

Clifford Chance

Buy-side Regulatory Horizon Scanner H2 2026

July 2026



Contents overview

01 Introduction

02 EU developments

- I. Asset management developments
 - II. ESG developments
 - III. Cross-sectoral developments
-

03 UK developments

- I. Asset management developments
 - II. ESG developments
 - III. Cross-sectoral developments
-

04 Glossary



01

Introduction

Introduction

Key contacts and further resources

Key contacts



Monica Sah
Partner, London
+44 20 7006 1193
monica.sah
@cliffordchance.com



Frederick Lacroix
Partner, Paris
+33 1 4405 5241
frederick.lacroix
@cliffordchance.com



Marc Benzler
Partner, Frankfurt
+49 69 7199 3304
marc.benzler
@cliffordchance.com



Simon Crown
Partner, London
+44 20 7006 2944
simon.crown
@cliffordchance.com



Paul Ellison
Partner, London
+44 20 7006 3207
paul.ellison
@cliffordchance.com



Sara Evans
Knowledge Director,
London
+44 20 7006 2557
sara.evans
@cliffordchance.com

Our buy-side regulation practice

The investment management industry continues to face unprecedented regulatory change on a global basis. No other law firm is better placed to address these challenges for banking and investment firm clients than Clifford Chance.

Our understanding of each part of the sector, coupled with the reach of our global network of expertise, allows us to tailor our advice to a client's exact needs while accessing the very latest market thinking and advice worldwide.

Our clients include the world's leading asset management companies, insurance companies and private banking businesses. They range in size from household names with a five-continent footprint to start-up or spin-off funds.

Further Clifford Chance resources

The Financial Markets Toolkit

A "one-stop shop" for practical, user-friendly resources on an expansive range of topics, from regulatory developments to transactional matters. Resources include web-based videos, short, practical briefings on regulatory developments and longer, thought leadership pieces on industry and legal trends and issues. You can access the Toolkit [here](#).

Alerter: Finance Industry

Our daily 'Alerter: Finance Industry' email and our weekly 'International Regulatory Update' email provide you with comprehensive, up-to-the-minute summaries of regulatory and legal developments from around the world as well as links to relevant Clifford Chance publications and contacts.

Training and events

Our London Perspective series offers a seasonal series of talks on a wide range of topical issues for financial institutions, from corporate and employment issues to tax and regulatory developments. Our Insights for Asset Managers series is a programme of frequent, short calls on which we share our practical insights on topical developments.

Contacts



Kikun Alo
Senior Associate, London
+44 20 7006 4067
+44 7983 313225
kikun.alo
@cliffordchance.com



Lucio Bonavitacola
Partner, Milan
+39 02 8063 4238
+39 3479571560
lucio.bonavitacola
@cliffordchance.com



Sara Evans
Knowledge Director, London
+44 20 7006 2557
+44 7977 096280
sara.evans
@cliffordchance.com



Paul Lenihan
Senior Associate, London
+44 207006 4622
+44 7432551129
paul.lenihan
@cliffordchance.com



Oliver Zwick
Partner, Luxembourg
+352 48 50 50 476
+352 661490319
oliver.zwick
@cliffordchance.com



Maria Luisa Alonso
Counsel, Madrid
+34 91 590 7541
+34 659780081
marialuisa.alonso
@cliffordchance.com



Sarah Butler
Senior Associate, London
+44 20 7006 2773
+44 7814991817
sarah.butler
@cliffordchance.com



Clemens-Emanuel Gutwenger
Director, London
+44 20 7006 1014
+44 7908 223827
clemens-emanuel.gutwenger
@cliffordchance.com



Joseph Paddon
Senior Associate, London
+44 207006 1909
+44 7970187158
joseph.paddon
@cliffordchance.com



Daniel Badea
Managing Partner, Bucharest
+40 216666 101
+40 722205607
daniel.badea
@cliffordchance.com



Simon Crown
Partner, London
+44 20 7006 2944
+44 7900 167265
simon.crown
@cliffordchance.com



Gregor Evenkamp
Partner, Munich
+49 89 21632 8800
+49 15112542603
gregor.evenkamp
@cliffordchance.com



Vladimír Rýlich
Senior Associate, Prague
+420 222 55 5210
+420 731471436
vladimir.rylich
@cliffordchance.com



Marc Benzler
Partner, Frankfurt
+49 69 7199 3304
+49 1709222892
marc.benzler
@cliffordchance.com



Lounia Czupper
Partner, Brussels
+32 2 533 5987
+32 496239987
lounia.czupper
@cliffordchance.com



Yolanda Ghita-blujdescu
Senior Associate, Luxembourg
+352 48 50 50 489
+44 7779392426
yolanda.ghita-blujdescu
@cliffordchance.com



Monica Sah
Partner, London
+44 207006 1103
+44 7747627820
monica.sah
@cliffordchance.com



Anna Biała
Counsel, Warsaw
+48 22429 9692
+48 608042015
anna.biala
@cliffordchance.com



Paul Ellison
Partner, London
+44 207006 3207
+44 7890030232
paul.ellison
@cliffordchance.com



Frederick Lacroix
Partner, Paris
+33 1 4405 5241
+33 688144673
frederick.lacroix
@cliffordchance.com



Robert Smits
Counsel, Amsterdam
+31 20 711 9356
+31 655798938
robert.smits
@cliffordchance.com

Introduction

The Buy-side regulatory horizon scanner

This buy-side regulatory horizon scanner provides a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to investment managers.

We identify and summarise key legislative and non-legislative developments that are likely to have an impact on investment managers providing services in the EU and UK. Developments are grouped firstly according to whether they are EU or UK developments and, within those categories, into the following three topics:

1

Asset management developments

Key asset management developments, such as AIFMD2

2

ESG developments

Key ESG developments that are relevant to investment managers, such as the SFDR

3

Cross-sectoral developments

Key developments that impact all firms across the financial services sector, such as reforms to AML frameworks

The horizon scanner also sets out projected timelines for the finalisation and implementation of the relevant developments, covering approximately the next two years.

Further background information and commentary on many of these developments, as well as an overview of the EU legislative process, is available on the [Financial Markets Toolkit](#).

This horizon scanner has been prepared as of July 2026. It does not constitute legal advice and is not intended to provide an exhaustive list of all provisions or requirements applicable to firms during this period.

Introduction

The EU Buy-side regulatory landscape

The EU angle...



In H2 2026, we are in the second year of the new 2024-2029 institutional cycle. The strategic agenda agreed by the European Council in June 2024 set out the future priorities for the next five years, focusing on European freedom and democracy, resilience and defence-readiness, and the continent's prosperity and competitiveness. The European Commission has an ambitious mandate under Political Guidelines set by returning Commission President Ursula von der Leyen. The key focus of the 2024-2029 Commission will be boosting the EU's competitiveness, with the launch of a Competitiveness Compass early in 2026 as its first major initiative, and more recently the publication of a report on EU banking competitiveness with a package of reforms due to be published in early 2027.

During 2026 we are seeing further acceleration of the EU's programme of integration under the EU Capital Markets Union and Banking Union initiatives. This includes finalisation of the CMDI reform measures and the harmonisation of insolvency laws, as well as negotiation of legislative proposals to reinvigorate the securitisation market,

To help meet the extensive funding needs of the EU's green and digital transition, recommendations have been put forward for a Savings and Investments Union (SIU) to channel more private funding into the economy. A late addition to the legislative pipeline in December 2025 was the extensive EU Market Integration and Supervision Package (MISP), which aims to enable a SIU through a Directive and two new regulations designed to tackle the fragmented regulation and supervision in the trading, post-trading and asset management sectors that can throw up barriers to the effective functioning of the EU capital markets. The MIP affects many pieces of sectoral legislation, and the package envisages more centralisation of supervision through new powers to ESMA.

In 2026, we have also seen progress toward finalisation of several legislative packages that went through protracted negotiation. The EU's ambitious retail investment package, originally unveiled in 2023, will be formally adopted early in 2027. The overhaul of the EU payments legislative framework is also politically agreed and is expected to be formally adopted in early 2027 following technical finalisation. The fate of the accompanying FIDA regulation to promote open finance is less clear, as negotiations are ongoing. With the EU's flagship cryptoasset legislation, MiCA, having applied in full since December 2024, work will continue on finalising its remaining secondary legislation and supporting guidelines.

Since February 2025, in response to the European Council's request, the Commission has presented twelve omnibus simplification proposals to the Council and Parliament for adoption, aimed at simplifying and streamlining regulatory requirements and reducing administrative burdens on affected firms. Financial services firms saw full adoption early this year the Omnibus I package, which focused on simplification of sustainability reporting requirements. Another potentially impactful under negotiation and partly adopted in 2026 is the so-called Digital Omnibus (Omnibus VII) released November 2025, which aims to amend and consolidate existing digital legislation across AI, data access, privacy, and cybersecurity to simplify, streamline, and modernise the EU's digital regulatory framework.

Introduction

The UK Buy-side regulatory landscape

The UK angle...



In H2 2026, the UK's Labour Government has been in power for two years and recently changed Prime Minister. A primary focus of the government has been the growth and competitiveness of the UK, with new growth-focused remits and recommendations to the independent regulators, and invitations to the regulators to consider ways in which they can shift the focus of regulation away from risk-aversion towards economic growth. The Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA) have made a range of rule simplifications. The FCA is streamlining its Handbook, and both regulators are working to reduce timeframes for authorising new firms and varying permissions. The FPC has lowered the benchmark for system wide Tier 1 capital, a move recognising the resilience of UK banks and designed to promote lending.

The government has highlighted five key priority growth areas in financial services: (i) fintech; (ii) sustainable finance; (iii) capital markets (including retail investment); (iv) insurance & reinsurance markets; and (v) asset management & wholesale services. Planned reforms in these areas featured in a new 10-year UK Financial Services Growth and Competitiveness Strategy, published in July 2025 and a progress report in July 2026.

The legislation for UK regulation of stablecoins and other cryptoassets was made in H1 2026, and the FCA finalised its 'crypto roadmap', with a view to the UK cryptoasset regulatory framework being in place in October 2027. The Bank of England is progressing work on its approach to systemic stablecoins used for payments, which it will regulate jointly with the FCA.

As for retail payments, 2026 has been a busy year with multiple developments to continue delivery of the National Payments Vision. Retail investments are subject to a new post-Brexit retail disclosure regime from April 2026, replacing the EU-derived UK PRIIPs Regulation.

The UK's green ambitions are also being addressed through several measures during 2026, including through development of final FCA rules for the regulation of ESG ratings providers. The PRA has also updated its supervisory expectations for climate-related disclosures of PRA-regulated firms.

While the focus of 2026 remains firmly on innovation and growth, the operational resilience of the regulated financial sector and their third-party providers remains a key concern of the regulators, with further obligations set to be placed on firms from Q1 2027.

Finally, work is ongoing to deliver a more fundamental restructuring of the UK's post-Brexit regulatory framework to create a 'Smarter Regulatory Framework' for the UK, involving the revocation of assimilated EU law, additional objectives for the UK's regulators and reform of many aspects of UK financial regulation. Throughout H2 2026, we can expect to see further consultations and publications aiming to bring forward this post-Brexit reform. The government's growth and competitiveness agenda is expected to influence the sequencing of the work.

02

EU developments



[View related UK measures](#)



EU Developments

I. Asset management

EU Asset management developments: In this section

[View related UK measures](#)

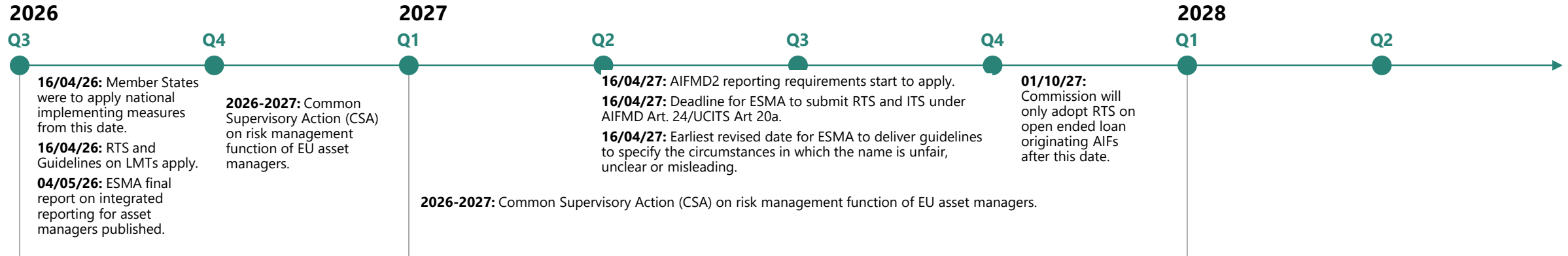


EU Asset management developments

EU AIFMD and AIMFD2	12
EU ELTIF, EuVECA and EuSEF	13
EU UCITS	14
EU MMF Regulation	15
EU CBDF	16
EU PRIIPs	17
EU Retail Investment Package	18
EU IFD/IFR	19

EU AIFMD and AIFMD2

[View related UK measures](#)



AIFMD

The AIFMD regulates the management, administration and marketing of alternative investment funds in the EU. AIFMD governs authorisation and operating conditions for AIFMs, remuneration, conduct of business and valuation requirements, transparency and marketing. It also includes requirements for firms acting as a depositary of an AIF.

In 2024, AIFMD2 entered into force, and from Q2 2026 will introduce amendments to both the AIFMD and the UCITS Directive (see **page 14**) rules relating, among other things, to delegation, authorisation requirements, reporting obligations and the regulation of loan originating AIFs.

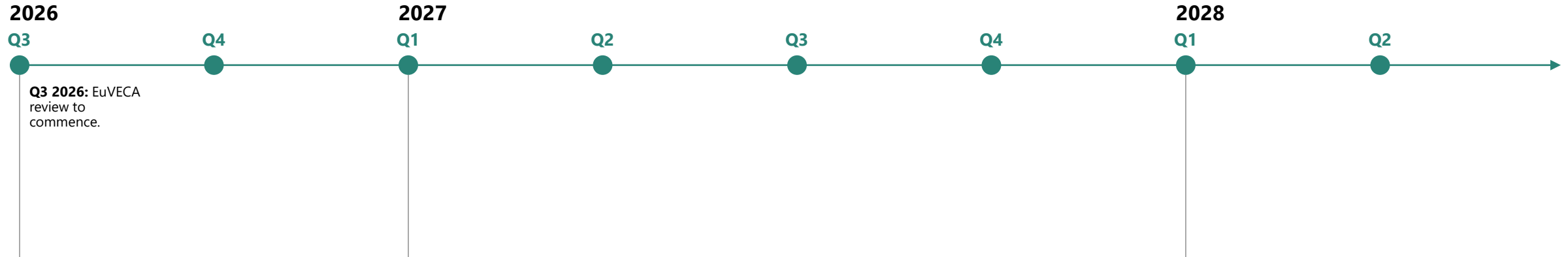
In 2026, the AIFMD is likely to be impacted by other EU initiatives, such as the EU retail investment package and the EU Market Integration and Supervision Package, which will supplement or make changes to the Directive.

[Read more on AIFMD here, here and here.](#)

What's on the horizon?

- [AIFMD2](#) was published in the Official Journal on 26 March 2024, making targeted amendments to AIFMD (requiring implementation from 16 April 2026) with respect to: Loan origination; Liquidity management; Delegation by AIFMs; Marketing of AIFs; Investor disclosures and regulatory reporting; Governance; Costs and charges; Host AIFMs; and Depositaries.
- ESMA was given mandates under AIFMD2 to develop:
 - **RTS on the characteristics of LMTs.** ESMA [submitted](#) draft RTS to the Commission in April 2025 for endorsement. In March 2026, Commission [Delegated Regulation \(EU\) 2026/465](#) was published in the Official Journal and has applied since 16 April 2026.
 - **Guidelines on Liquidity Management Tools (LMTs) of UCITS and open-ended AIFs.** ESMA published the [Guidelines](#) in all official EU languages on its website in March 2026.. They have applied since 16 April 2026.
 - **RTS on open ended Loan Originating AIFs.** ESMA [consulted](#) in December 2024 on the draft RTS but [announced](#) in March 2025 the intention to postpone delivery. ESMA published its [final draft RTS](#) in October 2025. The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including these RTS
 - ESMA [confirmed](#) in March 2025 that it would delay by 'at least 12 months' delivery of proposed investor disclosures guidelines to specify the circumstances in which the name is unfair, unclear or misleading, which were originally due by 16 April 2026.
- ESMA was also mandated to deliver a report on simplifying reporting for asset managers by 16 April 2026. Following a [discussion paper](#) in 2025, ESMA published its [Final Report on the integrated collection of funds' data](#) on 4 May 2026. The report focuses on improving data sharing and standardisation and how to reduce duplication and inconsistencies between reporting frameworks in the asset management sector and those applicable to other financial sectors.
- In July 2026, ESMA announced that it is launching a Common Supervisory Action (CSA) on risk management function of UCITS management companies and AIFMs across the EU. The CSA will be conducted throughout 2026 and 2027, in close collaboration with NCAs.
- The EU retail investment package (see **page 18**) includes provisions amending the AIFMD and UCITS Directive with respect to investor protection rules. The new **EU Market Integration and Supervision Package** (see **page 30**) proposes changes to the UCITS Directive and AIFMD to remove barriers to cross-border operations of fund managers and their EU groups, remove national discretions, and introduce an EU-wide depositary passport.

ELTIF, EuVECA and EuSEF Regulations



ELTIF, EuVECA and EuSEF Regulations

The EU ELTIF, EuVECA and EuSEF Regulations each create a regulatory category of funds with specific features.

ELTIFs, created by the ELTIF Regulation (as enhanced by ELTIF 2 from January 2024), are intended to invest in assets that require long-term capital, such as infrastructure projects.

EuVECAs, created by the EuVECA Regulation, are intended to invest in small and medium-sized businesses.

Finally, EuSEFs, created by the EuSEF Regulation, are intended to invest in assets which aim to achieve positive social impacts, such as employment, education and health. In 2026, the Commission is working on venture and growth capital fund reform as part of the Savings and Investment Union (SIU) strategy.

What's on the horizon?

- The EuSEF and EuVECA Regulations each required the Commission to complete a review of those regulations by 2 March 2022 and to propose amendments to those regulations, if appropriate. These reviews have not yet been published.
- Revisions to the ELTIF Regulation by ELTIF2 Regulation have applied from 10 January 2024. ESMA was mandated to develop RTS under Regulations 9(3), 18(6), 19(5), 21(3) and 25(3). The finalised RTS are contained in [Commission Delegated Regulation \(EU\) 2024/2759](#).
- The Commission is required to conduct a review of the ELTIF Regulation by 2030, which was to be preceded by a review, by 11 January 2026, of the sustainability aspects of ELTIFs. That review was to focus on whether the ELTIF Regulation can be improved further to contribute to the EU's green transition and whether it is feasible to introduce a new optional designation of "green ELTIF" and, if so, whether that should be aligned with Article 9 of SFDR (see **page 23**). It will also consider whether ELTIFs should comply with SFDR's "do no significant harm" principles. The Commission did not publish any updates in January 2026 in relation to progress on that review.
- The Commission's Work Programme for 2026 includes plans for a review of the EuVECA Regulation, which has been scheduled to begin in Q3 2026. The Commission previously noted in its [Communication on Savings and Investment Union](#) that take up of the EuVECA label by venture and growth capital funds has been uneven across Member States, due to regulatory limitations that affect its attractiveness and its positive impact on local venture capital markets. The Commission therefore plans to review and upgrade the EuVECA Regulation to make this label more attractive, including by widening the scope of investable assets and strategies.
- In January 2026, the Commission launched a [targeted consultation](#) and a [public consultation](#), on EU venture and growth capital funds reform, to gather feedback on the barriers that arise from the application of the EuVECA, the AIFMD and national legal frameworks for investment funds, as well as on possible policy measures addressing such barriers. Those consultations closed on 12 March 2026, and responses will inform the ongoing policy development process.
- In its [2027–2029 Programming Document](#), ESMA anticipates the potential for additional workstreams consequent on the Commission's legislative initiative to update the EuVECA Regulation.

