Clifford Chance

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- **CRR3: Delegated Regulation amending RTS on factors for assessing appropriateness of real estate risk weights published in Official Journal**
- **EU Commission adopts two Delegated Regulations amending RTS under CSDR**
- **EU Parliament adopts resolution on digital assets and challenges for competitiveness and integrity of EU financial system**
- **EBA publishes reporting framework 4.3**
- **EBA issues opinion on IFRS 18 implementation in supervisory financial reporting**
- **CRD6: EBA publishes final guidelines on third-country branches authorisation**
- **MiFID2: ESMA publishes supervisory briefing on triangular passporting**
- **ESMA launches common supervisory action on risk management of UCITS and AIFMs**
- **ESMA launches common supervisory action on digital operational resilience of cryptoasset service providers**
- **EMIR 3: ESMA publishes final draft RTS on CCP participation requirements**
- **ESMA publishes preliminary findings on Active Account Requirement and annual report of Joint Monitoring Mechanism**
- **ESRB issues warning on systemic cyber risks stemming from frontier AI models**
- **AMLD6: AMLA publishes final draft RTS on harmonised enforcement**
- **Draft Over the Counter Derivatives (Intragroup Transactions) Regulations 2026 laid**
- **UK financial regulators to begin overseeing Critical Third Parties**
- **FCA publishes Mills Review on AI and future of retail financial services**

- **PRA publishes statement on capital buffers**
- **MPFA revises guidelines to optimise approval for gold exchange traded funds**
- **SFC mandates phishing-resistant authentication methods for internet brokers and VATPs to protect client accounts**
- **MAS partners with industry to develop safeguards for AI agents in finance**
- **MAS responds to feedback received on updates to guidelines on liquidity risk management practices for FMCs and CIS Code**
- **Australian Treasury publishes final report on review of amended unfair contract terms protections**

CRR3: Delegated Regulation amending RTS on factors for assessing appropriateness of real estate risk weights published in Official Journal

Commission Delegated Regulation (EU) 2026/807 amending the regulatory technical standards (RTS) laid down in Delegated Regulation (EU) 2023/206 on the types of factors to be considered by national authorities in assessing the appropriateness of real estate risk weights under the Capital Requirements Regulation (CRR) has been published in the Official Journal.

The amendments relate to the updating of references and the alignment of terminology following the entry into force of CRR3. The Delegated Regulation will enter into force on 27 July 2026.

EU Commission adopts two Delegated Regulations amending RTS under CSDR

The EU Commission has adopted two Delegated Regulations amending RTS under the Central Securities Depositories Regulation (CSDR).

The first Delegated Regulation amends the RTS regarding the information a central securities depository (CSD) is to provide to its competent authority for the review and evaluation process by introducing modifications which, among other things: require CSDs to provide a summary of the key changes since the previous review; require CSDs to provide additional information items on the periodic review to competent authorities; specify the statistical data to be provided by CSDs for each review and evaluation; amend the information to be supplied to authorities in order to reflect the broader range of authorities to which information should be provided; and amend provisions on the exchange of information to reflect the changes introduced by CSDR Refit.

The second Delegated Regulation amends the RTS on settlement discipline to support settlement efficiency in the EU and the transition to a shorter settlement cycle (T+1).

EU Parliament adopts resolution on digital assets and challenges for competitiveness and integrity of EU financial system

The EU Parliament plenary session has adopted a non-legislative resolution on digital assets and the challenges they pose for the competitiveness and integrity of the European Union's financial system.

Amongst other things, the resolution: emphasises that tokenised financial instruments must grant rights equivalent to those attached to traditional securities in order to prevent regulatory arbitrage and safeguard investor protection; welcomes the European Central Bank (ECB)'s work on a wholesale central bank digital currency (CBDC) option; welcomes the emergence of euro-denominated e-money tokens under MiCA and encourages their development; highlights concerns about the growth and dominance of US dollar stablecoins; and calls on the EU Commission and the ECB to ensure that future digital euro solutions work smoothly with DLT infrastructure and complement cash.

EBA publishes reporting framework 4.3

The European Banking Authority (EBA) has published the final technical package for version 4.3 of its reporting framework, covering anti-money laundering (AML) and third country branches (TCB) reporting.

The final technical package provides validation rules, the Data Point Model (DPM) and XBRL taxonomies, and introduces the following new reporting requirements: final draft implementing technical standards (ITS) on the supervisory reporting of TCBs under the Capital Requirements Directive (first reference date 31 March 2027); and a revised DPM and taxonomy to support the methodology to identify obliged entities that will fall under the direct supervision of the Anti-Money Laundering Authority (AMLA) (first reference date 31 December 2026).

