Clifford Chance

International Regulatory Update:
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Savings and Investments Union: EU Commission adopts communication on proposals to strengthen competitiveness of EU banking sector

The EU Commission has adopted a communication on the competitiveness of the EU banking sector, in which it sets out proposals intended to strengthen the Single Market for banking. The proposal forms part of the Commission's wider Savings and Investments Union (SIU) strategy.

Following public consultation and discussions with Member States, stakeholders and supervisory authorities, the Commission has identified three main barriers that limit the banking sector's ability to support the EU economy effectively: the sector is too fragmented along national lines; the transposition of international banking standards into the EU framework does not always reflect the specific features of the EU banking landscape; and some parts of the framework are too complex and burdensome.

In its communication, the Commission sets out a number of proposals intended to address these barriers, including introducing measures to allow cross-border banking groups to use capital and liquidity more efficiently across the EU; introducing a simpler and more effective common deposit protection mechanism; reassessing how the EU implements certain international standards; considering revisions to certain prudential and corporate governance rules; simplifying the capital stack; standardising and streamlining resolution capital requirements and processes; and adjusting the criteria and thresholds for 'small and non-complex institutions'.

The Commission intends to finalise these proposals in the first quarter of 2027.

MiFIR Review: EU Commission adopts Delegated Regulation on derivatives transparency requirements

The EU Commission has adopted a Delegated Regulation which amends three sets of regulatory technical standards (RTS) relating to input and output data of the over-the-counter (OTC) derivatives consolidated tape, transparency requirements for derivatives, and package orders under the MiFIR Review.

The adopted Delegated Regulation amends the RTS in Delegated Regulation (EU) 2017/583 on pre- and post-trade transparency requirements for derivatives; Delegated Regulation (EU) 2017/2194 on package orders; and Delegated Regulation (EU) 2025/1155 on the input and output data of the consolidated tape for OTC derivatives. The new Delegated Regulation also corrects errors in Article 12 of Delegated Regulation (EU) 2017/587.

The amendments will apply from 1 March 2027.

EMIR 3: EU Commission adopts Delegated Regulation amending RTS on clearing thresholds

The EU Commission has adopted a Delegated Regulation amending the RTS laid down in Delegated Regulation (EU) 149/2013 as regards the clearing thresholds and the mechanisms triggering their review.

The Delegated Regulation introduces the following modifications to Delegated Regulation 149/2013: amending Article 11 to set the clearing thresholds values applicable to aggregate positions for financial counterparties; inserting Article 11a to set the clearing thresholds values applicable to uncleared positions; and inserting Article 11b to devise the mechanisms triggering a review of the values of the clearing thresholds.

The Delegated Regulation will enter into force on the 20th day following its publication in the Official Journal.

Listing Act: Commission Delegated Regulations on market manipulation indicators and inside information disclosure published in Official Journal

Two Commission Delegated Regulations reflecting amendments to the Market Abuse Regulation (MAR) made by the Listing Act have been published in the Official Journal.

Commission Delegated Regulation (EU) 2026/788 amends Delegated Regulation (EU) 2016/522 as regards the permission for trading during closed periods, the list of designated trading venues that have a significant cross-border dimension in the supervision of market abuse and the indicators of market manipulation. The amendments are intended to strengthen national competent authorities' (NCAs') capacity to detect and enforce market abuse cases. Commission Delegated Regulation (EU) 2026/788 shall enter into force on 5 August 2026.

Commission Delegated Regulation (EU) 2026/789 concerns the disclosure of inside information in protracted processes and delay of disclosure under Article 17 of MAR. Commission Delegated Regulation (EU) 2026/789 shall enter into force on 19 July 2026.

CRR: EBA publishes final guidelines on definition of default

The European Banking Authority (EBA) has published a final report on its guidelines on the application of the definition of default under Article 178 of the Capital Requirements Regulation (CRR).

The guidelines are intended to harmonise the definition of default across the EU prudential framework and to improve consistency in how EU banks apply regulatory requirements to their capital positions. The guidelines retain the 1% threshold for the net present value (NPV) loss in debt restructuring; increase the exceptional treatment of days past due at invoice level from 30 to 90 for factoring arrangements; and make some technical updates to reflect the application of CRR3.

The guidelines will apply from 16 October 2026. Competent authorities should report whether they comply with the guidelines by 16 September 2026.

CRD4: EBA consults on ITS amendments ahead of 2027 market risk benchmarking exercise

The EBA has launched a consultation on proposed amendments to the implementing technical standards (ITS) on the benchmarking of internal models and the standardised approach for market risk, ahead of the 2027 benchmarking exercise.

The proposed amendments include extending the scope of the exercise to institutions applying the CRR3 Alternative Standardised Approach (ASA); resuming the collection of data under the CRR2 Internal Model Approach (IMA); postponing the 2027 benchmarking exercise to the second half of 2027; deferring the collection of data under the CRR3 Alternative Internal Model Approach (AIMA); and reorganising and rationalising the market risk reporting templates.