UCITS Directive

[View related UK measures](#)**2026****Q3**

16/04/26: Member States were to apply national implementing measures from this date.

16/04/26: RTS and Guidelines on LMTs apply.

04/05/26: ESMA final report on integrated reporting for asset managers published.

25/06/26: Implementation deadline for EMIR 3.0 changes to UCITS Directive.

Q4

2026-2027: Common Supervisory Action (CSA) on risk management function of EU asset managers.

2027**Q1**

2026-2027: Common Supervisory Action (CSA) on risk management function of EU asset managers.

Q2

16/04/27: AIFMD2 reporting requirements start to apply.

16/04/27: Deadline for ESMA to submit RTS and ITS under AIFMD Art. 24/UCITS Art 20a.

16/04/27: Earliest revised date for ESMA to deliver guidelines to specify the circumstances in which the name is unfair, unclear or misleading.

Q3**Q4**

01/10/27: Commission will only adopt RTS on open ended loan originating AIFs after this date.

2028**Q1****Q2**

UCITS Directive

The UCITS Directive provides an EU-wide framework for UCITS (investment funds suitable for marketing to retail investors that meet relevant requirements).

Since the first UCITS Directive in 1985, subsequent directives have aimed to expand and simplify the UCITS regime. Following the Commission's review of the AIFMD, in November 2021 amendments to the UCITS Directive were proposed alongside those to the AIFMD, and the resulting AIFMD2 (see **page 12**) was finalised in 2024, to apply from April 2026.

In 2026, the UCITS Directive is likely to be impacted by other EU initiatives, such as the EU retail investment package and the EU Market Integration and Supervision Package, which will supplement or make changes to the Directive.

What's on the horizon?

- [AIFMD2](#) was published in the Official Journal on 26 March 2024, making targeted amendments to making targeted amendments to the UCITS Directive (that must be implemented in Member States and apply from 16 April 2026) with respect to: Management company authorisation; Delegation arrangements; Liquidity risk management; and Reporting.
- ESMA was given mandates under AIFMD2 to develop:
 - **RTS on the characteristics of LMTs.** ESMA [submitted](#) draft RTS to the Commission in April 2025 for endorsement. In March 2026, Commission [Delegated Regulation \(EU\) 2026/465](#) was published in the Official Journal and has applied since 16 April 2026.
 - **Guidelines on Liquidity Management Tools (LMTs) of UCITS and open-ended AIFs.** ESMA published the [Guidelines](#) in all official EU languages on its website in March 2026.. They have applied since 16 April 2026.
 - ESMA [announced](#) in March 2025 that it would delay by 'at least 12 months' delivery of proposed investor disclosures guidelines to specify the circumstances in which the name is unfair, unclear or misleading, which were originally due by 16 April 2026.
- ESMA was also mandated to deliver a report on simplifying reporting for asset managers by 16 April 2026. Following a [discussion paper](#) in 2025, ESMA published its [Final Report on the integrated collection of funds' data](#) on 4 May 2026. The report focuses on improving data sharing and standardisation and how to reduce duplication and inconsistencies between reporting frameworks in the asset management sector and those applicable to other financial sectors.
- In July 2026, ESMA announced that it is launching a Common Supervisory Action (CSA) on risk management function of UCITS management companies and AIFMs across the EU. The CSA will be conducted throughout 2026 and 2027, in close collaboration with NCAs.
- The [EMIR 3.0 Directive](#) (see **page 32**) amends the UCITS Directive, as regards the treatment of concentration risk arising from exposures towards CCPs and of counterparty risk in centrally cleared derivatives transactions. Member States were to implement by 26 June 2026.
- The EU retail investment package (see **page 17**) includes provisions amending the AIFMD and UCITS Directive with respect to investor protection rules. The new **EU Market Integration and Supervision Package** (see **page 30**) proposes changes to the UCITS Directive and AIFMD to remove barriers to cross-border operations of fund managers and their EU groups, remove national discretions, and introduce an EU-wide depositary passport.

Read more on AIFMD2 [here](#), [here](#) and [here](#).

MMF Regulation

[View related UK measures](#)



MMF Regulation

The Money Market Funds (MMF) Regulation introduces a regulatory framework that aims to enhance the liquidity and stability of MMFs.

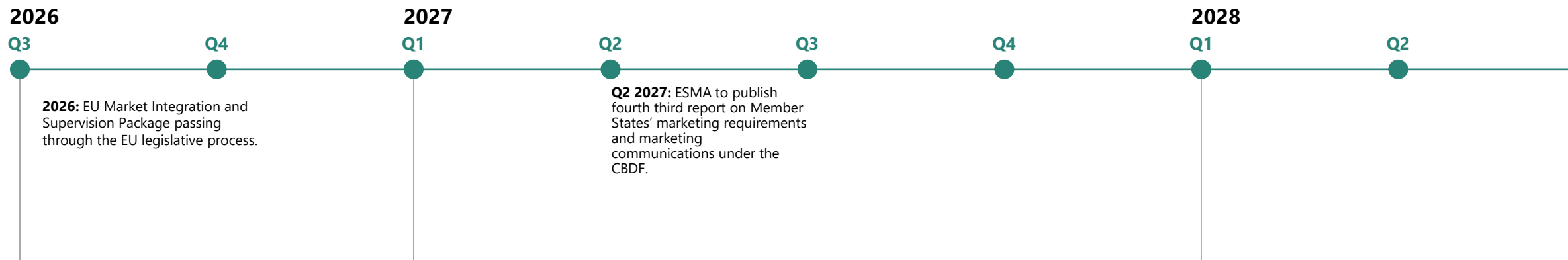
It requires funds that meet the definition of an MMF to comply with rules relating to investment policies, internal credit quality assessments, risk management, valuation and transparency requirements. It also grants EU regulators powers to supervise MMFs and their managers on an ongoing basis.

There are no pending proposals to amend the MMF Regulation.

What's on the horizon?

- The MMF Regulation required the Commission to review adequacy of the MMF Regulation by 21 July 2022 and to propose amendments to the MMF Regulation if appropriate. The MMF Regulation also required the Commission to present a report on the feasibility of establishing an 80% EU public debt quota by 21 July 2022. Following a public consultation on the MMF Regulation in April 2022, the Commission published its [final report](#) in July 2023 confirming that it did not propose revisions to the MMF Regulation at present. The Commission also explained in its report that the merits of establishing an 80% EU public debt quota were questionable..
- ESMA publishes annual guidelines on MMF stress testing parameters. The [2025 MMF stress testing guidelines](#) were published on 13 January 2026. The next set of guidelines is expected in Q4 2026. However, in May 2026, ESMA launched a [consultation](#) (closing 6 August 2026) on proposals to replace the annual update with an annual update of a dedicated page on the ESMA website where the parameters would be made available. ESMA expects the proposed changes to ease the compliance burden on firms and to assist supervision. ESMA expects to publish the corresponding final report in H2 2026, so that the new procedure applies from the next update of these parameters, expected at end of 2026
- ESMA was mandated in the context of AIMFD 2 (see **page 12**) to deliver a report on simplifying reporting for asset managers 16 April 2026. Following a [discussion paper](#) in 2025, ESMA published its [Final Report on the integrated collection of funds' data](#) on 4 May 2026. The report focuses on improving data sharing and standardisation and how to reduce duplication and inconsistencies between reporting frameworks in the asset management sector and those applicable to other financial sectors.
- Vulnerabilities in MMFs remain unaddressed and continue to pose risks to financial stability.
 - While these vulnerabilities are being addressed in the US and the UK, they have not yet been addressed in the EU. The Commission ran a targeted [consultation](#) in 2024 highlighting, among other things, MMF vulnerabilities that may warrant further attention. The Commission's 2025 and 2026 work programmes did not announce any follow-up legislative work.
 - However, in May 2026 the Commission published a [follow-up to its 2023 report](#) on the adequacy of the MMF Regulation, from a prudential and economic perspective. Alongside the follow-up report, the Commission published FAQs on minimum liquidity levels and the use of liquidity buffers during market stress.

EU CBDF



EU CBDF

The Cross Border Funds Distribution package, comprising a Directive and a Regulation (CBDF), amended the UCITS Directive, AIFMD, EuVECA Regulation, EuSEF Regulation and PRIIPs Regulation in relation to fund marketing. It aims to improve transparency by aligning national marketing and pre-marketing requirements, amongst other measures. The majority of the CBDF's provisions came into force on 1 August 2019 and 1 August 2021.

A number of post-implementation review reports remain outstanding.

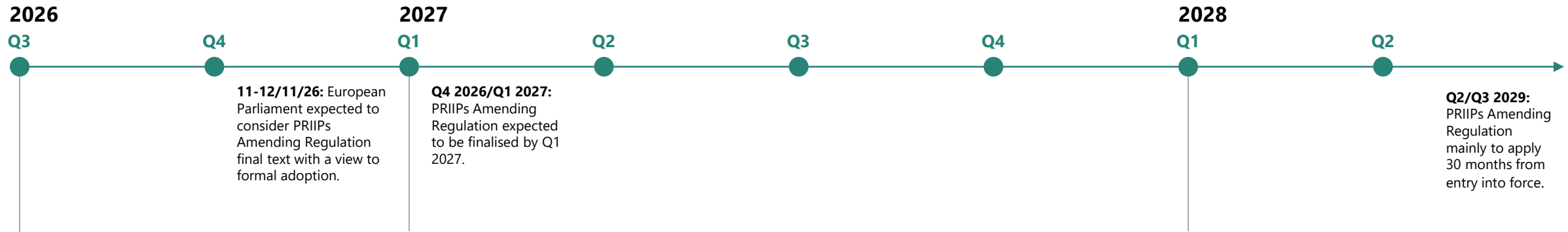
The CBDF will be impacted by proposals in the EU Markets Integration and Supervision Package (see [page 30](#)), which is passing through the EU legislative process in 2026.

What's on the horizon?

- Under the CBDF package, the Commission was required to publish a report on reverse solicitation, specifying the extent of reverse solicitation, its geographical distribution including in third countries and its impact on the passporting regime. This report has yet to be published. In connection with this report, in September 2021 the Commission sent a letter to ESMA requesting that ESMA gathered information from EU national competent authorities on the use of reverse solicitation by asset managers and the impact of reverse solicitation on passporting activities. ESMA's response, dated 17 December 2021, stated (among other things) that almost all national competent authorities had no readily available information on the use of reverse solicitation by asset managers and were not in a position to estimate the share of reverse solicitation as compared to marketing.
- In 2025, ESMA was produce its third report on Member States' marketing requirements and marketing communications under the CBDF. ESMA published its second report in July 2023. Article 8(1) of the CBDF Regulation requires ESMA to report on this topic once every two years. In March 2025 ESMA [informed](#) the Commission that it would delay the publication of its 2025 report to October 2025. The report was further delayed and was finally [published](#) on 6 January 2026.
- ESMA confirmed in its [2027–2029 Programming Document](#) that it will issue the fourth report on requirements and marketing communications under the CBDF in **Q2 2027**.
- The Commission was required to report by 2 August 2023 on the merits of harmonising the provisions applicable to UCITS management companies testing investor appetite for particular investment ideas or investment strategies. The Commission was also required to conduct an evaluation of the application of the CBDF by 2 August 2024. The deadline for presentation of its report is 2 August 2025. These reports are yet to be delivered.
- The proposed **EU Markets Integration and Supervision Package (MISP)** (see [page 30](#)) proposes changes to CBDF aimed at removing barriers to the cross-border operations of investment funds and strengthen ESMA's powers to foster a common supervisory culture and better coordinate activities across home and host national competent authorities. The proposed changes relate to (i) harmonisation of marketing communications; (ii) improving transparency on fees and charges levied by host Member States; (iii) improving the passporting regime for UCITS and AIFs; and (iv) enhanced powers for ESMA in supervision of UCITS and AIFs marketed across the EU. The MISP is passing through the EU legislative process.

EU PRIIPS Regulation

[View related UK measures](#)



PRIIPs Regulation

The PRIIPs Regulation obliges manufacturers of packaged retail insurance-based and investment products (PRIIPs) to produce a concise pre-contractual disclosure document, the Key Information Document (KID), where such products are made available to retail investors. It also obliges persons who advise upon or sell PRIIPs to provide investors with the KID. It sets out rules on the content and format of the KID, as well as guidance for its review and timing of delivery.

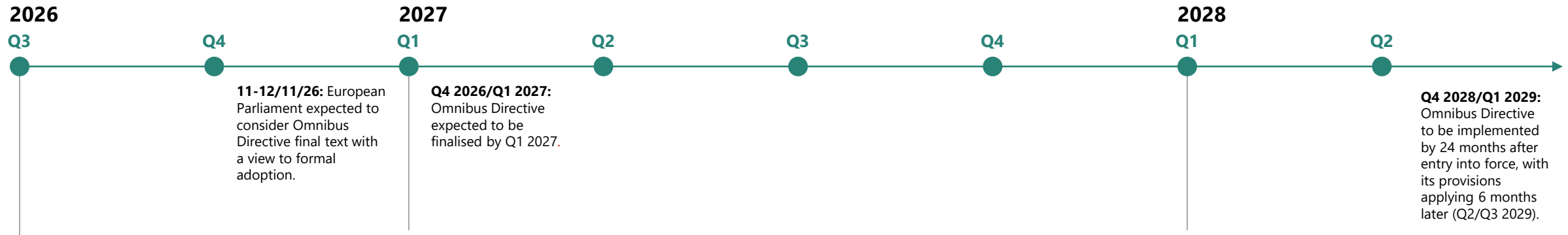
Proposals to Amend the PRIIPs Regulation as part of the EU retail investment package are expected to be finalised by Q1 2027.

The PRIIPs Regulation will also be impacted by the proposed amendments to the SFDR, which are passing through the EU legislative process.

What's on the horizon?

- The Commission has reviewed the PRIIPs Regulation as part of a wider assessment of the EU's retail investment strategy. The retail investment package was adopted in May 2023, comprising an 'Omnibus Directive' and a Regulation relating to retail investment reforms (see **page 18**). The package includes a legislative proposal to make targeted amendments to various aspects of the PRIIPs Regulation, including the KID (**PRIIPs Amending Regulation**).
- The Commission proposal for the PRIIPs Amending Regulation contained provisions relating to clarifications of scope, removable of the KID comprehension alert, a new 'at a glance' section, a new section on sustainability, and provisions on revisions of KIDs and presentation of KIDs to retail investors. Both the Council and the European Parliament have made suggested amendments.
- Trilogues began in March 2025. Some provisions of the package proved contentious and trilogues were protracted due to differences in the co-legislators' texts. Concerns about the package were also expressed by [industry](#) and by [ESMA and EIOPA](#). Political agreement was announced by the [Council](#) and the [European Parliament](#) on 18 December 2025. The legislation was originally expected to be finalised in Q1 2026, but the package required extended technical work. The Council approved the final compromise text in June 2026, and the European Parliament is expected to consider the final text in November 2026. The package is now expected to be finalised by Q1 2027.
- The original Commission proposal provided that the PRIIPs Amending Regulation would take effect 18 months after its entry into force. This timeframe has been extended to 30 months. The PRIIPs Amending Regulation is expected to be finalised by Q1 2027, and to apply from Q2/Q3 2029.
- Under the proposed revisions to the EU SFDR which are passing through the EU legislative process (see **page 23**) there are also proposals for targeted amendments to the PRIIPs Regulation consequential on the amendments to the SFDR. These amendments include new disclosures to be set out in the KID for sustainability-related financial products.

EU Retail Investment package



EU Retail Investment Package

As part of the Capital Markets Union agenda, the Commission is focused on improving EU retail access to capital markets.

In May 2021, the Commission published a consultation paper entitled 'A retail investment strategy for Europe'. This was followed by a second, targeted consultation in February 2022 on options to enhance product suitability and appropriateness assessments.

On 24 May 2023, the Commission published the 'retail investments package' comprising wide-ranging measures to:

- improve the information consumers receive about financial products;
- address conflicts of interest in the sales process;
- impose a ban on inducements for products sold without financial advice;
- enhance the "best interest" test for financial advisers;
- crack down on online "finfluencers"; and
- Introduce a "value for money" framework.

The package is expected to be finalised in Q1 2027.

What's on the horizon?

- The Commission's proposed retail investment package for improving the retail investment framework was adopted in May 2023 and consists of:
 - A proposal for a [Regulation](#) amending the PRIIPs Regulation as regards the modernisation of the key information document (see [page 17](#)); and
 - A proposal for an [Omnibus Directive](#) that will amend existing EU Directives as regards EU retail investor protection rules. The Directives to be amended are UCITS Directive, AIFMD, Solvency II Directive, Insurance Distribution Directive, and MiFID2.
- The Commission has referred to the Omnibus Directive as 'the most ambitious proposal since the inception of EU financial regulation'. Its aim is ultimately to enable more retail investment to be channeled toward participation in EU capital markets and be deployed for EU green and digital transformation. It will do this by ironing out inconsistencies in existing sectoral legislation (primarily MiFID II and IDD, but also Solvency II, UCITS and AIFMD) to ensure consistent retail investor protection applies across products and distribution channels.
- Trilogues began in March 2025. Some provisions of the package proved contentious and trilogues were protracted due to differences in the co-legislators' texts. Concerns about the package were also expressed by [industry](#) and by [ESMA and EIOPA](#). Political agreement was announced by the [Council](#) and the [European Parliament](#) on 18 December 2025. The legislation was originally expected to be finalised in Q1 2026, but the package required extended technical work. The Council approved the final compromise text in June 2026, and the European Parliament is expected to consider the final text in November 2026. The package is now expected to be finalised by Q1 2027.
- The original Commission proposal provided for an 18-month implementation period. The finalised texts are expected to allow for a 24-month implementation period, with the provisions applying 30 months after the legislation enters into force.

EU IFD/IFR

[View related UK measures](#)



EU IFD/IFR

The Investment Firms Directive (IFD) and Investment Firms Regulation (IFR) created a new harmonised prudential regime for EU investment firms, replacing the application of the CRDIV prudential regime.

While certain larger investment firms remain treated as credit institutions and subject to the capital regime under CRDIV, firms that are not subject to CRDIV are subject to the new IFD and IFR prudential regime.

The IFD/IFR regime includes requirements on capital, consolidation, reporting, governance and remuneration. The IFD and IFR are supported by numerous Level 2 implementing and regulatory technical standards (ITS and RTS) and Level 3 guidelines.

The EBA and ESMA provided advice in 2025 but the [Commission Work programme for 2026](#) did not contain details of potential reforms to the package.

[Read more on the IFD/IFR here and here.](#)

What's on the horizon?

- Larger investment firms subject to CRDIV/CRR will be subject to the new CRD6/CRR3 provisions.
- Article 60 of IFR and Article 66 of IFD mandated the Commission to submit a report (by 26 June 2024) to the Council and to the Parliament regarding multiple aspects of the IFD and IFR. In its report, the Commission may include a legislative proposal to amend the prudential framework applicable to investment firms. The Commission issued a [call for advice](#) to ESMA and EBA seeking advice by 31 May 2024 on the following aspects of the framework:
 - Categorisation of investment firms including the conditions to qualify as small and non-interconnected investment firms and the conditions to qualify as credit institutions.
 - The adequacy of the IFR/IFD prudential requirements, including the scope of K-factors, on prudential consolidation and liquidity requirements.
 - Interactions with the CRR/CRD, implications of the adoption of the banking package, especially on the application of the market risk framework, variable remuneration and investment policy disclosure.
 - Future proofing the IFR/IFD regime, in particular with reference to the impact of crypto-assets to investment firms' activities as well as UCITS/AIF.
 - Considerations on the risk related to ESG factors.
 - Specific considerations on commodity and emission allowance dealers and on energy firms.
- Following a joint [discussion paper](#) in June 2024, EBA and ESMA delivered their [final advice](#) to the Commission in October 2025. EBA and ESMA considered that the framework works well overall but made 49 recommendations on potential improvements to its functionality and proportionality and to contribute to a level playing field between firms operating in the EU and for firms competing against international firms.
- [Commission Implementing Regulation \(EU\) 2025/2159](#) of 27 October 2025 entered into force on 20 November 2025, amending the ITS in Implementing Regulation (EU) 2021/2284 as regards supervisory reporting and disclosures of investment firms. This made changes consequential to CRR3 changes to the reporting framework for investment firms.
- In its [Work programme](#) for 2026, the EBA's 2026 deliverables include: an RTS on waiver for authorisation of investment firms; an RTS on the reclassification of investment firms as credit institutions; and an RTS on the monitoring of the EUR 30 billion threshold — all targeted for Q4 2026.