EBA issues opinion on IFRS 18 implementation in supervisory financial reporting

The EBA has published an opinion on reporting profit or loss information during the interim period between IFRS 18 taking effect and the amended ITS on supervisory financial reporting (FINREP) applying. The opinion is intended to reduce the transition burden by avoiding the need for institutions to maintain two profit or loss formats.

IFRS 18, endorsed in the EU in February 2026, replaces IAS 1 and changes the structure of the profit or loss statement. It applies to public financial statements from 1 January 2027, while the amended FINREP ITS incorporating IFRS 18 are expected to apply from the end of September 2027.

The draft ITS FINREP templates and related instructions mainly affected by the IFRS 18 implementation were subject to public consultation until 10 May 2026 and the EBA has now published its final report on these. The consultation on the remaining ITS amendments is open until 10 July 2026 and the EBA expects to submit the final draft ITS to the EU Commission by the end of 2026.

CRD6: EBA publishes final guidelines on third-country branches authorisation

The EBA has published its final guidelines on the authorisation of third-country credit institutions setting up a third-country branch (TCB) in a Member State under the new Capital Requirements Directive (CRD6) regime for TCBs.

The guidelines set out the information, assessment criteria, templates, forms and process for TCB authorisation applications. They apply to competent authorities and third-country head undertakings submitting applications. Applications must include a non-opposition statement from the competent authority of the third-country head undertaking.

MiFID2: ESMA publishes supervisory briefing on triangular passporting

The European Securities and Markets Authority (ESMA) has published a supervisory briefing on triangular passporting under MiFID2.

Triangular passporting is the practice of authorised investment firms using a branch or tied agent established through the freedom of establishment in a host Member State to provide investment services in accordance with the freedom to provide investment services and activities in another host Member State.

The briefing is intended to promote common supervisory approaches and practices across national competent authorities (NCAs) for triangular passporting. It sets out ESMA's supervisory expectations for firms and NCAs to enhance certainty and supervisory consistency and improve cooperation between NCAs.

ESMA launches common supervisory action on risk management of UCITS and AIFMs

ESMA has launched a common supervisory action (CSA) on the risk management function of UCITS management companies and Alternative Investment Fund Managers (AIFMs) across the EU. The CSA will be conducted in 2026 and 2027 in collaboration with NCAs.

The CSA is intended to assess how market participants comply with key risk-related provisions under the UCITS and AIFMD frameworks. It will focus on the effectiveness, independence and expertise of the risk management function. As part of the exercise, NCAs will focus on three key areas: governance and organisation of the risk management function; identification, measurement and monitoring of risks; and reporting to senior management and government bodies. The final report with results will be published in 2028.

ESMA launches common supervisory action on digital operational resilience of cryptoasset service providers

ESMA has launched a CSA directed at the digital operational resilience of cryptoasset service providers (CASPs), with a particular focus on custody activities.

The exercise will examine risks specific to distributed ledger technology (DLT), including governance arrangements, the management of cryptographic keys and storage infrastructure, transaction controls, incident detection and response capabilities, smart contract risk and reliance on third-party service providers.

NCAs will conduct the exercise across a risk-based selection of authorised CASPs. The CSA is scheduled to run from the second half of 2026 to the first half of 2027 and findings will be consolidated into a final report.

EMIR 3: ESMA publishes final draft RTS on CCP participation requirements

ESMA has published its final report on draft RTS concerning central counterparties' (CCPs') participation requirements under the European Market Infrastructure Regulation (EMIR 3).

The RTS specify the elements that CCPs should consider when establishing their admission criteria for clearing members. This includes considerations relating to non-financial counterparty (NFC) clearing members and sponsored membership models. The RTS do not set the actual admission criteria but instead define the elements for CCPs to consider. The final report will be submitted to the EU Commission, which has three months to decide whether to adopt the RTS as a Commission Delegated Regulation.

ESMA publishes preliminary findings on Active Account Requirement and annual report of Joint Monitoring Mechanism

ESMA has published an interim report on the Active Account Requirement (AAR) and the first annual report of the Joint Monitoring System.

The AAR was introduced under EMIR 3 with the aim of mitigating financial stability risks arising from EU entities' exposures to Tier 2 CCPs. ESMA's preliminary findings show that: as of February 2026, around 500 entities had notified ESMA and NCAs that they are subject to the AAR; there are early signs of increased clearing activity at EU CCPs, particularly among smaller entities; and a gradual, but limited, shift in market shares from systemically important Tier 2 CCPs to EU CCPs in certain AAR-related products.

The Joint Monitoring Mechanism (JMM) was established under Article 23b of EMIR 3 to monitor developments and assess financial stability risks across EU CCPs, clearing members and clients. Its first annual report covers the JMM's activities during its first year of operation in 2025.