The amendments are designed to align the benchmarking framework with the evolving regulatory landscape, including the application of the Commission's Fundamental Review of the Trading Book (FRTB) Delegated Act from 1 January 2027.

Comments are due by 3 September 2026.

Mansion House speech: Chancellor sets out Government's progress on Financial Services Growth and Competitiveness Strategy

The Chancellor of the Exchequer, Rachel Reeves, has given her third Mansion House speech setting out the Government's economic strategy.

Amongst other things, the Government has also published:

- a policy paper providing an update on delivery of the Government's Financial Services Growth and Competitiveness Strategy;
- an AI adoption plan for the UK's financial services sector;
- a consultation on modernising payment services regulation (comments due by 6 October 2026);
- the recommendations of the Transatlantic Taskforce for Markets of the Future and a joint UK-US statement on stablecoins;
- the Dematerialisation Market Action Taskforce (DEMAT)'s implementation plan for removing paper share certificates from the UK shareholding framework;
- a consultation on changes to the ring-fencing regime (comments due by 8 September 2026); and
- a Financial Services Skills Compact.

The Governor of the Bank of England, Andrew Bailey, also gave a speech in which he argued that well-designed regulation can support sustainable economic growth by providing stability, enabling innovation and protecting financial stability.

Wholesale Digital Markets Champion publishes first report

The UK Government has published the Wholesale Digital Markets Champion Chris Woolard's first report to the Chancellor, following his appointment in April 2026 as part of the Government's wider Wholesale Financial Digital Markets Strategy.

The report sets out a delivery roadmap for tokenisation, including nine Taskforce Action Groups, priority policy areas and the case for UK leadership in wholesale digital markets. The ten key priorities outlined in the report include: having a clear direction towards scalable, live tokenised markets; tokenised collateral; the establishment of a tokenised funds market; wholesale payment rails; legal certainty and best practice; regulatory standards; standards for domestic and international interoperability; effective Financial Crime Compliance (FCC) and digital identity; a technology neutral approach to tax; and resilience through collaboration between industry and the authorities.

Comments on the report are due by 4 September 2026.

UK Government publishes update on Digital Gilt Instrument pilot issuance

The UK Government has published a policy paper containing updates on the progress of the Digital Gilt Instrument (DIGIT) pilot issuance.

The Chancellor announced in the Mansion House Speech of 14 July 2026 that the Government is preparing for potential further DIGIT issuances subject to the success of the first issuance. The first transaction is planned to take place on HSBC's digital securities depository (DSD), HSBC Orion, by Q1 2027. Additionally, the Government has announced that it intends to list DIGIT on the London Stock Exchange. When parliamentary time allows, the Government intends to lay legislation to amend the Digital Securities Sandbox (DSS) to support the delivery of DIGIT, other digital security issuances and DSD services.

UK Government consults on updated definitions in Bank Levy Regulations

The UK Government has launched a consultation on draft regulations to amend definitions used in the Bank Levy legislation within the Finance Act 2011 and The Bank Levy (Loss Absorbing Instruments) Regulations 2020.

The draft Bank Levy (Definitions and Amendments) Regulations 2026 replace various references to provisions in the CRR with provisions in the PRA Rulebook. The draft Regulations propose to amend: the definition of tier 1 capital equity and liabilities; the definition of sovereign repo and stock-lending liabilities; the definition of high quality liquid assets; and references to capital resources requirement, replacing them with own funds requirements.

Comments are due by 13 August 2026.

UK Government publishes final parliamentary report on assimilated law

The UK Government has laid its sixth and final report under section 17 of the Retained EU Law (Revocation and Reform) Act 2023 (REUL Act) before Parliament.

The report covers measures taken to revoke and reform assimilated law between 24 December 2025 and 23 June 2026 and summarises data from the retained EU law and assimilated law dashboard. The dashboard, which lists 6,921 pieces of assimilated law identified by government departments together with actions taken to amend, repeal or replace each, has been updated for the final time to reflect the position as of 23 June 2026. Although the majority of REUL Act powers expired on 23 June 2026, the Government can continue making changes to assimilated law through other domestic legislation.

HM Treasury consults on fee regime for recognised payment systems

HM Treasury has launched a consultation on the Bank of England's (BoE) fee regime for recognised payment systems and designated service providers.

The consultation proposes to extend the scope of the fee regime to include digital settlement asset (DSA) service providers, following their inclusion within the BoE's supervisory remit under the Financial Services and Markets Act (FSMA) 2023. The consultation also includes proposals on the level of the caps on supervisory and special project fees.

Comments are due by 31 August 2026.

The Central Counterparties (Equivalence) Regulations 2026 made and laid

The Central Counterparties (Equivalence) Regulations 2026 (SI 2026/779) have been made and laid before Parliament.

