinars to raise industry awareness, conduct thematic reviews to assess licensed firms' preparedness and resilience in responding to cybersecurity incidents and attacks, and take appropriate supervisory action in response to the evolving risks.

SFC issues new guidance to help securities issuers prepare for upcoming uncertificated securities market regime

The SFC has published a [guidance note](#) to assist securities issuers in their preparation ahead of the uncertificated securities market (USM) regime, which is scheduled to be implemented on 16 November 2026.

The SFC's guidance note identifies the key areas of focus and provides sample provisions for issuers' reference. Issuers will need to complete their amendment exercise by the first anniversary of USM launch (i.e., by 16 November 2027) or by the date of their first annual general meeting after the USM launch, whichever is later.

In parallel, the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited, has published a guide on the USM, focusing on issuers' obligations under the Hong Kong listing rules in relation to the USM implementation.

MAS publishes information papers on risk management and valuation practices for fund management companies

The Monetary Authority of Singapore (MAS) has published information papers on [risk management](#) and [valuation practices](#) for fund management companies (FMCs).

The information papers set out the MAS' supervisory expectations for effective governance structures, frameworks, policies, procedures and controls in relation to both the oversight and management of FMCs' investment processes and the valuation of fund assets. The expectations are based on key findings from thematic inspections of selected FMCs' investment processes across a range of investment strategies.

In relation to valuation practices, the MAS expects FMCs to ensure independent valuation of their assets under management and to establish governance structures, frameworks, policies and procedures and controls to ensure that valuation of funds' assets (including other forms/arrangements managed by the FMC, where relevant) are appropriate and timely, and investors are treated fairly. In particular, FMCs are expected to:

- strengthen independence within the valuation process and related governance mechanism, ensuring that potential conflicts of interest are adequately mitigated and, where appropriate, disclosed to their investors;
- establish and maintain comprehensive and up-to-date valuation policies and procedures covering the full end-to-end valuation process across all relevant asset classes and financial instruments;
- implement suitable price validation checks and closely following up on exceptions flagged; and
- adopt appropriate valuation approaches and methodologies, ensure timely updates and adjustments to asset values whenever circumstances justify a revaluation.

Regarding risk management practices, the MAS expects FMCs to establish robust governance, adequate policies and procedures and sound risk management practices to ensure that relevant risks are accurately identified, appropriately managed, and transparently communicated to investors. In particular, FMCs are expected to:

- ensure strong governance and oversight of the investment process by senior management members across all functions, with relevant experience and expertise;
- implement robust risk assessment and monitoring frameworks and processes at both the individual investment and fund levels; and
- maintain independent risk monitoring and oversight functions, separate from portfolio management, to complement portfolio managers' own performance and risk monitoring.

MAS revises Notices FHC N649, 649 and 1015 on minimum liquid assets and liquidity coverage ratio

The MAS has revised [Notice FHC N649](#) (for financial holding companies that have a subsidiary that is a bank incorporated in Singapore and are predominantly banking designated financial holding companies), [Notice 649](#) (for banks in Singapore) and [Notice 1015](#) (for merchant banks in

Singapore) on Minimum Liquid Assets (MLA) and Liquidity Coverage Ratio (LCR) with a view to:

- updating the scope of eligible liquid assets under the MLA framework and eligible high quality liquid assets under the LCR framework; and
- implementing other miscellaneous amendments across the Notices.

Additionally, Notices 649 and 1015 have been amended to impose group level MLA requirements.

All amendments across the three Notices will take effect on 1 September 2026.

Australian Treasury consults on extending unfair trading practices protections for small businesses

The Australian Treasury has launched a [consultation](#) seeking feedback on the design and implementation of proposed extensions to unfair trading practices protections to cover small businesses and franchisees. These proposed reforms, which are currently under consideration by the Senate, form part of the Government's broader policy agenda to ensure markets operate fairly and that small businesses are appropriately protected from harmful practices.

Building on earlier consultations, the consultation paper focuses on how additional protections should be designed, targeted and implemented to protect small businesses and franchisees from unfair trading practices. In particular, it seeks views on whether the proposed principles-based general prohibition under the Competition and Consumer Amendment (Unfair Trading Practices) Bill 2026 should be extended – either in its current form or with modifications – to protect small businesses and franchisees where they purchase goods or services as a consumer.

The consultation also seeks feedback on the types of unfair trading practices that small businesses and franchisees experience in their trading relationships with other businesses, whether as a purchaser or a supplier. It further invites views on the extent to which existing protections under the Australian Consumer Law (ACL) or other laws and regulations already provide protections against such practices, and whether additional protections under the ACL would deliver a net benefit.

Following the consultation, Treasury intends to develop a Decision Regulation Impact Statement to inform the Government's position on the final design of the proposed reforms. Consistent with the Intergovernmental Agreement for the ACL, any amendments will be subject to consultation with, and agreement from, states and territories.

Comments on the consultation are due by 10 July 2026.

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.

www.cliffordchance.com

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

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