[View related UK measures](#)



EU Developments

II. ESG

EU ESG: In this section

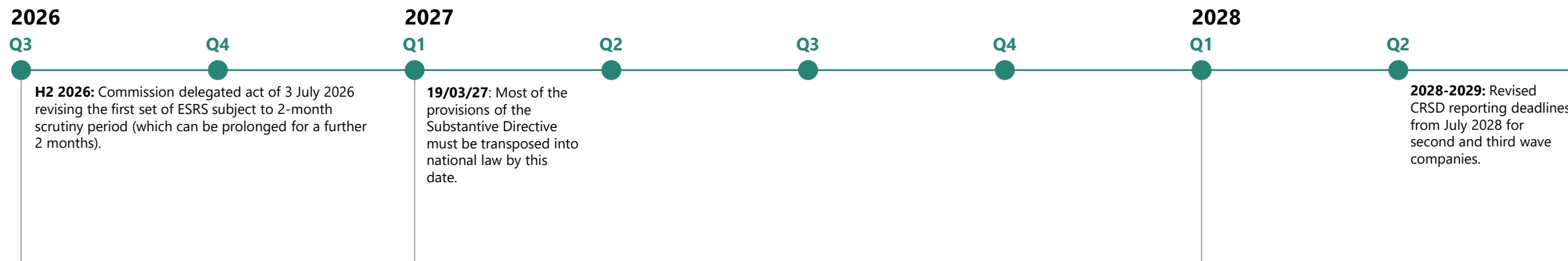
[View related UK measures](#)



EU ESG Developments

EU Sustainable Finance Omnibus I Simplification Package	<u>22</u>
EU Sustainable Finance Disclosure Regulation	<u>23</u>
EU Taxonomy Regulation	<u>24</u>
EU Anti-Greenwashing Directive	<u>25</u>
EU ESG Ratings Regulation	<u>26</u>
EU Corporate Sustainability Due Diligence Directive (CS3D)	<u>27</u>

Sustainable Finance Omnibus I package



Sustainable Finance Omnibus I Simplification Package

The Commission adopted the draft 'Omnibus I' simplification package on 26 February 2025 with the aim of streamlining the reporting requirements of existing sustainable finance legislation to reduce overlaps and redundancies.

The [Omnibus I package](#) impacts the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CS3D), the Statutory Audit Directive and the Accounting Directive (the amendments to which impact the scope of application of the Taxonomy Regulation).

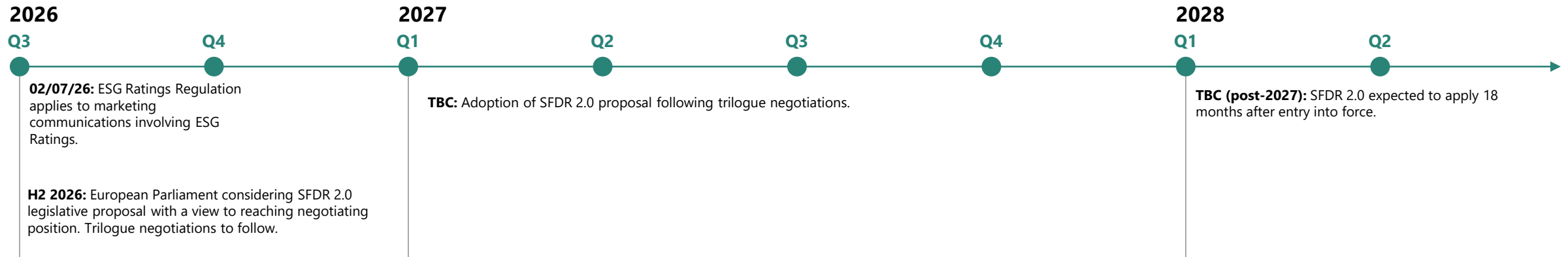
Read more on the Omnibus I Package [here](#) and [here](#).

What's on the horizon?

- The Omnibus I package comprises proposals adopted by the Commission on 26 February 2025 and accompanying initiatives:
 - A proposed Directive amending CSRD and CS3D as regards the dates from which Member States are to apply certain corporate sustainability reporting and due diligence requirements. This **"Stop the Clock"** proposal was adopted without amendment as [Directive \(EU\) 2025/794](#) and entered into force on 17 April 2025. Member States were required to transpose its provisions into national law by 31 December 2025.
 - A proposed Directive to amend the Statutory Audit Directive, the Accounting Directive, CSRD and CS3D (**"Substantive Directive"**). The Substantive Directive was adopted on 24 February 2026 as [Directive \(EU\) 2026/470](#) and entered into force 18 March 2026. Most of its provisions must be transposed by 19 March 2027.
 - A [call for evidence](#) on a draft delegated regulation amending three of the Taxonomy Delegated Acts (subsequently adopted by the Commission on 4 July 2025 and published as [Commission Delegated Regulation \(EU\) 2026/73](#) in the Official Journal in January 2026 - see **page 24**)
 - A [proposed Regulation](#) amending the Carbon Adjustment Mechanism Regulation (EU) 2023/956 (subsequently adopted by the Commission on 8 October 2025 and published as [Regulation \(EU\) 2025/2083](#) in October 2025); and
 - A proposal to adopt a delegated act to revise the first set of European Sustainability Reporting Standards (ESRS) in the ESRS Delegated Regulation (EU) 2023/2772. Pending the adoption, a ["Quick Fix" Delegated Regulation](#) was adopted on 11 July 2025 to reduce the ESRS reporting burden for "first wave" companies not in scope of the "Stop the Clock" Directive. The Commission [adopted](#) the delegated act on 3 July 2026, which is now subject to scrutiny by the European Parliament and the Council before formal adoption and publication in the Official Journal.
- CSRD changes:** application of reporting obligations has been delayed by two years for other companies. "Second wave" companies must begin to report, from 26 July 2028, for financial years starting 2027, and "third wave" companies must begin to report, from 26 July 2029, for financial years starting 2028. The Substantive Directive reduces by approximately 80% the number of companies in scope and makes a range of other changes.
- CS3D changes:** the Omnibus I package makes no change to the companies in scope but delays the application of the Directive by one year and the Substantive Directive makes significant adjustments to the scope of the due diligence obligations. (for more detail on CS3D see **page 27**).

EU Sustainable Finance Disclosure Regulation (SFDR)

[View related UK measures](#)



EU SFDR

The Sustainable Finance Disclosure Regulation (SFDR) started to apply in 2021. It aims to provide transparency to investors about the sustainability risks that can affect investments' value and about the adverse impacts such investments have on the environment and society. It also aims to strengthen investor protection and improve comparability of products.

SFDR requires financial market participants and financial advisers to disclose at entity and product level how they integrate sustainability risks and principal adverse impacts (PAI) in their investment decision making processes. It also requires additional product disclosures for financial products making sustainability claims.

Following an evaluation in 2023, the Commission [consulted](#) on possible measures to improve the SFDR framework, proposing changes to disclosure requirements and potentially a categorisation system for financial products. The ESAs also published a [joint Opinion](#) on review of the SFDR in June 2024.

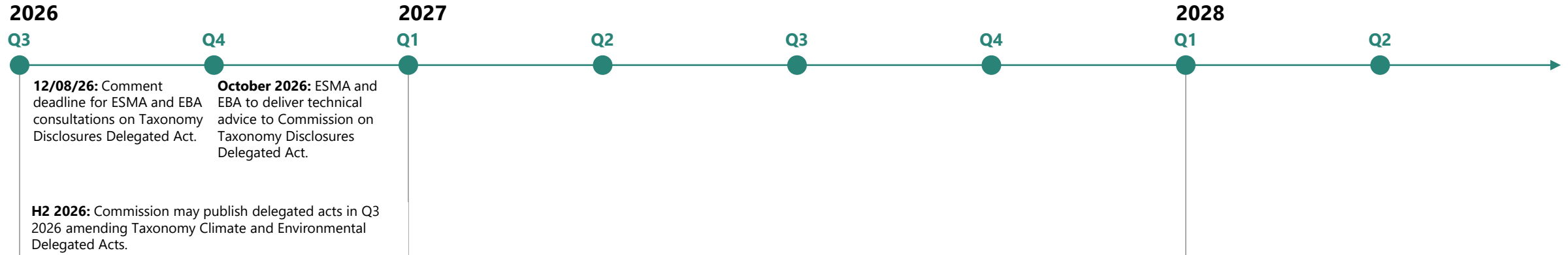
The Commission adopted its SFDR Review proposal in November 2025. The proposal is proceeding through the EU legislative process during 2026.

Read more on SFDR [here](#), [here](#) and on SFDR 2.0 [here](#).

What's on the horizon?

- The Commission adopted a [SFDR Review legislative proposal](#) (SFDR 2.0) on 20 November 2025, setting out fundamental changes to the SFDR framework. The aim of the legislative proposal is to simplify and reduce the sustainability-related administrative and disclosure requirements for financial market participants (FMPs), whilst improving investors' ability to understand and compare sustainability-linked financial products and protecting against misleading sustainability-related claims. Key elements include:
 - Replacing the disclosure-based requirements of SFDR Articles 6-8 and 9 with a new product categorisation regime with three new categories: 'Transition', 'ESG basics' and 'Sustainable' (informed by financial product categorisation [proposals](#) from the Platform on Sustainable Finance);
 - Deletion of the definition of "sustainable investments";
 - Deletion of FMPs' entity-level PAI disclosure requirements; and
 - Inclusion of certain grandfathering and transitional provisions.
- The Council reached agreement on its [negotiating position](#) in June 2026.
- The European Parliament's ECON Committee published a [draft report](#) on the SFDR 2.0 proposal in April 2026 and had scheduled a vote for 15 July to agree the report to be adopted as Parliament's negotiating position. However, consensus was not reached on [amendments](#) put forward by MEPs, and the ECON is now expected to take place after the summer.
- Once the European Parliament has adopted its negotiating position, trilogue negotiations can begin.
- From 2 July 2026, the ESG Ratings Regulation (see [page 26](#)) amends SFDR Article 13 (Marketing Communications) to provide that financial market participants and financial advisers issuing and disclosing ESG ratings as part of their marketing communications will need to comply with that Regulation.

EU Taxonomy Regulation

[View related UK measures](#)

EU Taxonomy Regulation

The Taxonomy Regulation sets out criteria that an activity must satisfy to be referred to as 'environmentally sustainable'. Two such criteria are that the activity must contribute substantially to at least one 'environmental objective' and that the activity must not cause significant harm to an 'environmental objective'.

The six 'environmental objectives' are set out in the Taxonomy Regulation. The Taxonomy Regulation also creates disclosure obligations for certain products that are within the scope of the related Sustainable Finance Disclosure Regulation (SFDR).

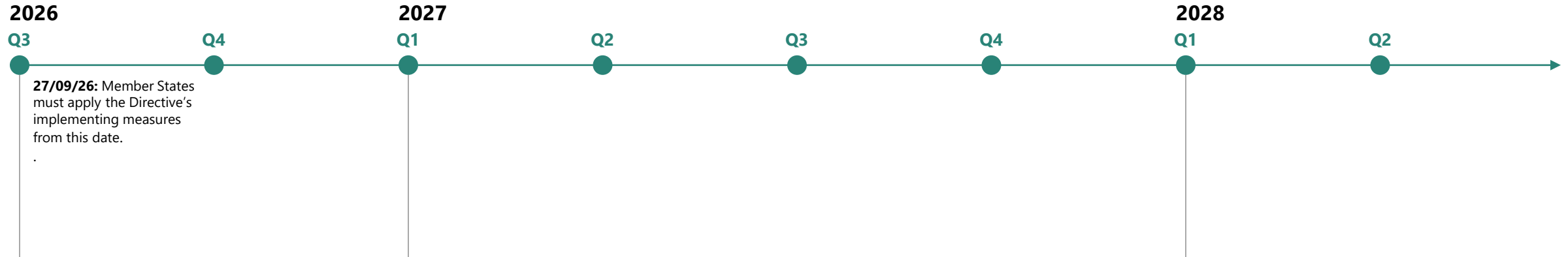
The scope of application of the Taxonomy Regulation is impacted by the provisions of the Omnibus I package which amend the Accounting Directive (see [page 22](#)). Amendments to the Taxonomy Regulation's delegated acts also complement the Omnibus I package.

[Read more on the Taxonomy here.](#)

What's on the horizon?

- Under Article 8 of the Taxonomy Regulation, companies within scope of the CSRD must report in their annual reports the extent to which their activities are covered by the EU Taxonomy (Taxonomy-eligibility) and comply with the criteria set in the Taxonomy delegated acts (Taxonomy-alignment). Companies outside the scope of CSRD can decide to disclose this information on a voluntary basis.
- The Taxonomy Regulation is supplemented by: (i) the **Climate Delegated Act** ((EU) 2021/2139); (ii) the **Taxonomy Complementary Delegated Act** ((EU) 2022/1214); (iii) the **Taxonomy Environmental Delegated Act** ((EU) 2023/2486); and (iv) the **Taxonomy Disclosures Delegated Act** ((EU) 2021/2178).
- Following a [call for evidence](#) in February 2025 as part of the Omnibus I simplification package (see [page 22](#)), [Commission Delegated Regulation \(EU\) 2026/73](#) to simplify the application of the EU Taxonomy ("**Omnibus Delegated Act**") was published in the Official Journal on 8 January 2026. With effect from 1 January 2026, the Omnibus Delegated Act amends the **Taxonomy Disclosures Delegated Act** regarding content and presentation of information to be disclosed concerning environmentally sustainable activities and the **Taxonomy Climate and Environmental Delegated Acts** regarding simplification of technical screening criteria for determining whether economic activities cause no significant harm to environmental objectives. The Commission published a [notice](#) in April 2026 on the interpretation and implementation of certain legal provisions of the Taxonomy Disclosures Delegated Act.
- On 4 March 2026, the Commission issued a [call for advice](#) inviting the ESAs to develop technical advice by October 2026 on targeted issues to inform a substantive review of **the Taxonomy Disclosures Delegated Act** following the "quick fix" measures in the Omnibus Delegated Act. [ESMA's consultation](#) and the [EBA's consultation](#) to inform their advice close on 12 August 2026.
- The Commission has been conducting work to enhance the usability of the Taxonomy and has produced a range of [online tools](#) to guide users. In November 2025, it published calls for evidence on updating and simplifying the technical screening criteria in Taxonomy [Climate](#) and [Environmental](#) Delegated Acts. The Platform on Sustainable Finance (PFS) published its [response](#) in June 2026 with recommendations for improving the Commission's proposed revisions. The Commission originally expected to publish further delegated legislation in Q2 2026, but this did not occur. Publication may take place in H2 2026.

EU Anti-Greenwashing Directive



EU Anti-Greenwashing Directive

Directive (EU) 2024/825 on Empowering Consumers for Green Transition (referred to as the Anti-Greenwashing Directive) was published in the Official Journal on 6 March 2024. The Directive aims to strengthen consumer rights and protections with respect to commercial practices, including greenwashing, that prevent sustainable purchases.

The Directive amends the Unfair Commercial Practices Directive (UCPD) to:

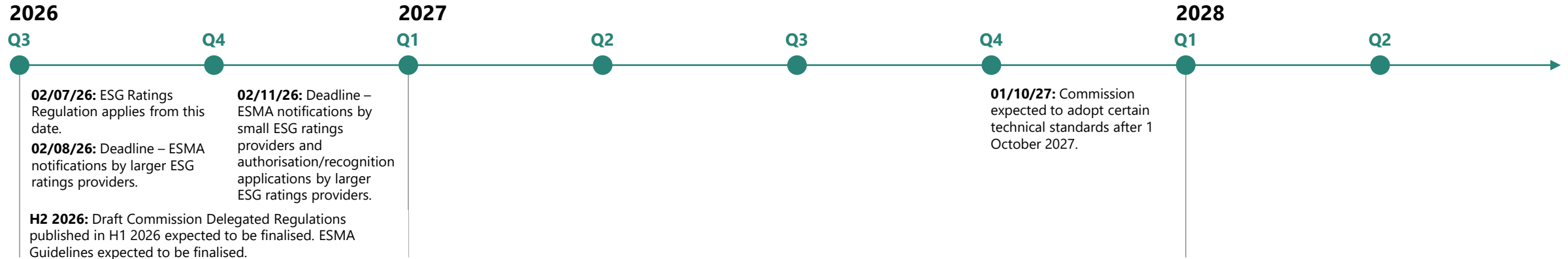
- extend the list of product characteristics about which a trader cannot mislead consumers to cover the environmental or social impact;
- extend the list of actions which are to be considered misleading if they cause or are likely to cause the average consumers to take a transactional decision that they would not have otherwise taken; and
- add 12 new practices, including forms of greenwashing, to the existing 'blacklist' of prohibited unfair commercial practice.

The Directive also amends the Consumer Rights Directive with respect to pre-contract information requirements.

What's on the horizon?

- The [Anti-Greenwashing Directive](#) entered into force on 27 March 2024. It forms part of a package of measures put forward in March 2022 as part of the Commission's New Consumer Agenda and Circular Economy Action Plan, aimed at making sustainable products the norm in the EU, boosting circular business models, and empowering consumers for the green transition. The Anti-Greenwashing Directive is designed to ensure consumers take informed and environment-friendly decisions when buying products, and the rules strive to strengthen consumer protection against untrustworthy or false environmental claims by banning greenwashing and other practices that mislead consumers.
- The new practices that have been added to the list of practices that are automatically considered unfair and therefore prohibited are added to Annex I of the Unfair Commercial Practices Directive. Of the 12 new banned practices, the key claims relevant to financial products and services include:
 - Misleading sustainability labels;
 - Unsubstantiated generic environmental claims;
 - Overly-wide environmental claims; and
 - Claims based on greenhouse gas offsetting.
- Member States must adopt and publish the measures necessary to comply with the Directive by 27 March 2026.
- The Directive applies from 27 September 2026.

EU ESG Ratings Regulation

[View related UK measures](#)

EU regulation of ESG ratings providers

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem.

The ESG Ratings Regulation has applied fully since 2 July 2026 and is designed to address: (i) lack of transparency on the characteristics of ESG ratings, their methodologies and their data sources; (ii) the lack of clarity on how ESG rating providers operate; and (iii) conflicts of interest at ESG rating providers' level.

