

## International Regulatory Update: 22 – 26 June 2026



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## **Sustainable Finance: EU Council agrees position on SFDR 2.0**

The EU Council has [agreed its negotiating position](#) on the Commission's proposed set of amendments to the Sustainable Finance Disclosure Regulation (SFDR 2.0).

The proposed amendments are intended to result in simpler and more usable information for investors, enabling them to make better informed choices. They include significantly reducing product-level disclosures and a simpler categorisation system comprising three categories for 'sustainable', 'transition', and 'ESG basics' products.

Amongst other things, the Council's position:

- stipulates that when companies identify and disclose the principal adverse impacts of their investments on sustainability factors, they must make mandatory use of at least three indicators from a list to be provided by the Commission to support their claims;
- clarifies that investments in companies active in the fossil fuel sector which allocate 20% of their capital expenditure to economic activities aligned with EU taxonomy rules, and with a clear, time-bound strategy to reduce greenhouse gas emissions, may be considered for inclusion in the transition category;
- explicitly allows the inclusion of general-purpose issuances by EU public sector bodies in the transition category under certain conditions; and
- allows financial market participants not to apply the categorisation provisions for alternative investment funds offered exclusively to professional investors.

The Council is now ready to start trilogue negotiations as soon as the EU Parliament has agreed on its position.

## **EU Council agrees position on proposed amendments to IORP II Directive**

The EU Council has [agreed its negotiating position](#) on the Commission's proposal to amend the Institutions for Occupational Retirement Provision (IORP) II Directive. Amongst other things, the proposals include removing barriers to market-driven consolidation and other forms of fostering economies of scale to help IORPs to operate more efficiently, reduce costs, and diversify their investment portfolios, including in equity.

The Council is now ready to start trilogue negotiations as soon as the EU Parliament has agreed on its position.

## **EU Council agrees position on proposed amendments to PEPP Regulation**

The EU Council has [agreed its negotiating position](#) on the Commission's proposal to amend the Pan-European Personal Pension Product (PEPP) Regulation.

Amongst other things, the proposals include:

- making the PEPP a more attractive, accessible and cost-effective option for savers by removing existing requirements and design features that have hampered take-up; and
- introducing a 'Basic PEPP' invested in simple financial assets and offered to the public without advice.

The Council is now ready to start trilogue negotiations as soon as the EU Parliament has agreed on its position.

## **Digital finance: ECON Committee adopts position on digital euro proposals**

The EU Parliament's Committee on Economic and Monetary Affairs (ECON Committee) has [adopted its position](#) on the EU Commission's June 2023 legislative proposals relating to the digital euro, comprising:

- a regulation establishing the legal framework for a possible digital euro;
- a regulation on the provision of digital euro services by payment services providers incorporated in Member States whose currency is not the euro; and
- a regulation on the legal tender of euro banknotes and coins.

The negotiating mandates for the three texts will be announced at the start of the July plenary session, before trilogue negotiations with the EU Council can start.

## **CRD6: EBA publishes revised SREP guidelines**

The European Banking Authority (EBA) has published its [final revised guidelines](#) on common procedures and methodologies for the supervisory review and evaluation process (SREP) and stress testing under the Capital Requirements Directive (CRD6). The guidelines, a core output of the EBA's efficiency and simplification agenda, build on its October 2025 report on supervisory efficiency and a subsequent report on the EU prudential and resolution framework. They are intended to support a more risk-based, proportionate and forward-looking supervisory approach across the EU.

The guidelines will apply from 1 January 2027.

## **CRR3: EBA publishes final draft ITS on ESG risk disclosure**

The EBA has published [final draft implementing technical standards](#) (ITS) amending the Pillar 3 disclosure framework on ESG risks and introducing disclosure requirements on equity and shadow banking exposures.

The ITS finalise the implementation of the disclosure requirements introduced by the Capital Requirements Regulation (CRR3). They are also aligned with the European Sustainability Reporting Standards and with the

EBA's draft ITS on ESG reporting requirements, which are currently under consultation.

The ITS extend the existing ESG disclosure requirements for large institutions to all institutions. Small and non-complex institutions (SNClIs) will be required to disclose proportionally less than large and listed institutions. The ITS also enhance the disclosure requirements on ESG-related risks for large institutions and incorporate the recommendations of the Joint Bank Reporting Committee (JBRC) on semantic integration.

The ITS will be submitted to the EU Commission for adoption. They are expected to apply with a reference date of 31 December 2026, and 31 December 2027 for SNClIs.