ESRB issues warning on systemic cyber risks stemming from frontier AI models

The European Systemic Risk Board (ESRB) has published a warning on systemic cyber risks stemming from frontier AI models. The warning sets out how these models are reshaping the cyber threat landscape, assesses the resulting systemic risks and outlines implications for public authorities and private financial institutions.

The ESRB has called on the EU to scale up its capacity, expertise and strategic autonomy in this area, noting that this requires a coordinated response from all parties, including AI providers, software providers, security firms, open-source maintainers, financial institutions and authorities at both national and EU level. In this context, the ESRB has also welcomed a letter from the ECB Banking Supervision to the CEOs of significant euro area banks, which sets out supervisory expectations for addressing the evolving AI-related cyber threat landscape.

AMLD6: AMLA publishes final draft RTS on harmonised enforcement

The Anti-Money Laundering Authority (AMLA) has published its final report on draft RTS on pecuniary sanctions, administrative measures and periodic penalty payments under the Anti-Money Laundering Directive (AMLD6).

The draft RTS set out a step-by-step approach for supervisors which includes: assessing the level of gravity of a breach; classifying the level of gravity of the breach into one of four categories, in order of severity; and determining the level of pecuniary sanctions or administrative measures.

The final report also sets out the feedback received to AMLA's consultation on the draft RTS and explanations of how feedback has been taken into account. The draft RTS have been submitted to the EU Commission for adoption.

Draft Over the Counter Derivatives (Intragroup Transactions) Regulations 2026 laid

The draft Over the Counter Derivatives (Intragroup Transactions) Regulations 2026 have been laid in Parliament according to the affirmative procedure.

The draft Regulations reform the UK framework for intragroup over-the-counter (OTC) derivative transactions under the European Market Infrastructure Regulation (UK EMIR). In particular, they replace the UK's Temporary Intragroup Exemption Regime (TIGER) with a permanent framework by facilitating permanent exemptions from the clearing obligation and margin requirements for intragroup transactions between UK counterparties and overseas group entities, regardless of whether the overseas jurisdiction has been declared equivalent under Article 13 of UK EMIR.

The draft Regulations also streamline the process for firms to obtain and use these exemptions and include a transitional provision to ensure that firms currently benefitting from exemptions granted under TIGER can continue to benefit from them when TIGER expires without the need to notify the FCA, subject to certain conditions.

UK financial regulators to begin overseeing Critical Third Parties

The UK Government has designated four major global cloud services and technology providers as Critical Third Parties (CTPs).

The designation means that the Bank of England (BoE), Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) will start jointly overseeing these first CTPs and the critical services they provide to the financial sector on 13 July 2026, in an effort to reduce the risk of widespread disruption and strengthen collaboration across the financial services ecosystem. Oversight by the UK financial regulators is intended to ensure CTPs have robust arrangements in place to identify, manage and recover from operational disruption affecting critical services used across the financial sector.

Through the new regime, the regulators will be able to gather information, assess resilience, and work with third parties to address risks to the continuity of critical services, including through making and enforcing CTP-specific rules where necessary.

FCA publishes Mills Review on AI and future of retail financial services

The FCA has published the Mills Review on AI and the future of retail financial services.

Launched in January 2026, the review was led by FCA Executive Director Sheldon Mills and found that: retail financial services are moving from human-led, towards AI-enabled, continuous and delegated services; AI could reshape the sector by 2030, changing how firms operate, consumers make decisions, markets compete and risks emerge; AI could improve outcomes and support growth by reducing friction and tackling long-standing challenges, such as advice gaps, low switching and protection gaps, but it could also amplify risks associated with fraud, cyber security and consumer harm; and consumer adoption will depend on trust, control and access.

The review makes the following priority recommendations for the FCA Board to consider: secure and adapt the regulatory perimeter; strengthen system-wide coordination and oversight; monitor the transition to autonomous models and adapt regulatory frameworks; scale up the FCA's AI Lab; enable the foundations for agentic finance; build and adopt an AI-enabled agentic supervisory model; and develop a trusted public-interest AI-enabled financial capability service.

PRA publishes statement on capital buffers

The PRA has published a statement on enhancing the usability and releasability of capital buffers.

The statement follows the PRA's endorsement of the Financial Policy Committee's (FPC) vision for a simpler and more effective capital buffer framework that centres on a single buffer that is releasable in stress and that can be used without automatic distribution restrictions. The PRA has clarified that it could release other systemically important institution (O-SII) buffers in the event of systemic stress by exercising its existing discretionary powers to vary the O-SII buffer rates.

The PRA aims to support banks' use of buffers to absorb losses in stress periods while reducing banks' incentives to take defensive actions. Upon releasing the O-SII buffer, the PRA would provide an indicative period over which no increase would be expected. The PRA intends to consult on proposed changes to its statement of policy on the approach to the implementation of the O-SII buffer (SoP4/16) in H2 2026.