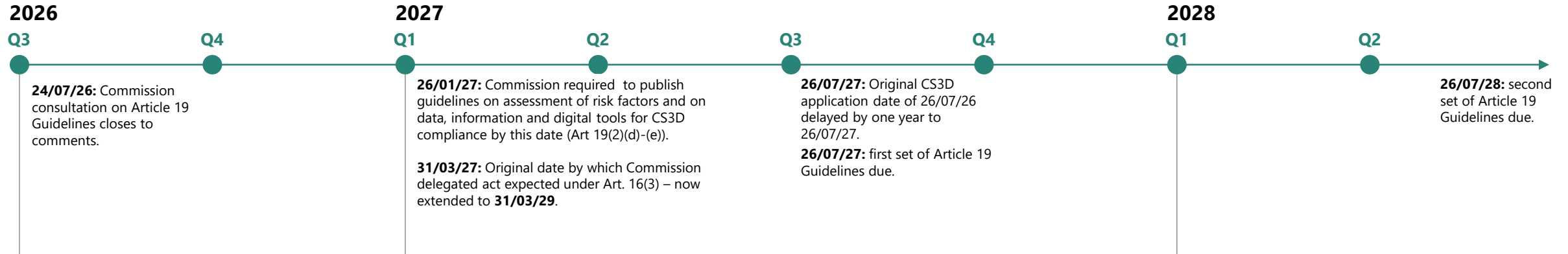
The ESG Ratings Regulation is intended to complement and avoid duplication of requirements in existing legislation such as the Sustainable Finance Disclosure Regulation (SFDR), the Taxonomy Regulation, the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Bonds Regulation.

Read more on the ESG Ratings Regulation [here](#) and [here](#).

What's on the horizon?

- The [ESG Ratings Regulation \(EU\) 2024/3005](#) was published in the Official Journal on 12 December 2024 and has applied directly across the EU since 2 July 2026. A transitional regime will apply to ESG Rating providers that were already operating in the EU on 2 January 2025. 'Small' providers must notify ESMA by 2 November 2026 if they wish to continue offering their services. Larger providers must notify ESMA by 2 August 2026 and apply for authorisation or recognition by 2 November 2026. Providers will be directly supervised by ESMA.
- Among other things, the ESG Ratings Regulation provides for an authorisation requirement for ESG ratings providers, introduces a regime for third country providers wishing to provide ESG ratings in the EU, sets out transparency requirements and principles on the integrity and reliability of ESG rating activities, and imposes obligations relating to the independence and management of conflict of interests of ESG rating providers. There are numerous exemptions from the scope of the Regulation which benefit from close reading. ESMA published a [statement](#) on 1 July 2026 clarifying how third parties would be able to continue to publish the ESG ratings of ESG rating providers whose authorisation is pending in the time-period from 2 July to 2 November 2026.
- ESMA was mandated to develop a range of technical standards (RTS and ITS) and guidelines to supplement the Regulation, and the Commission was empowered to adopt delegated acts. Following a [Final Report](#) submitted by ESMA in October 2025, In April 2026, the Commission adopted draft delegated regulations with RTS on [Separation of ESG ratings activities from other activities \(Article 16\(5\)\)](#) and [Elements of ESG rating products to be disclosed \(Articles 23\(4\) and 24\(3\)\)](#). The Commission also adopted draft Delegated Regulations on [ESMA fees](#) and [fines and periodic penalty payments](#). In May 2026, the Commission adopted a draft delegated regulations with RTS on [Information in the authorisation application \(Articles 6\(3\) and 12\(9\)\)](#). These are all expected to be finalised and published in the Official Journal in H2 2026.
- ESMA also [consulted](#) in April 2026 on draft Level 3 Guidelines on the endorsement regime under Article 11. The finalised Guidelines will apply from three months after the publication of the translations on ESMA's website, and ESMA will also consider them in the context of applications for authorisation from 2 August 2026.
- The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including some relating to ESG Ratings.
- The ESG Ratings Regulation will be subject to targeted amendment with respect to its enforcement and supervision provisions, to reflect changes in the ESMA Regulation, under the **EU Market Integration and Supervision Package** (see **page 30**).

Corporate Sustainability Due Diligence Directive (CS3D)

[View related UK measures](#)

Corporate Sustainability Due Diligence Directive (CS3D)

The Corporate Sustainability Due Diligence Directive (CS3D) sets out an EU legal framework on sustainable corporate governance, including cross-sector corporate due diligence along global value chains.

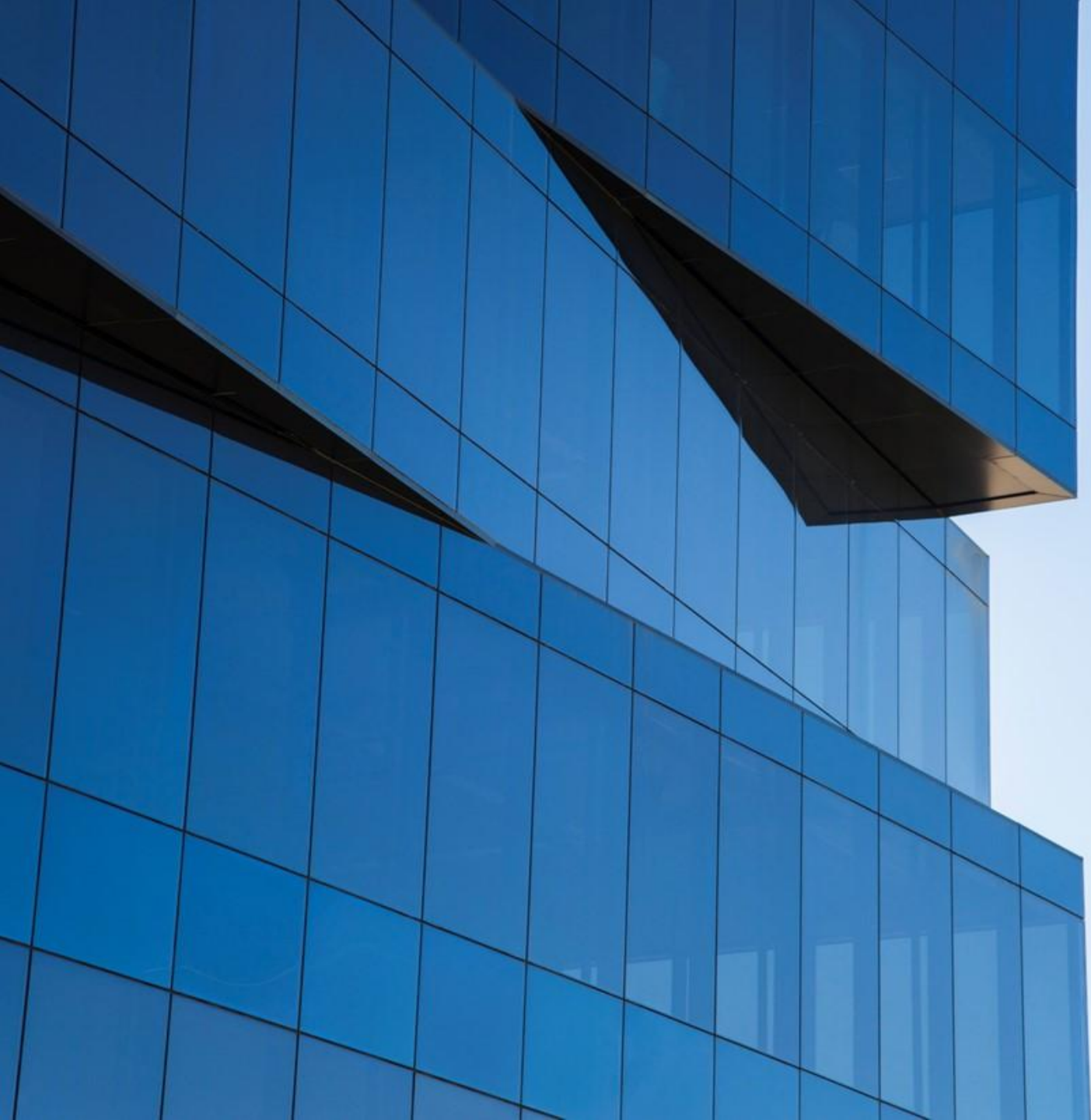
CS3D introduces obligations on in-scope EU and non-EU companies to adopt and implement due diligence policies and processes to identify and address adverse human rights and environmental impacts (known as human rights and environmental due diligence, or "HREDD") with which the companies may be involved through their own operations, through those of their subsidiaries or through the business relationships in their value chain.

HREDD must be conducted upstream (i.e., on providers of goods or provision of services to the company) and downstream (i.e., on those involved in distribution, transport and storage of a company's products). Article 22 of CS3D originally required in-scope companies to adopt climate transition plans that requirement has been removed by the **Omnibus I Substantive Directive**.

Read more on CS3D [here](#) and [here](#).

What's on the horizon?

- [CS3D](#) entered into force on 24 July 2024. The Omnibus I package (see [page 22](#)) has made extensive changes to CS3D and has pushed back the implementation date for the Directive to 26 July 2027, with phased deadlines for compliance starting on 26 July 2028.
- CS3D (as amended by the **Omnibus I Substantive Directive** – see [page 22](#)) will apply to large EU companies and large non-EU companies active in the EU.
 - **EU Companies** are defined as: (i) companies with more than 5000 employees and a net global turnover of more than EUR1.5 billion; or (ii) ultimate parent companies of groups that reach these thresholds on a consolidated basis; or (iii) companies (or ultimate parent companies of groups) with franchising or licensing agreements in the EU (separate thresholds apply).
 - **Non-EU Companies** are defined as companies or ultimate parent companies of groups: (i) that have a EUR1.5 billion net turnover generated in the EU, with no requirement to meet an employee threshold; or (ii) with franchising or licensing agreements in the EU (with the same separate thresholds as apply to EU companies).
- **Regulated financial undertakings** (as defined in CS3D) must conduct upstream HREDD but will not be required to conduct due diligence on their downstream value chain. AIFs and UCITS are exempt from the Directive, but their managers fall within the definition of regulated financial undertakings.
- The **Omnibus I Substantive Directive** (see [page 22](#)) deleted the CS3D Article 36(1) requirement for the Commission to submit a report by 26 July 2026 on the necessity and extent of any inclusion of the financial sector within the scope of the CS3D.
- The Commission is to adopt guidelines under Article 19 on how to fulfil the due diligence obligations. The Commission launched a [consultation](#) on 12 June 2026 seeking comments by 24 July 2026. The Commission is also expected to launch a further consultation. The Guidelines will be adopted on a staged basis, due by 26 July 2027 and 26 July 2028.
- The Commission is to adopt delegated acts for compliance with the reporting obligation in Article 16. These are to be adopted by 31 March 2029.



[View related UK measures](#)



EU Developments

III. Cross-sector

EU Cross-sectoral developments: In this section

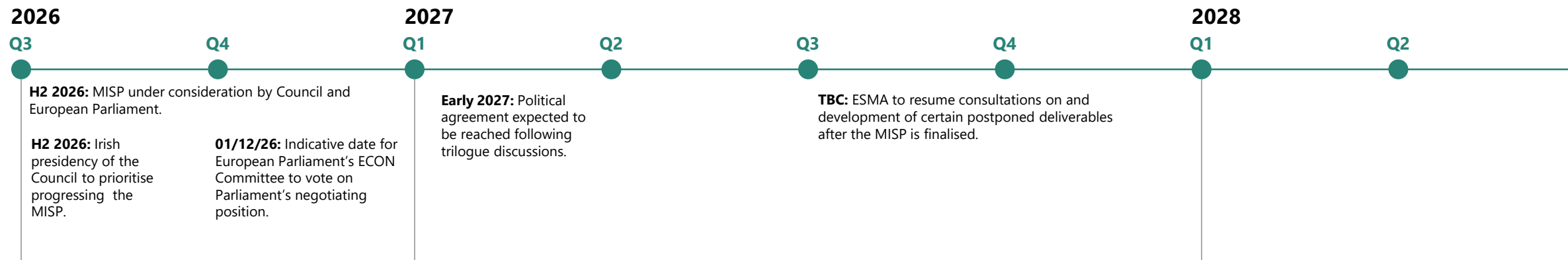
[View related UK measures](#)



EU Cross-sectoral developments

EU Market Integration and Supervision package	30
EU MiFID2/MiFIR	31
EU EMIR	32
EU SFTR	33
EU CSDR	34
EU T+1 settlement	35
EU Shareholder Rights Directive (SRD2)	36
EU MAR and CSMAD	37
EU MiCA Regulation	38
EU DORA	39
New EU AML/CTF Framework	40

EU Market Integration and Supervision Package (MISP)



Market Integration and Supervision Package (MISP)

The Commission has noted that lack of harmonised implementation of EU legislation and differences in supervisory approaches in Member States has resulted in fragmentation and underperformance of the EU capital markets.

The [MISP](#) published on 4 December 2025 introduces new measures designed to help improve the performance of EU capital markets by addressing barriers in trading, post-trading and asset management that stem from fragmentation. The MISP supports the EU's Savings and Investments Union project, aiming to help businesses expand and scale cross border and facilitate business uptake of digital technologies.

The MISP will introduce more centralised supervision within ESMA in certain areas and is expected to make significant and wide-ranging changes to existing sectoral legislation, impacting authorisation, supervision, marketing, trading, and post-trading activities, and the provision of cross-border services.

Read more on the MISP [here](#), and [here](#).

What's on the horizon?

- The MISP consists of three proposed pieces of legislation:
 - A [Master Regulation](#) to amend key financial services regulations to update and align EU financial market rules to support seamless cross-border financial activity, improve supervision, and adapt to technological and market developments.
 - The Master Regulation will amend ESMA Regulation, MiFIR, EMIR, CSDR, the CBDF Regulation, the DLT Pilot Regulation, and MiCA.
 - To reflect the changes proposed to the ESMA regulation, targeted amendments will also be made to the Credit Ratings Agency Regulation, the CCP Recovery and Resolution Regulation, SFTR, BMR, the Securitisation Regulation, EuGB Regulation, and the ESG Ratings Regulation.
 - A [Master Directive](#) amending UCITS, AIFMD, and MiFID to improve market integration by introducing harmonised regulatory standards that Member States must transpose into their national law.
 - A new [Settlement Finality Regulation](#) (SFR) to convert the current Settlement Finality Directive (SFD) into a Regulation to ensure more uniform rules across the EU. The SFR will repeal the current Settlement Finality Directive and amend the Financial Collateral Directive.
- The package is under consideration by the European Parliament and the Council during 2026. The ['One Europe one Market' Roadmap](#) agreed in March 2026 set out an end-2026 target to complete negotiations on MISP, but this timeline is challenging. Ireland holds the presidency of the EU Council from 1 July 2026 and has indicated it will prioritise work towards the Council's negotiating approach with a view to the MISP being agreed as early as possible.
- On 2 June 2026, ESMA [announced](#) deprioritisation of numerous deliverables under other sectoral legislation, primarily due to the increased workload arising from the MISP.

EU MiFID2/MiFIR

[View related UK measures](#)



2026

Q3

02/07/26: ESMA issued [final report](#) on MiFID, EMIR & SFTR transaction reporting following [May 2026 interim report](#).

July 2026: Commission to adopt delegated act on MTFs seeking SME Growth Market status.

12/08/26: RTS on firms' order execution policies to apply from this date.

Q3 2026: RTS on an EU code of conduct for issuer-sponsored research to apply.

Q4

Q4 2026: ESMA expected to launch 2026 CSA on MiFID II topics related to retail investors.

2027

Q1

Early 2027: Formal adoption of Retail Investment Package expected.

Q4 2026/Q1 2027: Omnibus IV initiative expected to be finalised.

TBC: MiFIR2 Article 54(3) transitional provision applies pending application of new MiFIR2 delegated acts

Q2

TBC: ESMA to submit draft RTS under amended MiFIR Art 1(8). Original deadline was 29/03/26.

Q3

Q4

01/10/27: Commission adoption of certain Level 2 measures deprioritised until at least 1 October 2027.

2028

Q1

Q2

EU MiFID2/MiFIR package

The MiFID2 Framework (comprising the MiFID2 Directive and the MiFIR Regulation) governs the authorisation and operation of investment firms and the buying, selling and organised trading of financial instruments.

The framework was previously amended in 2022 to apply 'Quick Fix' measures in response to Covid-19 and to apply measures to integrate sustainability into the package.

The '**MiFID3/MiFIR2**' package amends the MiFID2 Framework mainly to improve access to (including to enable introduction of an EU consolidated tape – and improve trade transparency).

The MiFID2/MiFIR framework will be impacted by the Retail Investment Package and the EU Market Integration and Supervision Package which are passing through the legislative process in 2026.

[Read more on MiFID2/MiFIR here and here.](#)

What's on the horizon?

- The [MiFIR2](#) amendments to MiFIR have applied since 28 March 2024 and the [MiFID3](#) amendments to MiFID2 have applied since 29 September 2025. The remaining Level 2 delegated and implementing acts supporting the MiFID3/MiFIR2 package are under development or being finalised in H2 2026. The Commission has [deprioritised](#) adoption of certain 'non-essential' MiFID3/MiFIR2 Level 2 materials until after 1 October 2027. Article 54(3) of MiFIR provides that delegated acts adopted under MiFIR that applied before 28 March 2024 will continue to apply until the date of application of new delegated acts reflecting reforms made by MiFIR2. ESMA issued a [public statement](#) in October 2025 to assist market participants.
- The **Listing Act package** (see [page 23](#)), amends the MiFID framework.
 - [Commission Delegated Directive \(EU\) 2026/374](#) has applied from 6 June 2026 to allow for joint or separate payments for investment research and execution services.
 - In May 2026, the Commission adopted a [draft delegated regulation](#) with RTS on an EU code of conduct for issuer-sponsored research. The RTS were originally to apply from 6 June 2026, but the delegated regulation is now expected to be published in the Official Journal in Q3 2026.
 - The Commission is to adopt a delegated act by July 2026 on the conditions for MTFs (or their segments) to qualify as SME growth markets, based on [technical advice](#) from ESMA in May 2025.
- The [Omnibus IV initiative](#) (finalisation expected late 2026/early 2027) will also make targeted changes to MiFID II in relation to Small Mid-Cap Companies (SMCs).
- [Commission Delegated Regulation \(EU\) 2026/825](#) with RTS on criteria for assessing firms' order execution policies was published in the Official Journal on 23 July 2026 and will apply from 12 August 2026.
- The Commission's proposed **Retail Investment Package** (see [page 18](#)) includes proposed amendments to MiFID2 to introduce simplified/improved disclosures on products, new provisions relating to sophisticated retail investors and harmonisation of professional standards for advisers.
- The Commission's proposed **EU Market Integration and Supervision Package** (see [page 30](#)) includes proposed amendments to MiFID2/MiFIR to harmonise authorisation of regulated markets and operation of trading venues. Proposals include a new Pan-European Market Operator (PEMO) licence, an enhanced supervisory role for ESMA, a single rulebook for trading venues and clarified rules for cross-border activities and open access for CCPs and trading venues.



2026

Q3

02/07/26: ESMA issued [final report](#) on MiFID, EMIR & SFTR transaction reporting following [May 2026 interim report](#).
06/07/26: ESMA published interim report on the effectiveness of the AAR.
31/07/26: first reporting expected by entities subject to the AAR.

Q4

04/12/26: ESMA to publish guidelines on data quality procedures and arrangements and guidelines on public entities.

2027

Q1

01/01/27: EBA revised guidelines on integrating concentration risk arising from exposures to CCPs into supervisory stress testing apply from this date.
31/01/27: reporting submission deadline for entities subject to AAR.
TBC: ESMA submission of draft RTS on public data and draft RTS on systematic manifest errors delayed until after the finalisation of the MISP.

Q2

Q3

31/07/27: reporting submission deadline for entities subject to AAR.

2027: ESMA expected to submit final AAR effectiveness assessment to the European Parliament, Council and Commission.

Q4

01/10/27: Commission has deprioritised adoption of certain EMIR Level 2 until after this date.

2028

Q1

31/01/28: reporting submission deadline for entities subject to AAR.

Q2

30/06/28: ESMA recognition decisions and tiering determination decisions for UK CCPs extend until 30 June 2028.

EU EMIR

The European Market Infrastructure Regulation (EU EMIR) places clearing, risk mitigation and reporting requirements on counterparties to derivatives contracts, central counterparties (CCPs) and trade repositories. EU EMIR also sets out registration and supervision requirements applicable to CCPs and trade repositories.