### **MiCA: ESMA calls on unauthorised cryptoasset service providers to wind down as transitional period ends**

The European Securities and Markets Authority (ESMA) has issued a [statement](#) to clarify expectations for how unauthorised cryptoasset service providers (CASPs) must wind down activities while also protecting investors after the end of the transitional period under the Markets in Cryptoassets Regulation (MiCA) on 1 July 2026.

In particular, the statement calls on unauthorised CASPs to:

- stop onboarding new EU clients immediately, refrain from opening new client relationships or accounts, and cease marketing activities and solicitation;
- limit the provision of services to actions necessary to sell or transfer cryptoassets, reallocate assets, or close positions – the statement emphasises that custody of clients' cryptoassets can only continue for the period strictly necessary to complete an orderly exit; and
- communicate clearly, promptly and repeatedly with clients (retail and institutional) about the measures taken to safeguard their assets and the wind-down plans so that clients know the timeline to dispose of, transfer, reallocate or close their positions. CASPs' communications should include a deadline by which any residual positions would be closed automatically and information about client protection requirements.

### **ECB launches review of its supervisory guidance to improve clarity and transparency**

The European Central Bank (ECB) has [announced](#) a comprehensive review of its publications on banking supervision, intended to improve transparency, consistency and ease of use for banks and other stakeholders, including the wider public.

The review is based on an inventory of key publications available on the ECB's banking supervision website, encompassing approximately 130 guides, reports, letters and methodologies.

Some publications will be subject to more in-depth revisions, to take account of forthcoming legislative developments and feedback from banks and other stakeholders. The ECB has indicated that, where substantial changes are needed, public consultations will be launched. This group will initially include the following publications:

- the draft guide on governance and risk culture will be replaced by a report focused exclusively on good practices, planned for Q1 2027 after the revised EBA guidelines on internal governance have been finalised;
- the guide to licence applications is being revised to provide further clarification of procedural matters and align with current ECB Banking Supervision practice. Publication of the updated guide is expected in Q3 2026;
- the guide on effective risk data aggregation and risk reporting is being revised, with the revised guide expected to be published in Q4 2026;
- the guide to on-site inspections and internal model investigations is being updated to further clarify certain processes, with publication of the revised text expected by end-2026; and
- the guidance on leveraged transactions is currently under review, with the assessment to be finalised by end-2026.

### **FATF consults on guidance to increase payment transparency**

The Financial Action Task Force (FATF) has launched a [consultation](#) on draft guidance to support implementation of its revised Recommendation 16 payment transparency standards, agreed in June 2025 and due to be implemented globally by the end of 2030.

The guidance addresses transparency requirements for cross-border payments, fraud and error controls, alignment checks, newer payment methods, financial inclusion and privacy requirements.

The FATF is seeking input from financial institutions, payment system operators, civil society and researchers, with particular interest in feedback from emerging economies and lower-capacity jurisdictions.

Comments are due by 21 August 2026.

### **Financial Services and Markets Act 2023 (Commencement No. 15 and Saving and Transitional Provisions) Regulations 2026 made**

The Financial Services and Markets Act 2023 (Commencement No. 15 and Saving and Transitional Provisions) Regulations 2026 ([SI 2026/682](#)) have been made. The regulations bring the revocation of specified Articles of the CRR and related assimilated EU law into force on 1 January 2027.

### **BoE publishes policy statement and draft rules on regulating systemic stablecoins**

The Bank of England (BoE) has published a [policy statement and draft Code of Practice](#) for systemic stablecoin issuers, following its November 2025 consultation paper on the proposed regulatory regime for sterling-denominated systemic stablecoins.

The BoE has made targeted revisions to the proposals, including the following:

- the maximum share held in interest-bearing assets (short-term UK Government debt) has been increased from 60% to 70%, with the remainder in central bank deposits; and
- instead of introducing temporary holding limits, a temporary issuance guardrail will apply to each systemic stablecoin, initially set at GBP 40 billion. This guardrail will be reviewed regularly and removed once risks to credit provision have been addressed.

The BoE and the Financial Conduct Authority (FCA) are working together to deliver an end-to-end regime, including a managed transition as firms grow from non-systemic to systemic. Further detail will be published alongside the FCA's final rules shortly.

Comments on the draft Code of Practice are due by 22 September 2026. The BoE intends to finalise it by end-2026 and further supporting materials will follow alongside continued joint work with the FCA. This is intended to allow regulated stablecoins to operate in the UK from 2027.