The Regulations set out HM Treasury's determinations that the regulatory frameworks for the authorisation and supervision of CCPs in Australia, Hong Kong, India, Japan, South Africa, the UAE, and the US (for CCPs authorised by the Securities and Exchange Commission (SEC)) are equivalent to the UK regime under UK EMIR. Under UK EMIR, a CCP established overseas may only provide clearing services to clearing members or trading venues established in the UK where that CCP is recognised by the BoE.

The Regulations come into force on 3 August 2026.

FCA consults on streamlined rulebook for asset managers

The Financial Conduct Authority (FCA) has published three consultation papers setting out a package of reforms to streamline regulatory requirements for asset managers.

CP26/26 proposes a new framework called Fund Reporting for Asset Management Entities (FRAME) to increase the quality and consistency of data reported to the FCA. Comments on CP26/26 are due by 22 September 2026.

CP26/27 sets out the FCA's proposals for a simpler, more proportionate remuneration regime, replacing the three existing remuneration codes for AIFMs, UCITS management companies, and non-SNI MIFIDPRU investment firms with a single consolidated code. Comments on CP26/27 are due by 16 September 2026.

CP26/28 sets out the FCA's proposals to change the regulatory framework for AIFMs in the UK, with fewer requirements for smaller firms. Comments on CP26/28 are due by 14 October 2026. CP26/28 accompanies HM Treasury's parallel consultation on draft legislation to reform the regulatory framework for AIFMs.

PRA publishes policy statement on overseas prudential regime

The Prudential Regulation Authority (PRA) has published a policy statement (PS16/26) setting out changes to the PRA Rulebook to accommodate HM Treasury's overseas prudential requirements regime (OPRR).

The PRA consulted on its proposed amendments in February 2026 (CP3/26). PS16/26 makes amendments to the PRA Rulebook, as well as two PRA statements of policy on methodologies for setting Pillar 2 capital, three relevant supervisory statements and the instructions for FSA076 Pillar 2 Credit risk standardised approach. Subject to HM Treasury's implementation of the OPRR via statutory instrument, the new rules will take effect on 1 January 2027 alongside the PRA's implementation of the Basel 3.1 standards.

PRA consults on changes to continuity of provision of service rules for ring-fenced bodies

The PRA has launched a consultation on removing the continuity of provision of services chapter from the ring-fenced bodies part of the PRA Rulebook. It also proposes related changes to supervisory statement (SS) 8/16 on ring-fenced bodies. The rules cover shared services arrangements for ring-fenced banks. The PRA considers that removing them would not undermine the purpose of the ring-fencing regime, which is to protect core banking services from risks elsewhere in a banking group.

Comments are due by 14 October 2026.

Treasury Committee publishes report on Government's financial inclusion strategy

The House of Commons Treasury Select Committee has welcomed the UK Government's Financial Inclusion Strategy, published in November 2025, as an initial step in tackling financial exclusion, but warned that it falls short of a complete plan. The FCA had previously reported that 900,000 adults do not have a current bank account and 24% of all UK adults had low financial resilience.

The report contends that the Government's strategy lacks sufficient analysis of who is excluded, where exclusion is concentrated, which services and products people are excluded from and why. The Committee recommends that HM Treasury publish a fuller quantitative analysis of financial exclusion alongside clearer targets, data and firm-level metrics. A review of the strategy's progress is due in 2027.

Spanish Council of Ministers approves draft bill for digitalisation and modernisation of financial sector

The Spanish Council of Ministers has approved a draft Bill for the digitalisation and modernisation of the financial sector.

The Bill is intended to: complete the implementation of the Markets in Cryptoassets Regulation (MiCA) in Spain; ensure the correct application of the Digital Operational Resilience Act (DORA) in Spain; introduce measures to promote competition in the field of payments; establish the connection to the European Single Access Point for capital markets; and renew the financial sandbox to increase its usage, visibility and security.

The draft Bill has been submitted for its parliamentary approval process.

Recent Clifford Chance briefings

Trade tensions and supply chain resilience are reshaping FDI screening

Foreign direct investment (FDI) and national security screening is now a central feature of global M&A deals. As geopolitical and trade tensions rise, governments are increasingly focused on protecting critical technologies and strategic capabilities. Clifford Chance has prepared a briefing paper examining how review timelines are becoming longer, an increasing number of deals are subject to remedies, and some deals are being blocked altogether – including those involving traditionally friendly jurisdictions. The paper also explores the evolving regulatory landscape, from new screening regimes and the EU's updated framework to an evolving US approach to the Committee on Foreign Investment in the United States (CFIUS) and outbound investment controls.

https://www.cliffordchance.com/insights/thought_leadership/trade-tensions-and-supply-chain-resilience-are-reshaping-fdi-scr.html