Since its application, EMIR has been amended by EMIR REFIT and EMIR 2.2. Most recently, the EMIR 3.0 package was published in the Official Journal on 4 December 2024 and entered into force on 24 December 2024. The package comprises (i) a regulation amending EMIR, CRR and the MMF Regulation and (ii) the EMIR 3.0 Directive amending CRD and the IFD.

The EMIR 3.0 package aims to increase clearing at EU CCPs and reduce reliance on UK Tier 2 CCPs. It also makes other targeted changes which impact EU counterparties that trade derivatives, as well as their trading partners.

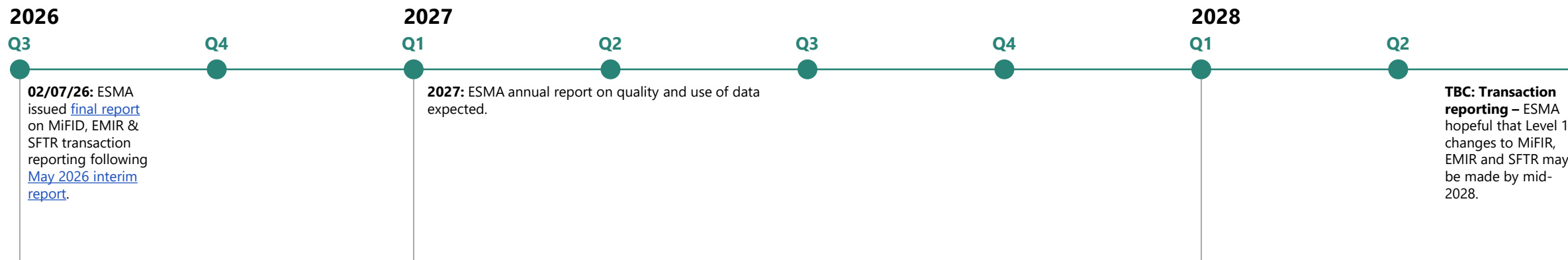
EMIR will be impacted by the proposed EU Market Integration and Supervision Package (**MISP** – [see page 30](#)) which is passing through the EU legislative process in H2 2026.

Read more on EMIR [here](#) and [here](#).

What's on the horizon?

- **Active Account Requirement (AAR)** - In-scope counterparties had to open (by 26 June 2025) and maintain an active clearing account with at least one EU CCP. [Commission Delegated Regulation \(EU\) 2026/305](#) has applied since February 2026 setting out RTS on the operational conditions for the account and the extensive reporting requirements to be met by in-scope counterparties. ESMA issued a [supervisory briefing](#) in February 2026 to provide further guidance on compliance with the AAR. ESMA expects the first reporting submission by entities subject to the AAR to be provided by 31 July 2026, covering the period from 25 June 2025 to 30 June 2026. Thereafter, reporting will take place on a six-month basis, with submissions due on 31 January and 31 July each year, each covering a twelve-month reference period.
- **AAR effectiveness** – ESMA published an [interim report](#) on effectiveness of the AAR on 6 July 2026 and expects to publish a final report in 2027.
- **Other Level 2 measures**
 - In March 2025, ESMA announced a reprioritisation of some of its deliverables, which include some EMIR 3.0 deliverables that originally had a deadline of December 2025.
 - In 2025, ESMA was expected to publish draft RTS on public data, development of which ESMA had postponed due to EMIR REFIT provisions applying in April 2024. ESMA recently [postponed](#) delivery of these draft RTS until after the adoption of the MISP.
 - The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' Level 2 measures, including some relating to EMIR.
- **Level 3 measures**
 - ESMA is mandated to develop guidelines under Art 9(4a) of EMIR on data quality procedures and arrangements and on public entities. ESMA has postponed delivery of the guidelines until December 2026.
 - In June 2026, EBA published [revised guidelines](#) (mandated under Art. 100(5) of CRD) on integrating concentration risk arising from exposures to CCPs into supervisory stress testing. The guidelines apply from 1 January 2027.
- **CCP supervision** – the provisions of the **MISP** (see [page 30](#)) will amend EMIR to, among other things, introduce the new concept of "significant CCP", which will be subject to direct supervision by ESMA.

EU SFTR



EU SFTR

SFTR aims to increase transparency and reduce perceived “shadow banking” risks by requiring counterparties to report securities financing transactions (SFTs) to a trade repository and among other things requiring UCITS managers and AIFMs to make pre-contractual and periodical disclosures to investors about their use of SFTs and total return swaps. SFTR also imposes conditions on the re-use of financial instruments that have been provided as collateral.

ESMA Guidelines for the transfer of data between trade repositories under EMIR and the SFTR were published in March 2022 and have applied since October 2022.

The SFTR will be impacted by the proposals to amend the ESMA Regulation to enhance ESMA’s powers, under the Market Integration and Supervision Package which is passing through the EU legislative process in 2026.

Read more on EU SFTR [here](#).

What’s on the horizon?

- The key challenge with respect to SFTs is that, while many core regulatory and supervisory activities of the authorities rely on the data reported and disclosed by market participants, **lack of reliable data** can present difficulties in identifying property rights and counterparties and monitoring risk concentration.
- In 2025, ESMA issued a [call for evidence](#) on a comprehensive approach for the simplification of financial transaction reporting, as part of the Commission’s and ESMA’s work on simplification and burden reduction. The Call for evidence sought feedback on opportunities to integrate, streamline and simplify financial transaction reporting. This aligns with ESMA’s mandate under MiFIR2 (see **page 31**) to explore ways to integrate and simplify transaction reporting across MiFIR, EMIR, and SFTR by March 2028. ESMA published its [final holistic report](#) on 2 July 2026. Any next step is dependent on ESMA Level 1 recommendations being translated into concrete legislative changes in the context of the ongoing negotiations of the relevant legislative provisions under MiFIR, EMIR and SFTR. ESMA estimates the new framework may possibly be in place by 2031 should the necessary Level 1 changes to MiFIR, EMIR and SFTR be finalised by mid-2028.
- In May 2026, ESMA published its [sixth report on the quality and use of data](#), covering an expanded range of datasets. The report covers sectoral regulations under ESMA’s remit: EMIR (transactions and positions in derivatives CCP supervisory reporting), SFTR (SFTs), MiFIR (transactions and reference reporting), Securitisation Regulation, AIFMD and MMFR (funds data), CRAR (ratings), Prospectus Regulation (prospectus data), Crowdfunding Regulation, (data on projects, fundings and investors) and reporting of major ICT-related incident reporting under the DORA Regulation.
- In 2026, ESMA may publish a report on the efficiency of SFTR reporting. Required under Art 29(1), this report had an original deadline in 2021. However, ESMA [explained](#) in May 2024 that this report had been postponed, and the report is not listed as a deliverable in ESMA’s 2026 work programme.
- The SFTR will be subject to targeted amendments with respect to its enforcement and supervision provisions, to reflect changes proposed to the ESMA Regulation under the **EU Market Integration and Supervision Package** (see **page 30**).



2026

Q3

2026: ESMA expects to receive notifications from third-country CSDs that provide or intend to provide core services in the EU, as part of the recognition process.

Q3 2026: EBA to deliver amended RTS on banking-type ancillary services.

Q3 2026: scrutiny of delegated regulations adopted by Commission on 06/07/26.

Q4

Q4 2026: EBA to deliver report on provisioning of banking-type ancillary services for CSDs.

2027

Q1

TBC: Commission to adopt RTS/ITS submitted by ESMA and EBA.

Q2

Q3

Q4

Post-October 2027: ESMA to deliver draft RTS on the mandatory buy-in process and deferred settlement.

Post-01/10/27: Commission to adopt deprioritised Level 2 measures.

2028

Q1

Q2

EU CSDR

EU CSDR aims to harmonise certain aspects of securities settlement in the EU. The CSDR mandatory buy-in regime, was originally intended to come into effect on 1 February 2022, but application was suspended until November 2025.

In the meantime, the CSDR REFIT entered into force on 16 January 2024. Some of its provisions applied from that date. Others have applied from 1 May 2024 or 17 January 2026.

CSDR REFIT amended the CSDR to: (i) enhance supervisory co-operation; (ii) simplify the CSDR passporting process; (iii) facilitate CSDs' access to banking-type ancillary services; (iv) clarify elements of the settlement discipline regime; and (v) introduce an end-date for the grandfathering clause for EU and third-country CSDs and a notification requirement for third-country CSDs.

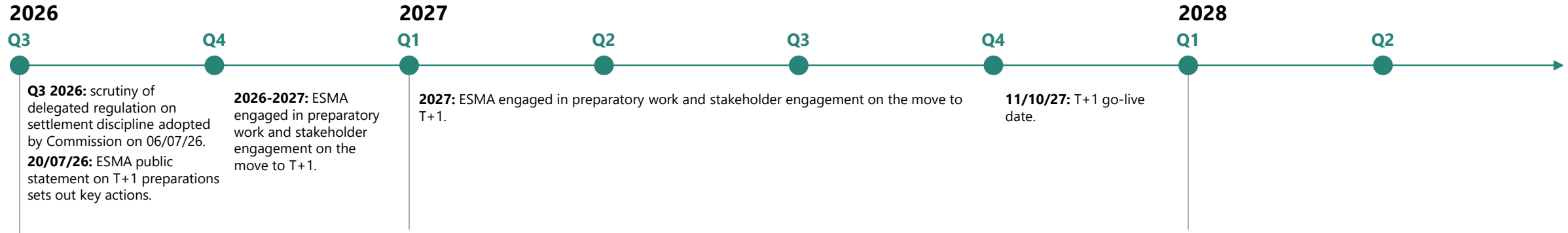
CSDR will be amended further by proposals in the EU Market Integration and Supervision package, which is proceeding through the legislative process.

What's on the horizon?

- CSDR REFIT has applied fully since 17 January 2026. CSDR REFIT mandates RTS and ITS in relation to CSDR Articles 22, 24a and 25, for which ESMA submitted final drafts in February 2025. The Commission is yet to adopt RTS and ITS mandated under Articles 24a and 25.
 - On 6 July 2026, the Commission adopted a draft [delegated regulation](#) amending the regulatory technical standards laid down in Delegated Regulation (EU) 2017/392 as regards the information a Central Securities Depository is to provide to its competent authority for the review and evaluation process referred to in Article 22(1).
 - On 6 July 2026, the Commission adopted a draft [delegated regulation](#) making significant amendments to the RTS on settlement discipline ((EU) 2018/1229).
- ESMA launched a [consultation](#) on 26 May 2026 on revised Guidelines on standardised procedures and messaging protocols, which closed on 7 July. ESMA proposes that the revised Guidelines would apply from the date of entry into application of the revised technical standards on settlement discipline.
- In H2 2026, the EBA is continuing work on its CSDR REFIT mandates, but in its [Annual Report for 2025](#) explained that CSDR work had been curtailed due to resource constraints.
 - The EBA's December 2025 [consultation](#) on proposed amendments to the RTS ((EU) 2017/390)) on certain prudential requirements for CSDs and designated credit institutions offering banking-type ancillary services closed on 3 March 2026. The EBA is [expected](#) to deliver the amended RTS in Q3 2026, along with RTS on authorisation and designation to provide banking-type ancillary services. In Q4 2026, EBA will deliver its report on provisioning of banking-type ancillary services for CSDs
 - The EBA has deprioritised RTS on rules and procedures on conflict of interests following recommendation 1 of its [Taskforce on Efficiency](#).
- In March 2025 ESMA explained it would postpone until after T+1 settlement is complete (see **page 35**) delivery of draft RTS on the mandatory buy-in process and draft RTS on deferred settlement.
- In October 2025, the Commission [announced](#) deprioritisation until after 1 October 2027 of adoption of certain 'non-essential' CSDR technical standards.
- CSDR will be amended by the **EU Market Integration and Supervision Package** (see **page 30**) to: (i) provide for DLT-based CSD services, through amendment to/addition of definitions, and amendments to certain other provisions; (ii) introduce new concepts to improve integration of CSD services, such as "significant CSDs" (to be subject to direct ESMA supervision) and "CSD Hubs"; and (iii) improve the CSD passporting regime.

Read more on EU CSDR [here](#).

EU T+1 Settlement

[View related UK measures](#)

EU T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

ESMA was mandated under CSDR REFIT (see [page 34](#)) to submit a report by 17 January 2025 on its assessment of shortening the settlement cycle. ESMA ran a call for evidence October-December 2023 on shortening the settlement cycle and published a feedback report in November 2024. The date of 11 October 2027 has been selected for the move to T+1.

What's on the horizon?

- ESMA's [report](#) on its assessment of the shortening of the settlement cycle in the European Union was published in November 2024. ESMA recommended that migration to T+1 should be achieved in Q4 2027, preferably 11 October 2027 and preferably coordinated with the T+1 transition in UK and Switzerland.
- A move to T+1 requires changes to the EU CSDR and existing Level 2 regulations, as well as further regulatory guidance.
 - [Regulation \(EU\) 2025/2075](#) was published in the Official on 14 October 2025 and will apply from 11 October 2027 to make a targeted change to EU CSDR (see [page 34](#)) to introduce the T+1 settlement cycle.
 - Following a [final report](#) from ESMA in October 2025 recommending significant amendments to the RTS under EU CSDR on Settlement Discipline, on 6 July 2026 the Commission adopted a draft [delegated regulation](#) amending the RTS in Commission Delegated Regulation (EU) 2018/1229 in relation to settlement discipline. The proposed amendments are intended to improve operational readiness of the EU financial industry in advance of the move to T+1.
- In H2 2026, ESMA expects to continue working on progress towards T+1 settlement, being actively involved in technical discussions and preparatory work and coordination with the relevant public and private sector stakeholders. ESMA published a [statement](#) on deadlines and key action points on 20 July 2026.
- As outlined in a [joint ESMA, Commission and ECB statement](#) in October 2024, a governance structure was [officially launched](#) on 22 January 2025 by ESMA, the European Commission, and the ECB, incorporating the EU financial industry, to oversee and support the technical preparations of the move to T+1.
- China is already operating at T+0 and other jurisdictions are actively considering a move to real time settlement. In its report, ESMA considers that the conditions in which a move to T+1 would occur in the EU should not prevent a later move to T+0 and that the discussion on the possibility to further shorten the settlement cycle to T+0 should continue following a successful transition to T+1.

Shareholder Rights Directive (SRD2)



SRD2

The original Shareholder Rights Directive (SRD) established rules promoting the exercise of shareholder rights at general meetings (GMs) of companies with offices in the EU and whose shares were admitted to trading on a regulated market within the EU.

The **revised Shareholder Rights Directive (SRD2)** amended SRD to enable shareholders to exercise voting and information rights in EU companies traded on regulated markets across the EU.

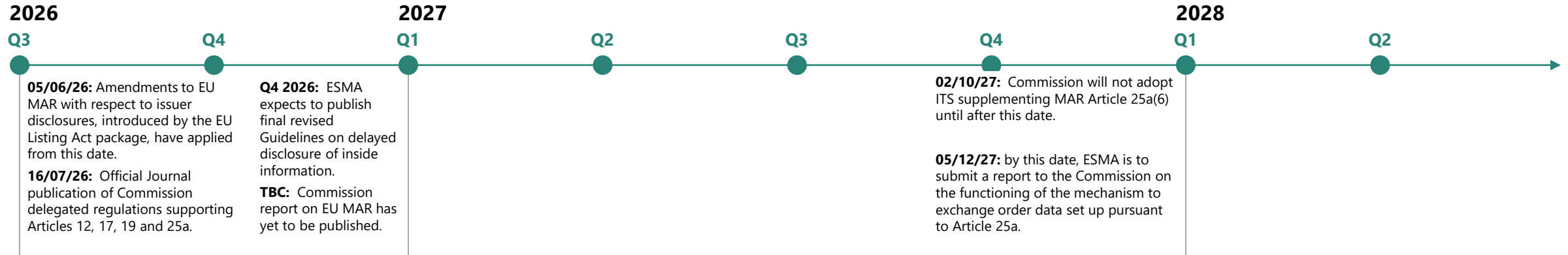
Amendments to the SRD addressed perceived shortcomings relating to transparency and a lack of shareholder engagement. The amendments relate to the link between directors' pay and performance, related party transactions, advice given by proxy advisers and facilitation of the cross-border exercise of voting and information rights.

EU Member States were required to transpose SRD2's amendments to SRD by 10 June 2019. Review clauses in Articles 3f(2) and 3k(2) of the SRD require the Commission to report on aspects of the regime.

What's on the horizon?

- By 10 June 2023, the Commission was due to report on and, if appropriate, propose amendments to provisions on:
 - Shareholder identification, transmission of information and facilitation of exercise of shareholder rights; and
 - Implementation of the provisions on the transparency of proxy advisers.
- The Commission requested that both ESMA and the EBA be involved in the preparation of the input to be provided regarding Chapter Ia of the SRD2, in particular Articles 3a-3e, which regulate companies' and intermediaries' rights and obligations regarding shareholder identification, transmission of information and the facilitation of the exercise of shareholder rights. ESMA was also asked to provide input on the implementation of Article 3j of the SRD2, which regulates the transparency of the proxy advisory industry.
- On 27 July 2023, ESMA and the EBA published a [report](#) on implementation of SRD2 provisions on proxy advisors and the investment chain. This report was intended to serve as basis for the work of the European Commission in assessing the implementation of the SRD2 and for the potential review process of the SRD2.
- The [Commission Work Programme 2026](#) has included update of the rules on shareholder rights (SRD2 review) as a forthcoming initiative, scheduled for Q4 2026

EU MAR and CSMAD



EU MAR and CSMAD

An EU-wide framework for tackling market abuse and market manipulation was first introduced in 2005. EU MAR and CSMAD aimed to update and strengthen this framework.

- From 2016, **EU MAR** extended the scope of the market abuse regime and introduced new requirements including in relation to insider lists, disclosure of inside information and reporting of suspicious orders and transactions.
- **CSMAD** sets minimum requirements for EU Member States' criminal sanctions regimes for market abuse.

The first in-depth review of EU MAR since its implementation was carried out by ESMA, with the outcomes published in September 2020. ESMA's recommendations will feed into the European Commission's review of EU MAR. The EU Listing Act package has made amendments to EU MAR which have applied from June 2026. These are supported by Level 2 and Level 3 materials, some of which remain to be finalised in H2 2026.

Read more on EU MAR [here](#).

What's on the horizon?

- EU MAR required the Commission to submit a report on EU MAR and, if the Commission considered this to be appropriate, a proposal for amendments to EU MAR, by 3 July 2019. In September 2020, ESMA published a report on EU MAR. The Commission's report has not been published. However, the EU Listing Act package has amended Article 38 of EU MAR to require a range of reports by 5 December 2028 and 5 December 2031.
- The EU Listing Act Package made changes to the EU MAR rules on share buy-backs, market soundings, issuer obligations, managers' disclosures and other matters. Most of the changes to EU MAR took effect on 4 December 2024. Amendments to EU MAR with respect to issuer disclosures have applied since 5 June 2026.
- ESMA and the Commission have been working on technical standards and supervisory convergence measures further to the implementation of the EU Listing Act amendments to EU MAR. Following adoption by the Commission in April 2026, the following delegated regulations were published in the Official Journal on 16 July 2026:
 - [Commission Delegated Regulation \(EU\) 2026/789](#) on disclosure of inside information in a protracted process and conditions for delaying disclosure (including where there is a conflict with public announcements), which applied from 19 July 2026; and
 - [Commission Delegated Regulation \(EU\) 2026/788](#) amending 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, which will apply from 5 August 2026.
- The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards, including ITS supplementing MAR Article 25a(6).
- In 2026, ESMA is reviewing its Guidelines on delayed disclosure of inside information, taking into consideration the new rules on disclosure in case of a protracted process. Following a [consultation](#) in February 2026, which closed at the end of April, ESMA estimates delivery of revised Guidelines in Q4 2026.