### **BoE publishes annual reports**

The BoE has published the following [annual reports](#):

- BoE Annual Report and Accounts 2026;
- Prudential Regulation Authority (PRA) Annual Report 2026;
- Asset Purchase Facility Annual Report 2025/26;
- Alternative Liquidity Facility Annual Report 2025/26;
- the BoE's supervision of financial market infrastructures Annual Report;
- Report on the Bank's official market operations 2025/26;
- the BoE's climate-related financial disclosure 2026; and
- the BoE's Climate Transition Plan 2026 update.

### **Retail Payments Infrastructure Board consults on design of future retail payments infrastructure**

The Retail Payments Infrastructure Board (RPIB) has launched a [consultation](#) on the future design of the UK's next-generation retail payments infrastructure. The new infrastructure is intended to provide a secure foundation for innovation, greater choice and more seamless payments, while supporting existing and emerging forms of digital money. The consultation will help inform the blueprint for the future infrastructure, which will then be delivered by the new industry led Delivery Company.

The consultation focuses on the different types of payments the new infrastructure should support. Alongside existing functionality, it would enable new payment methods such as account-to-account payments at the point of sale (as an additional option to card payments) and enhanced cross-border payments.

The consultation seeks views on the payment journeys, key design choices and priorities for the next-generation retail payments infrastructure. Feedback will help inform the high-level design and shape the next phase of work by the Delivery Company.

Comments are due by 11 September 2026.

### **FCA consults on plans to develop consistent standards in self-invested personal pensions market**

The FCA has launched a consultation ([CP26/20](#)) on proposed changes to self-invested personal pensions (SIPPs). The plans are intended to improve consistency across the market, protect consumers and support confidence and sustainable growth in SIPPs.

According to the FCA, while most SIPP providers are meeting expected service standards, there have been cases of poor due diligence, insufficient record keeping and gaps in how firms protect money and assets. The proposed measures seek to address these concerns through the introduction of new due diligence requirements and a new Pension Scheme Money and Assets (PSM&A) regime, designed to ensure that firms appropriately protect and accurately record pension scheme money and assets where unauthorised trustees are engaged.

Comments are due by 24 August 2026.

### **FCA consults on changes to UK Listing Rules for closed-ended investment funds**

The FCA has published a consultation paper ([CP26/21](#)) on targeted changes to the UK Listing Rules for closed-ended investment funds to manage conflicts of interest and protect shareholders.

In particular, the proposed changes are intended to:

- ensure the same protections that apply to arrangements with an existing investment manager also apply when a new manager is being appointed, to ensure consistent protections for all changes to investment manager fees and strategies;
- recognise the association between a director and a substantial shareholder that proposed them for a board appointment, to strengthen the integrity of boards acting independently of any investment manager; and
- recognise the conflict arising where a substantial shareholder is also an investment manager and votes on material changes to investment policies, to ensure that the rights of minority shareholders are appropriately protected.

Comments are due by 14 August 2026.

### **Bafin's turbo certificate product intervention takes effect**

The German Federal Financial Supervisory Authority (BaFin)'s [general decree](#) (Allgemeinverfügung) of 15 October 2025, issued as a product intervention measure under Article 42 of MiFIR (Regulation (EU) No 600/2014) and section 15(1) sentence 2 of the German Securities Trading Act (WpHG), in conjunction with Article 42 MiFIR, concerning turbo certificates, began to apply on 16 June 2026.

The general decree establishes requirements for the marketing, distribution and sale of turbo certificates to retail investors resident in Germany. It follows market research conducted by BaFin in 2024 pursuant to Article 26 MiFIR, which found that three out of four retail investors lose

money when trading turbo certificates. Relevant entities were given eight months to implement the new requirements.

Under the general decree, intermediaries, issuers and providers must include the prescribed risk warning in all communications aimed at marketing, distributing or selling turbo certificates. Retail investors must not be granted monetary or non-monetary benefits specifically linked to the purchase of turbo certificates. Investment firms within the meaning of MiFID2 must conduct a basic knowledge test, which retail investors resident in Germany must pass before purchasing a turbo certificate. A pass is valid for a maximum of six months.

### **Bafin consults on draft circular on guidance for KAGB amendments under Fund Risk Limitation Act**

Bafin has launched a consultation on a [draft circular](#) entitled 'Guidance on amendments to the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB) by the Fund Risk Limitation Act (Fondsrisikobegrenzungs-gesetz – FriG)', intended to provide transparency on BaFin's interpretation of the new provisions incorporated into the KAGB by the FRiG.