MPFA revises guidelines to optimise approval for gold exchange traded funds

The Mandatory Provident Fund Schemes Authority (MPFA) has updated its guidelines on equities and other securities (Guidelines III.2), index-tracking collective investment schemes (Guidelines III.10) and default investment strategy (Guidelines III.14) as part of its plan to optimise the approval mechanism for gold exchange traded funds (ETFs).

Currently, gold ETFs are individually approved by the MPFA for investment by MPF funds. Guidelines III.2 have been revised mainly to reflect the change in regulatory approach for gold ETFs from individual approval to categorical approval, **provided that** the gold ETF is authorised by the Securities and Futures Commission (SFC) and listed on the Stock Exchange of Hong Kong, invests primarily in gold bullions, and is not classified as a derivative fund by the SFC. The revised guidelines took effect on 7 July 2026.

Separately, the Government plans to introduce a bill to amend the MPF legislation into the Legislative Council in the fourth quarter of 2026. The bill will relax restrictions on MPF funds such that an MPF fund can concurrently invest in MPFA-approved fund building blocks and individual permissible investments.

SFC mandates phishing-resistant authentication methods for internet brokers and VATPs to protect client accounts

The Securities and Futures Commission (SFC) has issued a circular requiring internet brokers and virtual asset trading platform operators (VATPs) to adopt phishing-resistant authentication methods for client login and device binding as soon as practicable but no later than 8 July 2027. Large internet brokers are expected to adopt robust prevention controls immediately.

In addition, the SFC expects internet brokers and VATPs to: implement effective monitoring and surveillance measures to detect suspicious login, trading and withdrawal activities, promptly notify clients of key account events, and respond to hacking incidents in a timely manner; and regularly alert and remind clients of emerging phishing and other cybersecurity risks.

The SFC has reminded senior management of internet brokers and VATPs that they are ultimately responsible for implementing appropriate controls to protect client accounts and assets and that senior management will be held accountable for any client losses that arise from lapses in their controls.

MAS partners with industry to develop safeguards for AI agents in finance

The Monetary Authority of Singapore (MAS) has published an industry white paper in collaboration with financial institutions and fintechs, entitled 'Safeguards for Agentic Finance at Runtime (SAFR)'. The white paper proposes an industry-developed framework that enables AI agents in financial services to carry out financial tasks safely, securely and reliably.

Developed under the MAS' BuildFin.ai initiative, SAFR is intended to support the responsible development and deployment of AI solutions in the financial sector. The framework provides for a set of governance checkpoints that verifies and records an AI agent's proposed actions before the execution of its tasks.

SAFR builds on the AI Risk Management toolkit developed under the MAS' Project MindForge and focuses on operationalising safeguards at the point of action for AI agents. The white paper sets out the direction for how safeguards – including policy bound execution, real time validation, auditability and interoperability – can be embedded into system operations so that financial institutions can deploy AI agents with trust and consistency.

MAS responds to feedback received on updates to guidelines on liquidity risk management practices for FMCs and CIS Code

The MAS has published its responses to the feedback it received on its December 2025 consultation on updates to its guidelines on liquidity risk management (LRM) practices for fund management companies (FMCs), alongside the final updated LRM guidelines for FMCs.

Amongst other things, the updated guidelines provide that liquidity demands may also arise from margin or collateral calls from derivative counterparties; that an FMC should consider the potential sources of liquidity risks applicable to the CIS during the product design stage; and that the dealing frequency of the CIS should reflect the overall liquidity of the underlying assets under both normal and stressed market conditions. A new Annex A provides scenario-based examples to facilitate implementation.

The MAS has clarified that the adoption of at least one anti-dilution liquidity management tool (ADT) is most relevant to FMCs managing open-ended CIS authorised by the MAS (Retail CIS). The MAS has also confirmed that it will revise the CIS Code to incorporate additional guidance on eligible deposits that money market funds (MMFs) may invest in. The revised LRM Guidelines and CIS Code will take effect six months after publication.

Australian Treasury publishes final report on review of amended unfair contract terms protections

The Australian Treasury has published the final report of its review of the amended unfair contract terms protections.

In 2022, the Australian Parliament passed the Treasury Laws Amendment (More Competition, Better Prices) Act 2022, which extended unfair contract terms (UCT) protections to a larger class of small businesses and sought to strengthen the UCT regime, including through the introduction of penalties. The final report details the amendments made by the Act and examines the effect of the reforms under both the Australian Consumer Law (ACL) and the Australian Securities and Investments Commission Act 2001 (ASIC Act).

The review has found that the 2022 reforms have been broadly successful at achieving their policy objectives. Among other things, the final report: recommends a further review of UCT protections in five years; concludes that the current eligibility thresholds are appropriate and should remain unchanged in the near term; and recommends empowering the ACCC and ASIC to issue infringement notices for UCT contraventions.