EU MiCA Regulation

[View related UK measures](#)**2026****Q3**

01/07/26: transitional period for CASPs ended on this date.
28/07/26: Guidelines on knowledge and competence of CASP staff apply.
30/09/26: Comment deadline for EC MiCA consultations.
H2 2026: EBA to conduct 2nd annual significance assessment of EMTs and ARTs; EBA peer review of White Paper requirements supervision.
H2 2026: ESMA CSA on CASP digital operational resilience.
H2 2026: MISP progressing through legislative process.

Q4**2027****Q1**

TBC: Commission to adopt remaining RTS mandated under MiCA Article 36(4), 38(5), and the template under MiCA Article 107(3).

Q2

30/06/27: Commission to deliver a final report (with a legislative proposal if necessary) on the application of MiCA, under MiCA Article 140 and 142.

Q3**Q4****2028****Q1****Q2**

EU MiCA Regulation

The Markets in Cryptoassets Regulation (**MiCA**) aims to harmonise cryptoasset regulation across the EU. MiCA's provisions related to stablecoins have applied since 30 June 2024, with the remainder of its provisions applying since 30 December 2024.

MiCA applies with respect to cryptoassets that do not qualify as MiFID financial instruments, deposits or structured deposits or traditional e-money under existing EU financial services legislation. In-scope cryptoassets are stablecoins ('Asset Referenced Tokens' (ARTs) and 'e-money Tokens' (EMTs)) and utility tokens ('other cryptoassets').

MiCA places obligations on those who issue or offer cryptoassets to the public and its cryptoasset service provider (CASP) framework imposes separate authorisation and ongoing requirements for activities such as trading and custody. MiCA also introduces a market abuse regime tailored to cryptoassets.

MiCA will be impacted by the proposed EU Market Integration and Supervision Package, which is passing through the EU legislative process.

Read more on MiCA [here](#), [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- Transitional provisions under Article 143 of MiCA operated to enable CASPs that were authorised under existing national regimes as of 30 December 2024 to continue to provide services until the earliest of the date of grant/refusal of their application for authorisation or 1 July 2026. ESMA issued a [public statement](#) in advance of the expiry of the transitional period, to clarify wind-down expectations for CASPs that had not obtained MiCA authorisation by 1 July 2026. Separately, AMLA published an [advisory note](#) on possible mitigating measures in respect of the AML/CFT risks arising from the end of the MiCA transitional period.
- MiCA is supplemented by a very extensive set of further Level 2 delegated acts, RTS and ITS, and Level 3 guidelines.
 - The Commission is yet to adopt RTS relating to the mandates under Article 36(4) and 38(5) of MiCA relating to the reserve of assets, and under Article 107(3) relating to cooperation with third country authorities.
 - ESMA [Guidelines](#) for the criteria on the assessment of knowledge and competence under MiCA apply from 28 July 2026.
- In 2026 the EBA plans to perform the second annual significance assessment of EMTs and ARTs and to carry out a peer review into how MiCA's White Paper requirements are supervised. ESMA [announced](#) that between H2 2026 and H1 2027 it will conduct a common supervisory action (CSA) on the digital operational resilience of CASPs, focused on custody services.
- MiCA contains various reporting obligations for the EBA, ESMA and the Commission on the application of MiCA. ESMA will continue to publish [Q&A](#) where necessary to assist understanding. ESMA has [proposed](#) that the Commission consider repealing or making optional the mandates for it to deliver certain reports under MiCA Article 97(4) and 141.
- The **EU Market Integration and Supervision Package (MISP)** (see [page 30](#)) contains proposed amendments to MiCA to make ESMA responsible for authorisation, monitoring and supervision of all CASPs (whether categorised as "significant" or not), including MiCA's provisions that relate to market abuse for the cryptoasset sector. These draft proposals do not affect entities that are authorised for other financial services that offer some CASP activities. These entities would continue to be supervised by their NCAs, provided that any CASP activity they provide does not become their main activity.
- **'MiCA 2.0'** - On 20 May 2026, the Commission published a [public consultation](#) and a [targeted consultation](#) covering aspects of MiCA, with comments due by 30 September 2026. Responses will inform Commission reports mandated under Article 142 (originally due 30 December 2024) and Article 140 (due 30 June 2027). The eventual report(s) may be accompanied by a new legislative proposal to amend MiCA.

EU DORA

[View related UK measures](#)



2026

Q3

Q3 2026: EBA expects to deliver revised Guidelines to replace 2019 EBA Outsourcing Guidelines.

2026: ESAs operationalising DORA oversight framework.

Q4

2027

Q1

01/01/07: Revised Guidelines on common procedures and methodologies for the SREP apply.

31/01/27: NCAs to send details of systemic financial entities to ESAs.

31/03/27: NCAs to send registers of information on contractual arrangements to ESAs.

Q2

Q3

2027: ESAs to deliver annual report on major ICT-related incidents under Article 22(2) DORA.

Q4

2028

Q1

31/01/28: NCAs to send details of systemic financial entities to ESAs.

31/03/28: NCAs to send registers of information on contractual arrangements to ESAs.

Q2

EU Digital Operational Resilience Act (DORA)

Regulation (EU) 2022/2554 on digital operational resilience for the financial sector ([DORA](#)) has applied since 17 January 2025, with financial entities [expected](#) to be compliant from day 1. On the same date, the related [Directive](#) applied, amending operational resilience requirements in other sectoral directives, including the UCITS Directive, the AIFMD and MiFID II.

DORA puts in place a detailed and comprehensive framework on digital operational resilience for EU financial entities.

EU entities must ensure they have the capacity to build, assure and review their operational integrity to ensure that they can withstand all types of disruptions and threats relating to information and communication technologies (ICT). DORA introduces an EU-level oversight framework to identify and oversee ICT third party service providers deemed “critical” for financial entities.

DORA is supported by Level 2 technical standards and Level 3 guidelines, many of which were delivered by the end of H1 2025. In 2026, the ESAs are exercising their joint oversight mandate under DORA for the first time.

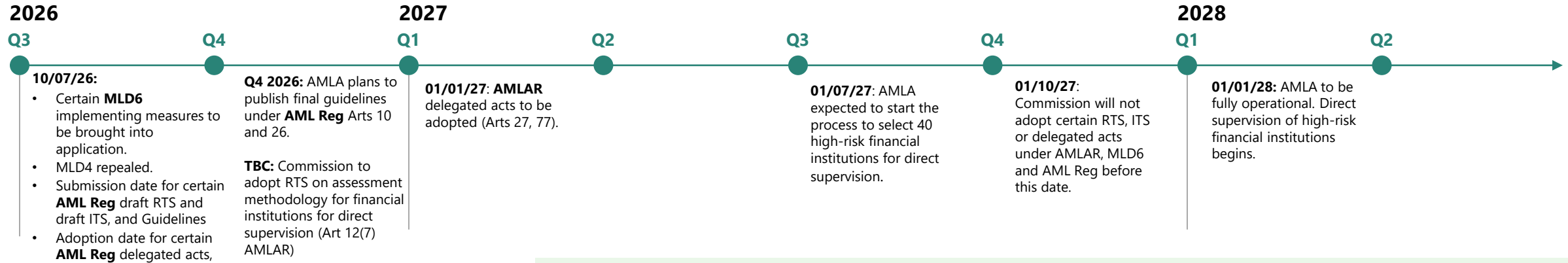
[Read more on EU DORA here, here and here.](#)

What’s on the horizon?

- National competent authorities (NCAs) must provide to the ESAs the information necessary to perform a criticality assessment for designation of “critical ICT 3rd party service providers” (CTPPs) (Art 31(1)(a), DORA). NCAs must provide annually on 31 March and 31 January:
 - the registers of information on contractual arrangements on the use of ICT services provided by ICT third-party providers to be maintained and updated by financial entities under DORA; and
 - the information regarding financial entities that rely on relevant ICT third-party service providers and that are identified as systemic by NCAs under Commission Delegated Regulation (EU) 2024/1502 (except credit institutions as EBA already has that information).
- The ESAs completed criticality assessments and notifications in 2025 in line with their [Roadmap](#) on designation, and in November 2025, published the first version of the [list of designated CTPPs](#) that they are required to publish under Art 31(9). As of July 2026, the list has not been updated in 2026.
- In June 2026, the ESAs delivered their first annual [report on major ICT related incidents](#) (Art 22(2) DORA) based on the 2025 experience. Also in June, ESMA published its sixth [annual report](#) on Quality and Use of Data, including ICT-related incident reporting under DORA for the first time.
- In its [Annual report](#), the EBA explained that the **2026 oversight plan** focuses on topics considered priorities for assessing digital risks that can be presented to the EU financial sector. In 2026, the ESAs are ramping up their joint oversight of CTPPs. This includes: (i) engaging with CTPPs on their governance, strategy, organisation, and ICT services provided to EU financial entities; (ii) performing horizontal thematic reviews of contracts and service level agreements between CTPPs and EU financial entities; and (iii) carrying out thematic deep-dives or on-site inspections on specific high-risk areas of CTPPs, in close cooperation with relevant EU and non-EU authorities.
- In July 2026, the EBA published [revised Guidelines](#) on common procedures and methodologies for the Supervisory Review and Evaluation Process (SREP) under CRD, updated to reflect CRR3/CRD6 and DORA, integrating new aspects including ICT risk assessment and operational resilience. The revised Guidelines will apply from 1 January 2027.
- The EBA [consulted](#) in 2025 on a proposed update its existing guidelines on ICT risk management to align with DORA, which will replace EBA’s 2019 Outsourcing guidelines. In its [2026 Work Programme](#), the EBA has targeted delivery of the revised guidelines for Q3 2026.

New EU AML and CTF Framework

[View related UK measures](#)



New EU AML and CTF Framework

In 2024, a legislative package was finalised, establishing a Single AML Rulebook directly applicable in all Member States and an EU AML Authority (AMLA). This is intended to lead to an integrated and more centralised EU AML and CTF supervisory system. The package comprises:

- The [revised recast Wire Transfer Regulation](#) to ensure traceability of transfers of funds and cryptoassets for AML and CTF purposes.
- The [AML Regulation](#) (**AMLAR**) establishing AMLA, a new EU AML and CTF authority. AMLA will be fully operational by 2028. It will oversee all national supervisors (including non-financial sector) and directly supervise certain high-risk institutions.
- The [AML Regulation](#) (**AML Reg**) containing and expanding certain provisions moved from MLD4 to make them directly applicable.
- [MLD 6](#) containing provisions governing the institutional AML and CTF system at Member State level (e.g., beneficial ownership registers).

The new framework is entering into application on a phased basis. AMLA has concluded a [Multilateral Memorandum of Understanding](#) (MMoU) with the ESAs. The majority of the EBA's competences for AML/CTF were [transferred to AMLA](#) on 1 January 2026

Read more on AML/CTF developments [here](#).

What's on the horizon?

- Firms in scope ("obliged entities")** are (i) "Credit institutions" defined in the AML Regulation (equivalent to the MLD4 definition), and (ii) "financial institutions", the definition for which is expanded beyond the MLD4 definition to include cryptoasset service providers (CASPs), creditors and credit intermediaries.
- Level 2 and Level 3** provisions supporting the new Single AML Rulebook are under development. Submission and adoption deadlines run from 2025 to 2027. AMLA's direct supervision of high-risk institutions will begin from 2028:
 - AMLAR:** AMLA must submit a range of draft RTS and ITS to the Commission by deadlines between December 2025 and June 2026. The Commission was also mandated to adopt delegated acts by January 2027.
 - AML Regulation:** AMLA must submit draft RTS and ITS to the Commission by July 2026 and develop guidelines by deadlines in July 2026 and July 2027. The Commission was also mandated to adopt delegated acts.
 - MLD6:** Member States were required to apply certain implementing measures from 10 July 2025 and 10 July 2026.
- The Commission [announced](#) in October 2025 that it would deprioritise until after 1 October 2027 the adoption of certain 'non-essential' technical standards and delegated acts, including some under AMLAR, MLD6 and the AML Regulation.
- AMLA has outlined its deliverables and their sequencing in its [Single Programming Document 2026-2028](#). In H2 2026, AMLA is finalising draft RTS and ITS under the AML Regulation and MLD6 and plans to publish finalised Guidelines in Q4 2026 on business-wide risk assessment and on ongoing monitoring of business relationships.
- Direct AMLA supervision of high-risk financial institutions from 2028:** AMLA began [data collection](#) in March 2026 to test and calibrate its risk assessment models, as a preparatory step. In May 2026, AMLA published a [reporting package](#) to assist NCAs in identifying entities provisionally eligible for AMLA's direct supervision. The Commission is expected to adopt RTS under Art 12(7) of the AMLAR on the methodology to be used for the purposes of assessment of financial institutions for direct supervision, following [draft RTS](#) submitted by AMLA in December 2025. The Commission was originally expected to adopt the RTS in Q1 2026.

03

UK developments



[View related EU measures](#)



UK Developments

I. Asset Management

UK Asset management: In this section

[View related EU measures](#)

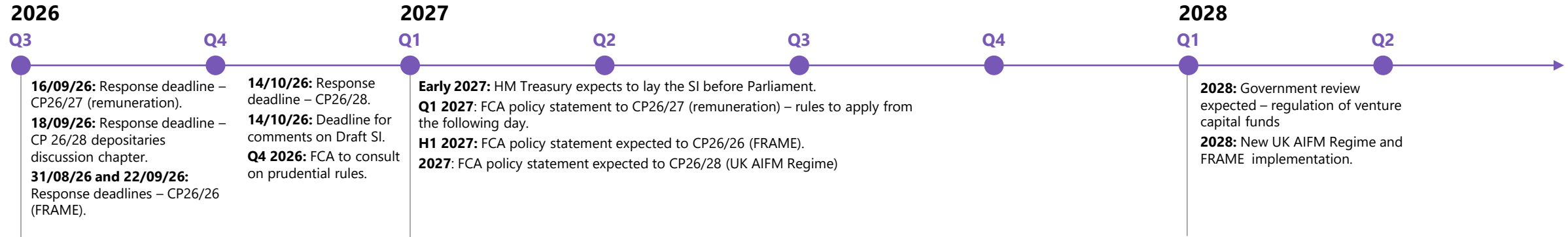


UK Asset management developments

Reforms to UK Asset Management Framework	44
Overseas Funds Regime	45
UK Retail Disclosure Framework replacing PRIIPs	46
Investment Firms Prudential Regime (IFPR)	47
UK MMF Regulation – revocation and reform	48

Reforms to UK asset management framework

[View related EU measures](#)



Reforms to UK asset management framework

Reform of UK UCITS and AIFMD was allocated by the previous government to Tranche 3 of the 'Smarter Regulatory Framework' programme (see [page 58](#)).

Asset management was highlighted as one of the priority opportunities for growth in the government's July 2025 [Financial Services Growth and Competitiveness Strategy](#). The FCA has been exploring ways to modernise the asset management regulatory regime to improve outcomes for UK markets and consumers, and to support the UK's position as a world-leading centre for asset management.

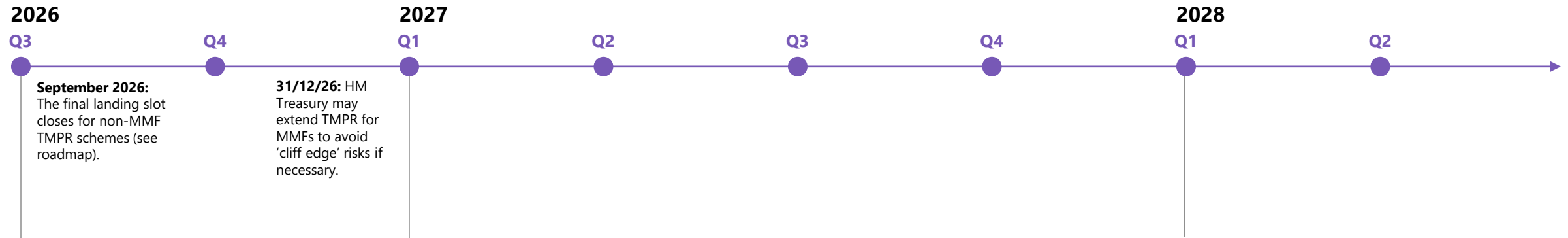
In H2 2026, the industry is being invited to respond to consultations on the legislative and regulatory aspects of the framework, with further consultations to follow later in 2026. The shape of the new framework will be clear in the first half of 2027, with implementation in 2028.

[Read more on the UK framework here.](#)

What's on the horizon?

- In April 2025, HM Treasury launched a [consultation](#) on the regulations applying to AIFMs and the FCA issued a [call for input](#) on initial proposals for the future framework for asset managers. Both closed on 9 June 2025.
- On 14 July 2026, HM Treasury published draft [Alternative Fund Managers Regulations 2026 \(the draft SI\)](#) to remove firm facing rules from legislation and set the perimeter of regulation, involving a simplified framework, with the FCA empowered to make rules that are less complex, streamlined and proportionate to firm size and activities.
- The draft SI will restate some provisions in legislation to maintain the overall framework:
 - AIFM definition (with clarification) and AIF and AIFM exclusion lists. A new exemption will be introduced for small internally managed listed closed-ended investment exchanges admitted to trading on a UK RIE or MTF.
 - NPPR (with minimal changes). There will be a simplified suspension and revocation process for NPPR marketing permissions.
 - Most of Part 5 of the 2013 AIFM Regulations.
 - AIFM liability following delegation, depositary liability provisions, and the requirement for a UK AIFM marketing a non-UK AIF to appoint one or more depositaries.
- Provisions being removed from legislation will transfer mainly to the proposed comprehensive new **ALTS sourcebook** (replacing and updating FUND provisions) on which the FCA is separately consulting in [CP26/28: The UK AIFM Regime](#) and related consultations outlined below.
 - Registration regime for all AIFMs except those managing RVECs and SEFs (there will be a wider review of venture capital in 2028).
 - Prescriptive Level 2 remuneration requirements – FCA is consulting on replacing the AIFM Remuneration code in [CP26/27](#).
 - Reporting requirements – the FCA is consulting separately on Fund Reporting for Asset Management Entities (**FRAME**) in [CP26/26](#).
 - Prudential rules – there is a discussion chapter in CP26/28, and a further consultation planned later in 2026.
 - Depositaries – there is a discussion chapter in CP26/28, and a second consultation is planned for the full rules.
 - Firm size thresholds (new ALTS 2); Valuation (new ALTS 6); Leverage calculations (new ALTS 2 & 5); Risk management (new ALTS 5); Liquidity risk management (new ALTS 7); Delegation (new ALTS 4); Annual reporting and investor disclosures (new ALTS 9 & 10); Closed-ended investment companies (new ALTS 11); NPPR and cross-border marketing.

Overseas Funds Regime



Overseas Funds Regime

The Overseas Funds Regime (OFR) is a new UK regime for the marketing of **non-UK retail funds** and **non-UK money market funds** (MMFs) to UK investors. Introduced to replace the post-Brexit Temporary Marketing Permissions Regime (TMPR), it will simplify the process through which these funds must pass to be marketed to UK investors. Most of the legislative provisions that introduced the OFR have been in force since February 2022. FCA rules have applied since July 2024.

The regime centres on “outcomes-based” equivalence determinations.