The new KAGB provisions affect capital management companies (Kapitalverwaltungsgesellschaften – KVGs) requiring authorisation. Investment fund providers are now required to take steps to mitigate systemic risks in the financial market, in particular through liquidity management tools. They must also provide additional information on their managing directors in authorisation applications.

In addition, the amendments affect the services and ancillary services that KVGs are permitted to provide. New requirements also apply to alternative investment funds when granting loans.

The circular addresses key questions raised by market participants regarding Bafin's interpretation of the statutory provisions and the applicable grandfathering arrangements.

Comments are due by 6 July 2026.

### **Polish Ministry of Finance publishes draft Act amending certain Acts to develop financial market and increase financial stability**

The Polish Ministry of Finance has published a [draft Act](#) Amending Certain Acts for the purpose of Developing the Financial Market and Increasing Financial Stability in that Market. The draft provides for amendments to over a dozen Acts relating to the financial market and covers four thematic areas.

The largest of these areas concerns the Act on the Bank Guarantee Fund (BFG). The amendments are mainly of a clarifying nature and result from the European Commission's review of the transposition of the BRRD2. The draft regulates, among other things, the role of institutional protection schemes (IPS) in the compulsory restructuring of cooperative banks, introduces the institution of BFG inspection visits to domestic entities, extends the BFG's powers to impose financial penalties for failure to comply with disclosure obligations relating to the MREL requirement, and also brings Polish law into line with the CJEU judgment of 8 May 2025 in Case C-324/23 Myszak.

The second area concerns changes to the Foreign Exchange Law, regulating currency exchange activities carried out via online currency exchange platforms (pl. walutomaty), introducing currency exchange agents, and extending exemptions from foreign exchange restrictions to cooperative savings and credit unions (SKOK).

The third area introduces the Verification of Payee (VoP) service for transfers denominated in Polish zloty and expands the scope for the exchange of anti-fraud information between banks, cooperative savings and credit unions, payment institutions and telecommunications operators.

The fourth area introduces provisions concerning the mechanism for replacing the key reference rate (WIBOR) with an alternative, together with a spread adjustment.

### **HKEX enhances client margin framework to strengthen derivatives market efficiency**

The Hong Kong Exchanges and Clearing Limited (HKEX) has [announced](#) enhancements to the client margin framework at its derivatives clearing houses, with a view to improving capital efficiency, lowering funding costs and enabling market participants to better manage their hedging, trading and portfolio activities.

The client margin multiplier and client maintenance margin will be adjusted in two phases. Phase 1 is planned for 21 September 2026, while Phase 2 is targeted for March 2027, subject to regulatory approval. Under the revised arrangements, participants will continue to have the discretion to apply higher client margin requirements based on client risk profiles, product characteristics and prevailing market conditions.

### **HKMA publishes report on supporting adoption of artificial intelligence in fighting financial crime**

The Hong Kong Monetary Authority (HKMA) has published a [report](#) on supporting the adoption of artificial intelligence (AI) in fighting financial crime, as part of its ongoing efforts to support and accelerate the use of AI to enhance authorised institutions' monitoring and mitigation of money laundering and terrorist financing risks.

The report provides a detailed analysis of the approaches authorised institutions of different sizes are taking to deploy AI, covering dynamic risk assessment, facial watch lists and corporate mule detection. The report also analyses rapid developments in deploying AI to strengthen AML/CFT systems. Authorised institutions are expected to provide updates to the HKMA, upon request, on implementation progress and any new AI use cases under development or consideration.

### **SFC concludes consultation on investor identification regime for exchange-traded derivatives market**

The Securities and Futures Commission (SFC) has published the [conclusions](#) to its September 2025 consultation on proposals to extend the investor identification regime to the exchange-traded derivatives market in Hong Kong (HKIDR-DM), following the implementation of a similar regime for the securities market (HKIDR-S) since March 2023. The SFC intends to proceed with its proposals and aims to implement the HKIDR-DM in the

second quarter of 2028, and concurrently with the Hong Kong Exchanges and Clearing Limited's launch of Orion Derivatives Platform.

The HKIDR-DM will apply to on-exchange orders for futures contracts, options contracts and stock options executed through the trading system of the Hong Kong Futures Exchange Limited. Licensed corporations and registered institutions offering brokerage services or conducting proprietary trading will be required to submit clients' names and identity information to a centralised data repository.

Having regard to the feedback received and in alignment with its regulatory objectives, the SFC will adopt amendments to the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, as set out in Appendix C of the consultation conclusions paper. The SFC intends to issue an implementation circular by September 2026 and will also issue frequently asked questions to facilitate market participants' adoption of the HKIDR-DM.

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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