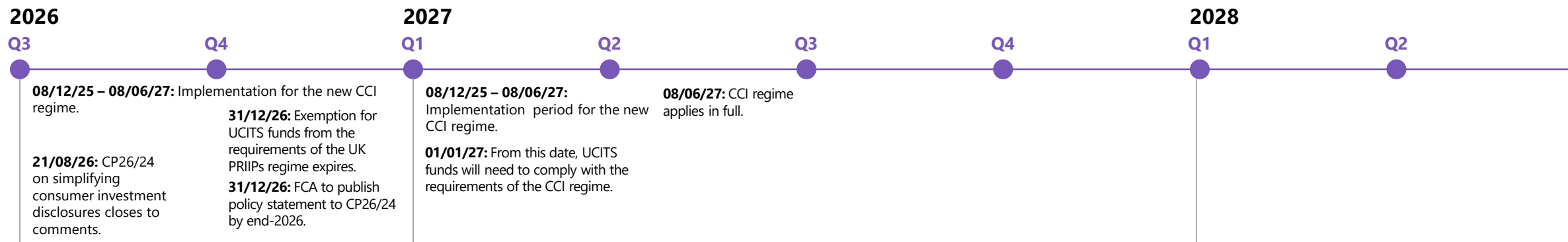
HM Treasury will have the power under FSMA in respect of retail funds or, in respect of MMFs, under the UK MMF Regulation (or applicable legislation governing the Overseas MMF Regime once UK MMF Regulation is revoked) to determine that other jurisdictions’ regimes for investment funds are equivalent to that of the UK. Following an equivalence determination retail funds or MMFs domiciled in an ‘equivalent’ jurisdiction will be able to use a simplified process to apply to the FCA for recognition to market to UK investors. In the case where MMFs are marketed solely to professional clients, the equivalence determination will allow them to make a notification to the FCA under the national private placement regime (NPPR).

Read more on this development [here](#).

What’s on the horizon?

- HM Treasury announced in October 2022 that the government had begun its equivalence assessment of the EU and the EEA for the purpose of the OFR. Subsequently, all EEA States were granted equivalence in [secondary legislation](#) in force from 16 July 2024 as regards funds structured as UCITS that were not authorised as MMFs.
- Following consultation ([CP23/26](#)) on operationalising the OFR regime, the FCA finalised its policy in July 2024 ([PS24/7](#)). Those FCA rules have applied since 31 July 2024.
- In 2026, HM Treasury and the FCA are progressing through the roadmap to implementing the OFR that they issued in 2024. In due course, HM Treasury may issue a consultation (originally planned for 2024) on application of the Sustainability Disclosure Requirements and investment labelling regime to funds in the OFR. Should HM Treasury decide to apply that regime to OFR firms, it will need to lay secondary legislation before Parliament and FCA will need to consult on rules/guidance. The May 2026 iteration of [the Regulatory Initiatives Grid](#) did not indicate that this work is planned in H2 2026.
- No equivalence determinations have yet been made with respect to non-UK MMFs. In the roadmap, HM Treasury and the FCA explained that the government is designing a more permanent access route for MMFs (and will potentially consider extensions to the TMPR if necessary to avoid ‘cliff edge’ risks for these funds). The government issued a [policy note and draft secondary legislation](#) on the MMF framework in December 2023 as part of the ‘Smarter Regulatory Framework’ programme (see **page 59**) and the FCA also consulted ([CP23/28](#)) on related rules.
- Further policy development is underway in H2 2026 on revocation and reform of the UK MMF Regulation (see **page 48**).

UK retail disclosure framework replacing PRIIPs Regulation

[View related EU measures](#)

UK PRIIPs regulation and new UK CCI regime

FSMA 2023 provided for the future revocation of the UK PRIIPs regulation.

Following consultations in 2022 and 2023, in July 2023 HM Treasury set out its [vision](#) for the future UK retail disclosure framework, with firm-facing disclosure rules to be in FCA rules, along with additional tailored powers for the FCA to deliver the regime in respect of certain unauthorised firms and overseas funds. HM Treasury confirmed, among other things, that UCITS vehicles would be in scope of the new regime.

The **Consumer Composite Investments (CCI) regime** started to apply on 6 April 2026, which was also the date on which the UK PRIIPs regulation was revoked. The regime will come fully into force on 8 June 2027.

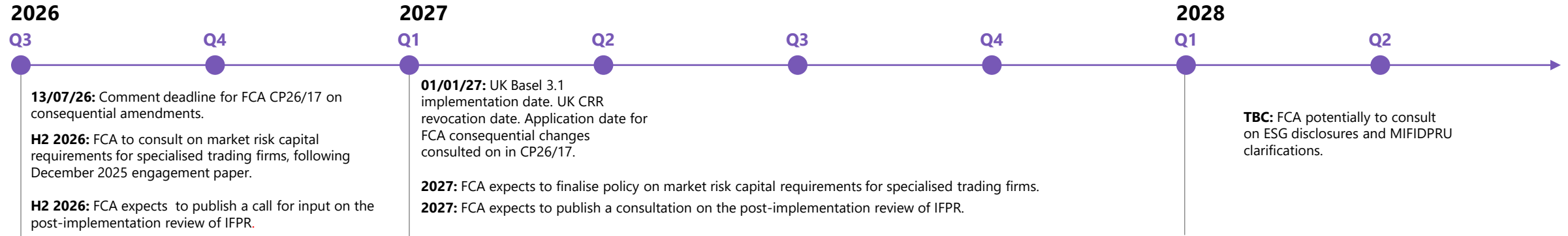
Read more on this development [here](#), [here](#) and [here](#).

What's on the horizon?

- The UK has extended the exemption for UCITS funds from the requirements of the UK PRIIPs regime until 31 December 2026. The FCA has similarly extended the ability for the manager of a NURS to choose whether to provide a PRIIPs KID or a NURS-KII until 31 December 2026. From 1 January 2027, these funds will need to comply with the requirements of the new retail disclosure framework.
- [The Consumer Composite Investments \(Designated Activities\) Regulations 2024 \(SI 2024/1198\)](#) have applied in full since 6 April 2026, the date the UK PRIIPs regulation was revoked. These regulations set out the legislative basis for the CCI regime. Products formerly under the PRIIPs regime and UCITS disclosure requirements, including overseas funds in the Overseas Funds Regime (OFR), fall under the umbrella of CCIs. The CCI regime applies to any firm (whether or not an authorised person) that manufactures or distributes a CCI to retail investors in the UK. [Designated Activities regulations](#) were made in January 2025 to bring CCI-related designated activities within the FCA supervisory and enforcement framework and [amended](#) in December 2025 to enable smooth transition.
- Following consultations in December 2024 ([CP24/30](#)) and March 2025 ([CP25/9](#)), in December 2025, the FCA published finalised policy in [PS25/20](#). Under the CCI regime firms have more flexibility to use their judgement to meet the consumer outcomes of the Consumer Duty (see [page 63](#)). For example, firms can provide more engaging product information under the new CCI rules, supporting the Consumer Understanding Outcome of the Duty. The FCA rules and guidance have applied mostly from 6 April 2026.
- A transitional period applies between 8 December 2025 and 8 June 2027. For the duration of the transitional period, firms have the option to choose to use a CCI Product Summary or continue to produce a KID. All firms must comply fully with the new CCI regime from 8 June 2027. UCITS funds exempt from the requirement to produce a KID will need to comply with the CCI regime after that exemption expires on 31 December 2026.
- On 2 July 2026, the FCA launched [CP26/24: Simplifying consumer investment disclosures](#), on proposed amendments to simplify and align MiFID, IDD and non-MiFID cost disclosure requirements within COBS6, building on the CCI regime. The aim is to improve the clarity, consistency and usefulness of information provided to consumers about the costs of investing, while reducing unnecessary operational complexity and duplication for firms. CP26/24 closes to comments on 21 August 2026. The FCA plans to publish a policy statement with finalised rules by the end of 2026.

Investment Firm Prudential Regime (IFPR)

[View related EU measures](#)



Investment Firms Prudential Regime (IFPR)

The Investment Firms Prudential Regime (IFPR) is the revised prudential regime for FCA-authorized investment firms, introduced on 1 January 2022.

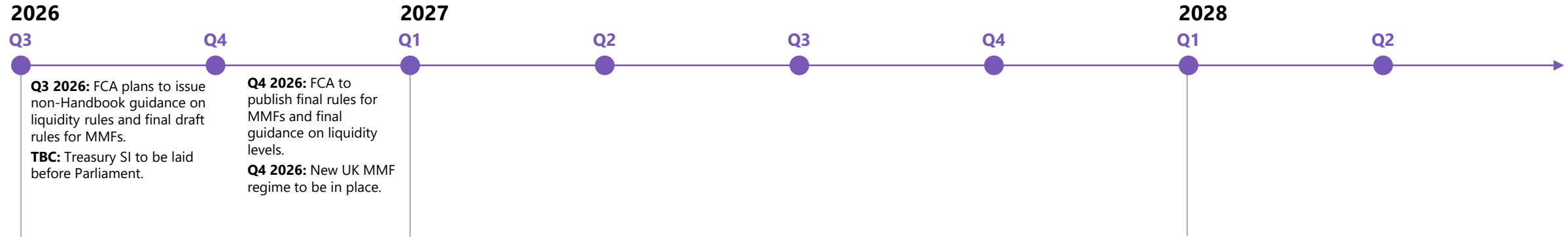
The IFPR is based on, but not identical to, the EU IFD and IFR package. It incorporates key concepts from that package, including the calculation of capital using the so-called 'K-factors', governance and risk management requirements and a new remuneration code.

The IFPR applies to a significant number of FCA-authorized firms including, in addition to MiFID investment firms, collective portfolio management investment firms (so-called 'CPMI firms'), i.e., UCITS managers and AIFMs that, in either case, have MiFID top-up permissions.

What's on the horizon?

- IFPR applies to investment firms engaged in MiFID (Markets in Financial Instruments Directive) activities such as fund managers, asset managers, investment platforms, firms which deal on their own account, depositaries, and securities brokers. The majority of the FCA rules relating to the IFPR are located within MIFIDPRU, the prudential sourcebook for solo-regulated investment firms.
- The FCA consulted ([CP25/10](#)) until 12 June 2025 on proposals to incorporate own funds provisions in UK CRR directly into MIFIDPRU 3, removing cross-references to the UK CRR and associated technical standards. This was followed in October 2025 by [Policy Statement PS25/14](#) on the definition of capital for investment firms, confirming the proposals would be implemented largely as consulted on, with effect from 1 April 2026.
- In readiness for UK CRR revocation on 1 January 2027, the FCA consulted until 13 July 2026 in [CP26/17](#) on consequential amendments relating to UK CRR cross references, including inserting a new MIFIDPRU 4 Annex 14R to reproduce the text of Annex II of the UK CRR. The FCA intends for these amendments to take effect on 1 January 2027.
- As previewed in the July 2025 Financial Services Growth & Competitiveness Strategy, in December 2025 the FCA published an [engagement paper](#) on review of the market risk capital requirements for "specialised trading firms" (MIFIDPRU investment firms that deal on own account). The FCA sought feedback by 10 February 2026 on possible approaches to adapt capital requirements for trading firms to encourage wholesale trading, improve market liquidity, and in turn reduce barriers to entry for specialised trading firms. The FCA expects to issue a follow-on consultation in H2 2026, with a view to finalising policy in 2027.
- In the May 2026 edition of the [Regulatory Initiatives Grid](#), the FCA confirmed its intention to conduct a post-implementation review of the IFPR to check the regime remains fit for purpose and consider how the IFPR can be better aligned with the new integrated COREPRU framework described in [CP25/15](#). The FCA expects to publish a call for input in H2 2026, which will be followed by a consultation in 2027.
- The FCA indicated in the November 2023 version of the Regulatory Initiatives Grid that it planned to issue a further consultation paper in Q2 2024 in relation to ESG disclosures and MIFIDPRU clarifications. This consultation was not published in 2024 or mentioned in the May 2026 edition of the Regulatory Initiatives Grid. The consultation may potentially form part of the IFPR post-implementation review.
- In November 2025, the FCA [published its findings](#) following a data quality review of prudential regulatory reporting at MIFIDPRU investment firms. The FCA found instances of inconsistent and/or incorrect firms in some firms and recommends that firms review the findings and consider changes to controls where necessary.

UK MMF Regulation – revocation and reform

[View related EU measures](#)

Revocation and reform of UK Money Market Fund Regulation (UK MMF Regulation)

Reform of UK MMF Regulation will be carried out under the 'Smarter Regulatory Framework' programme (see [page 59](#)). The UK MMF Regulation will be revoked and restated in UK legislation with the firm-facing obligations transferring to the FCA Handbook.

In H2 2026, HM Treasury and the FCA are working on the legislative and regulatory aspects of the future UK framework.

The new UK MMF regime is expected to be in place by Q4 2026.

What's on the horizon?

- The December 2025 iteration of the Regulatory Initiatives Grid had made no timing commitment for FCA work on "Improving Money Market Fund resilience as part of UK commitment to Financial Stability Board (FSB) 2021 review of March 2020 Dash for Cash", which would involve work to "transfer the majority of Money Market Fund Regulation requirements from retained EU law into the FCA Handbook and other policy materials.
- In May 2026, HM Treasury [announced](#) that it will lay legislation (**Treasury SI**) for the new UK framework when Parliamentary time allows, which will empower the FCA to develop new rules and guidance, including guidance setting out expectations that UK MMFs hold higher levels of liquidity.
- In June 2026, following the May government statement on UK MMF Regulation revocation and reform, the FCA set out [next steps](#) on its plans for issuing new rules and guidance on Money Market Funds. The FCA will implement rules and guidance largely consulted on in its 2023 consultation ([CP23/28](#)) but will adjust the proposed liquidity standards. The FCA expects to publish its Policy Statement by end of 2026 (aligned with HM Treasury's proposed timing for the **Treasury SI**).
- The May 2026 iteration of the [Regulatory Initiatives Grid](#) confirms that The FCA plans to publish non-Handbook guidance on liquidity levels and final draft rules in the summer, followed by final guidance on liquidity levels and final rules at end of the year, to coincide with the **Treasury SI** coming into effect.
- The UK's new regime is expected to be in place by **Q4 2026**,



[View related EU measures](#)



UK Developments

II. ESG

UK ESG: In this section

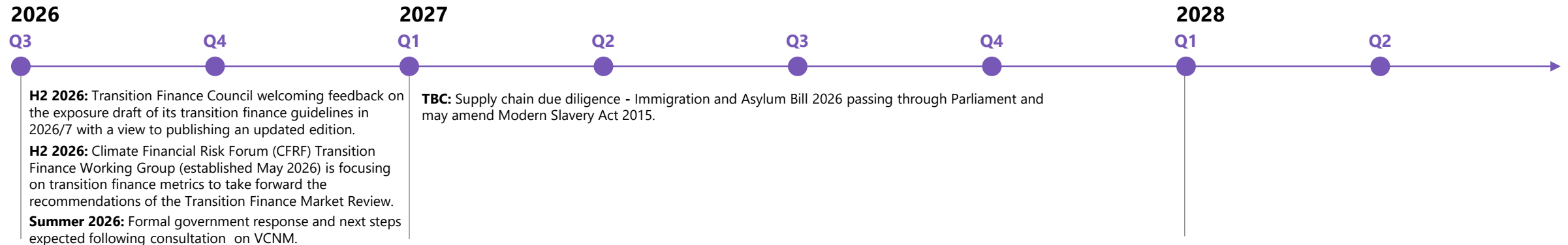
[View related EU measures](#)



UK ESG developments

UK Green Strategy	51
Climate-related disclosures: Listed Issuers	52
Climate-related disclosures: Asset Managers	53
Sustainability Disclosures Requirements (SDR) and Investment Labels	54
UK Regulation of ESG Ratings Providers	55
Diversity in Financial Services	56

UK Green Strategy



UK Green Strategy

A range of sustainable finance measures was announced in the Mansion House in July 2025 and the Financial Services Growth & Competitiveness Strategy.

It is not yet fully clear what reforms may be made to the Modern Slavery Act 2015 (**MSA**), as recommended by the House of Lords in an October 2024 [report](#) on how the MSA should be updated for international alignment. The report included recommendations on supply chain due diligence (similar to CS3D in the EU). The government [responded](#) in December 2024 and subsequently updated its [Transparency in Supply Chains Guidance](#) on compliance with section 54 of the MSA. The [Immigration and Asylum Bill 2026](#), which had its first reading on 30 June 2026, includes measures to reform the modern slavery reporting framework in section 54 of the MSA.

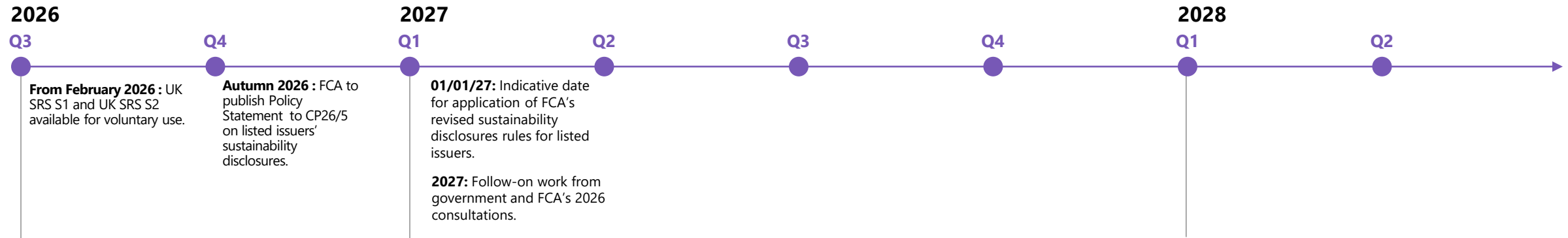
The government [responded](#) in 2025 to the House of Commons Joint Committee on Human Rights' (JCHR) [July 2025 report](#) on forced labour in UK supply chains. The JCHR report is also [scheduled](#) to be debated in the House of Lords on 4 September 2026.

Read more on these developments [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- The UK's [Financial Services Growth & Competitiveness Strategy](#), published July 2025, identified sustainable finance as one of the priority growth opportunities for the financial sector.
- Building on her November 2024 [Mansion House speech](#), the UK Chancellor reiterated at [Mansion House 2025](#) the government's ambition to create a world-leading framework for sustainable finance. The Strategy outlined a multi-faceted approach including:
 - **UK Green Taxonomy** – the decision [not to take forward](#) plans for a UK Green Taxonomy as part of the UK's wider sustainable finance framework, on the footing that it would not be the most effective tool for UK green transition.
 - **Corporate sustainability disclosures, development and implementation of transition plans, and assurance of sustainability reporting** – the government sees these three elements as the core of the UK's sustainable finance framework, that will together enhance transparency and comparability and support the efficient allocation of capital to sustainable activities to drive the global transition to net zero – see **page 52**.
 - **Transition finance** – working to scale transition finance (provision of funding for meeting the decarbonisation commitments to transition to net zero), including through the **Transition Finance Council** (established with the City of London Corporation), to carry forward the [recommendations](#) of the Transition Finance Market Review, and through supporting the FCA, PRA and Green Finance institute on a transition finance pilot.
 - The Transition Finance Council published the [exposure draft](#) of its transition finance guidelines in March 2026 and welcomes feedback.
 - The FCA published the [findings](#) of the transition finance pilot in May 2026.
 - **ESG ratings providers** – confirmation that the government would introduce legislation to regulate ESG ratings providers. See **page 55**.
 - **Voluntary Carbon and Nature Markets (VCNM)** – the government has published a set of [principles](#) for voluntary carbon and nature market integrity and [consulted](#) in April 2025 on their implementation. The government originally planned respond with next steps by the end of 2025. The [consultation outcome](#) was published in March 2026, confirming the government response would be published in Summer 2026.
- The Chancellor's [Mansion House Speech 2026](#) and [one-year update](#) on the Financial Services Growth & Competitiveness Strategy contained no new sustainable finance-related commitments.

Climate-related disclosures: Listed issuers



Climate-related disclosures: Listed issuers

In line with the UK Government's 2020 [roadmap](#) to introduce mandatory TCFD-aligned disclosure requirements across the UK economy by 2025, the FCA first introduced climate-related disclosure rules for listed issuers with a premium listing in 2020 (reporting from 2022), followed by extension of the requirement to standard listed issuers in 2021 (reporting from 2023).

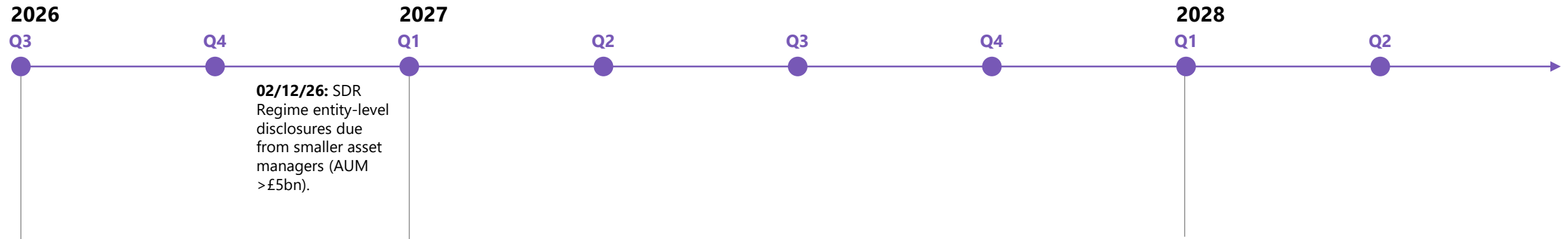
The UK is now working towards adoption of the disclosure standards developed by the International Sustainability Standards Board (ISSB standards). In February 2026, the government published the final UK Sustainability Reporting Standards (UK SRS) based on IFRS S1 and IFRS S2. The FCA launched its consultation (CP26/5) in January 2026 on updating the Listing Rules to refer to UK SRS, and is expected to publish a Policy Statement in Autumn 2026. Further follow-on work from the government and FCA is expected in 2026 and beyond.

Read more on this development [here](#), [here](#) and [here](#).

What's on the horizon?

- The International Sustainability Standards Board (ISSB) launched the first of its IFRS Sustainability Disclosure Standards in June 2023: (i) **IFRS S1** (General requirements for disclosure of sustainability related financial information); and (ii) **IFRS S2** (Climate related disclosures). These requirements, which aim to encourage reporting of consistent, decision-useful information, have been effective for reporting periods starting 1 January 2024. They were [endorsed](#) by IOSCO in July 2023.
- UK endorsement involved the development of UK Sustainability Reporting Standards (**UK SRS**) based on IFRS S1 and IFRS S2 in line with a [framework](#) devised in 2024. The Department for Business and Trade (DBT) [consulted](#) between June and September 2025 on exposure drafts of UK Sustainability Reporting Standards: **UK SRS S1** and **UK SRS S2**. The government published its [consultation response](#) in February 2026, along with [finalised versions](#) of UK SRS S1 and UK SRS S2 for voluntary use.
- The FCA and the government's Department for Energy Security and Net Zero (DESNZ) are responsible for introducing requirements for UK listed companies and economically significant non-listed companies to report against UK SRS via FCA rules and the Companies Act respectively. The DESNZ requirements are not covered in this horizon scanner.
- The FCA consulted between January and March 2026 on updates to existing TCFD-aligned disclosure obligations for disclosures against the new UK SRS, in [CP26/5](#): Aligning listed issuers' sustainability disclosures with international standards. UK SRS S2 does not require entities to have a climate-related transition plan, but it requires certain disclosures if such a plan exists. In CP26/5, the FCA also set out its expectations for listed companies' transition plan disclosures, drawing on the outputs of the government's Transition Plan Taskforce (TPT), the resources of which are now [hosted by the IFRS](#). The FCA expects to publish its Policy Statement in Autumn 2026 and intends for the rules to come into force from 1 January 2027.

Climate-related disclosures: Asset managers



Climate-related disclosures – asset managers

In line with the UK Government's 2020 roadmap to introduce mandatory TCFD-aligned disclosure requirements across the UK economy by 2025, in December 2021, the FCA published its final rules on mandatory climate-related disclosure requirements for asset managers and asset owners (life insurers and FCA-regulated pension providers).

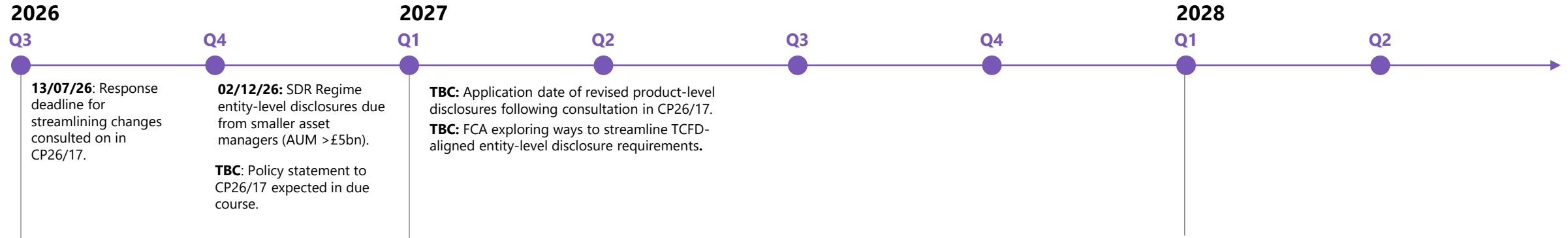
Asset managers and asset owners have been required to make disclosures in line with the ESG sourcebook under a phased implementation from January 2022.

The TCFD-aligned disclosures form part of the FCA's SDR and labelling regime (see **page 54**).

What's on the horizon?

- The new rules applied to larger firms (asset managers with AuM of more than £50 billion and asset owners with £25 billion or more in AuM or assets under administration) from 1 January 2022 and to other in-scope firms from 1 January 2023.
- Larger firms were required make their first public disclosures under the regime by 30 June 2023. Smaller firms were required to make their first public disclosures under the regime by 30 June 2024.
- In 2025, the requirements to publish entity-level sustainability disclosures, in the form of an annual entity level sustainability report, began to apply. All larger regulated asset managers in scope of the SDR regime will be required to report on how they manage sustainability risks and opportunities within their governance, strategy, risk management, metrics and targets. The requirements apply from December 2026 in respect of smaller asset managers.

Sustainability Disclosures and Investment Labels

[View related EU measures](#)

Sustainability disclosure requirements and investment labels

The FCA has introduced a sustainability disclosure framework with supporting product labels, primarily to ensure financial products that marketed as sustainable are in fact sustainable and that sustainable claims are appropriately evidenced. The SDR and labelling regime is designed to build trust in ESG products by ensuring consumers and other stakeholders have all necessary information.

An anti-greenwashing rule for all FCA authorised firms was introduced in May 2024, with the SDR and labelling regime starting to take effect (for in-scope firms) from 31 December 2024. The requirements are being introduced on a phased basis, with compliance deadlines applying in 2025 and 2026 for firms to meet aspects of the regime for the first time.

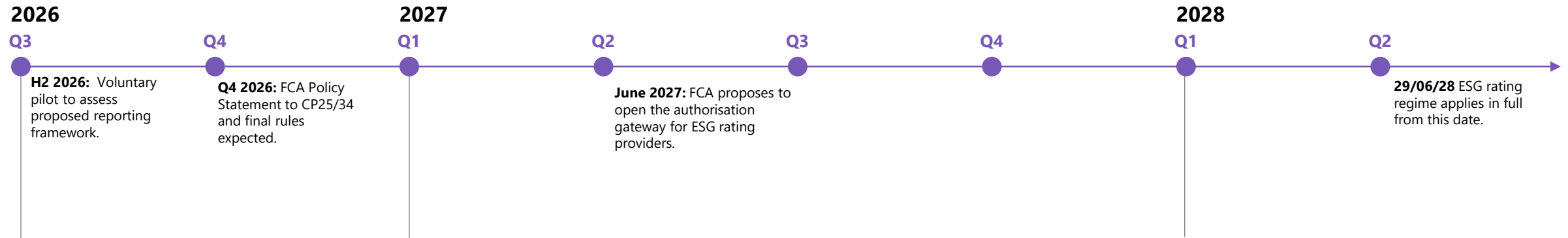
In H2 2026, the FCA is exploring ways to streamline the requirements to reduce undue burden on firms while still meeting the regime's intended policy outcomes.

Read more on this development [here](#), [here](#) and [here](#).

What's on the horizon?

- The SDR and labelling regime has introduced new requirements entering into force on a range of dates between 31 May 2024 and 2 December 2026. In February 2026, the FCA published [good and poor practice guidance](#) on use of the four labels and [guidance](#) on applying the labels. The regime comprises:
 - An anti-greenwashing rule (ESG 4.3.1R, in force from 31 May 2024). The FCA published guidance ([FG24/3](#)) on the application of the rule.
 - Product labels ('sustainability focus', 'sustainability improvers', 'sustainability impact' and 'sustainability mixed goals'), available for use since 31 July 2024, subject to relevant criteria and required disclosures.
 - Disclosures for asset managers (customer-facing, pre-contractual, and ongoing product and entity-level), which started to apply from 2 December 2024.
 - Naming and marketing rules for asset managers, which have applied from 2 December 2024, subject to [temporary flexibility](#) for certain firms until 2 April 2025.
 - Targeted rules for distributors of relevant investment products to retail investors in the UK.
- The FCA consulted in 2024 ([CP24/8](#)) on expansion of the regime to portfolio managers. There was broad support for extending the regime, but the FCA [announced](#) in April 2025 that it would engage further with portfolio managers with a view to expansion at a later date. In the meantime, the FCA would prioritise the multi-firm review into model portfolio services looking at how firms are implementing the Consumer Duty (see [page 63](#)), which was announced in its February 2025 Asset Management & Alternatives [portfolio letter](#). Findings from that review [will be published](#) in Q1 2027.
- In August 2025, the FCA published the [findings](#) of its a post-implementation multi-firm review of TCFD-aligned Climate reporting by asset managers, life insurers and FCA-regulated pension providers and it was considering how to streamline and enhance the sustainability reporting framework. In June 2026, the FCA consulted in [CP26/17](#) (closing 13 July 2026) on proposals to replace TCFD product-level reporting requirements with fewer, more targeted and more outcomes-based rules in chapter 2 of the ESG sourcebook (ESG 2.3). The FCA will address streamlining entity-level disclosures in due course.
- The FCA also intends to build on its disclosure requirements over time in line with other UK developments and international developments

UK regulation of ESG Ratings

[View related EU measures](#)

UK Regulation of ESG ratings

ESG ratings providers offer products that opine on the ESG characteristics or exposure of products and firms. Provision of ESG ratings plays an important role in the ESG ecosystem. However, provision of ESG ratings has given rise to concerns including on the transparency of methodologies, how rating processes are governed and how conflicts of interest are managed.

ESG ratings and data provision has been largely unregulated in the past. Jurisdictions globally have recently adopted voluntary codes or regulatory regimes to improve transparency on providers' methodologies and objectives and improve conduct in the sector.

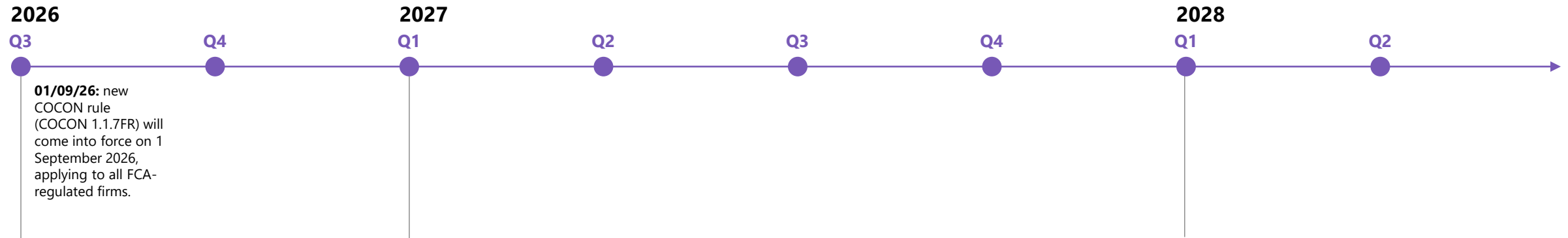
Since December 2023, the UK has had in place a voluntary Code of Conduct for ESG ratings and data products providers. In 2025 the government made the legislation to bring ESG ratings providers within the UK regulatory perimeter. The FCA consulted between December 2025 and March 2026 on proposed regulatory rules for ESG ratings providers and expects to finalise its policy in Q4 2026.

Read more on this development [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- A voluntary [Code of Conduct for ESG ratings and data products providers](#) was finalised on 14 December 2023. The code is a precursor to introduction of a regulatory regime for ESG ratings providers in the UK.
- [The Financial Services and Markets Act 2000 \(Regulated Activities\) \(ESG Ratings\) Order 2025](#) (the Order) was made on 15 December 2025 and will apply in full from 29 June 2028. The Order makes provision of ESG ratings a UK regulated activity, requiring a firm to obtain FCA authorisation when it "provides" and "makes available" an ESG rating. This will apply to firms: (i) located in the UK, providing ratings to persons in the UK or overseas; or (ii) located outside the UK, providing ratings to persons in the UK.
 - The Order also sets out several exclusions, including an exclusion covering the provision of ESG ratings (otherwise than on a standalone basis) in the course of carrying on another regulated activity or ancillary activity, or where the activity is permitted under market access arrangements for overseas providers.
 - The exclusion also covers ESG ratings provided in the course of carrying on activities related to recognised schemes or in connection with AIFs marketed into the UK under the national private placement regime. There is also an exclusion for overseas persons providing ratings to UK persons without remuneration.
 - ESG data provision is not a regulated activity. Although providers of pure ESG data products will not be subject to FCA regulation, they may choose to adopt the voluntary Code of Conduct.
- Following a [voluntary survey](#) in March 2025 to assist with the development of the future regime, the FCA published [CP25/34: ESG ratings: proposed approach to regulation](#) in December 2025. The FCA is proposing that UK authorised ESG rating providers would have to comply with "baseline" rules that apply to the majority of UK-authorized firms plus some tailored rules relating to transparency, governance, systems and controls, conflicts of interest and engagement with rated entities. In April 2026, the FCA [invited](#) ESG rating providers to join a voluntary reporting pilot to help the FCA assess its proposed reporting framework. The FCA expects to publish its final policy in Q4 2026.

Diversity in financial services



Diversity in financial services

On 7 July 2021, the FCA, PRA and Bank of England published a joint discussion paper (DP21/2) on diversity and inclusion (D&I) in the financial services sector. The discussion paper sought views on how to accelerate the rate of change in D&I in the financial services sector. It set out the roles of the regulators in this context, steps that the regulators have taken to promote D&I, the regulators' existing requirements and expectations, and a series of questions intended to seek views on ways of improving D&I measures.

The discussion paper was followed by further consultations in September 2023, and finalised policy on supporting D&I in financial services was originally expected to be published in H2 2025. However, given the need to avoid duplication with the wider policy and legislative agenda in the area, only the proposals in relation to non-financial misconduct are now being taken forward.

Read more on this development [here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- For financial years starting on or after 1 April 2022, FCA rules for public company boards and executive committees have required firms to meet 'comply or explain' targets on gender and ethnic diversity and make annual disclosures.
- As a follow-up to a 2021 joint FCA-PRA discussion paper, in September 2023 the regulators published consultations (PRA [CP 18/23](#) and FCA [CP 23/20](#)) on draft measures to support D&I in the financial sector, which closed for responses on 18 December 2023. In broad terms, the regulators consultations' proposed measures across several policy areas: Non-financial misconduct, D&I Strategies, Data Reporting, D&I Disclosure obligations and setting D&I Targets.
- In July 2023, the House of Commons Treasury Committee launched an inquiry into Sexism in the City, looking at the barriers faced by women in finance. The Committee's [report](#) in March 2024 recommended that the proposals for data reporting and for setting D&I targets be dropped. The Committee made recommendations on tackling prevalence of sexual harassment and bullying and poor handling of allegations about this misconduct by firms. In the FCA's response it stated it would prioritise work on non-financial misconduct and issue its policy statement on that aspect early in 2025.
- In March 2025, the FCA [wrote](#) to the Treasury Committee to explain that, while work on **non-financial misconduct** would proceed, it recognised that there is a very active policy and legislative agenda (including on employment rights, gender action plans and disability and ethnicity pay gap reporting) and that therefore, to avoid duplication and unnecessary costs, it did not plan to publish new rules on diversity and inclusion. The PRA also wrote to the Treasury Committee in a similar vein.
- The FCA consulted between July and September 2025 in [CP25/18: Tackling non-financial misconduct in financial services](#). FCA published Policy Statement [PS25/23](#) in December 2025 confirming the consultation proposals, with minor changes following consultation feedback. This confirmed the FCA would more closely align the rules between banks and non-banks and bring more incidents into the scope of COCON, to make it clearer that serious non-financial misconduct can be a breach of the conduct rules. The FCA has also created additional guidance (in COCON and FIT) to make it easier for SM&CR firms to interpret and consistently apply the conduct rules, and to clarify statutory and FCA requirements for fitness and propriety.



[View related EU measures](#)



UK Developments

III. Cross-sector

UK Cross-sector: In this section

[View related EU measures](#)



UK Cross-sectoral developments

UK Smarter Regulatory Framework	59
MiFID/R and Wholesale Markets Review	60
UK EMIR	61
Operational resilience	62
The Consumer Duty	63
UK AML/CTF regime	64
Developing UK Cryptoasset regime	65
UK T+1 settlement	66

UK Smarter Regulatory Framework



Smarter Regulatory Framework

The planned post-Brexit ‘**Smarter Regulatory Framework**’ (SRF) for the UK is a **multi-year programme** to repeal all EU-derived (‘assimilated’) financial services legislation and replace it with a ‘FSMA-model’ involving UK framework legislation with firm-facing requirements set out in regulatory rules.

Enabled by **The Financial Services and Markets Act 2023 (FSMA 2023)**, the SRF programme is being carried forward by HM Treasury and the financial regulators. It was launched through the extensive package of **Edinburgh Reforms** published in December 2022 and subsequently supplemented by certain aspects of **Mansion House** initiatives published in 2023 and 2024, the ‘**Leeds reforms**’ published at [Mansion House July 2025](#) and most recently further initiatives announced at Mansion House in [July 2026](#).

The previous UK government divided areas of EU-derived law into **43 ‘core files’** and began to allocate them into ‘**Tranches**’ (work on a file could span more than one Tranche). Significant progress was made on Tranches 1 and 2. Files in Tranche 3 were allocated mid-2024. The current government appears to have discontinued the practice of formal allocation to ‘Tranches’.

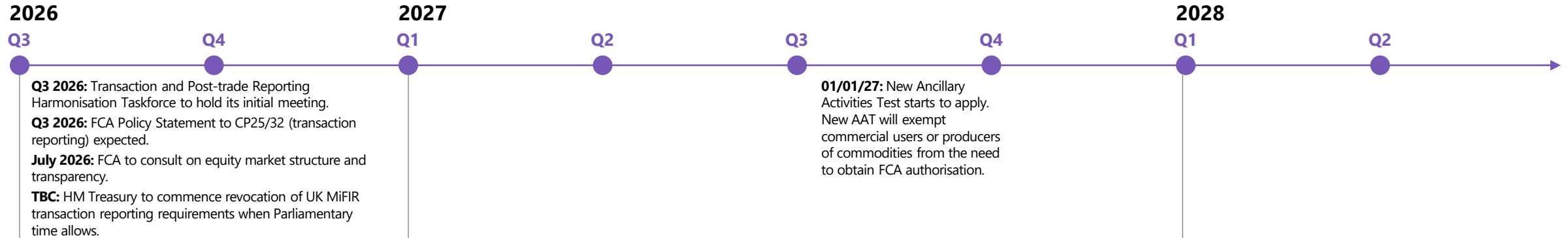
The July 2025 [Financial Services Growth & Competitiveness Strategy](#) indicated work would progress on revocation and restatement of **UK EMIR**, the **UK MiFID framework**, **AIFMD** and the **payments and e-money** framework, and would begin on **UK BMR**. The SRF programme was not mentioned in the [one-year update](#) on delivering the Strategy.

The May 2026 iteration of the [Regulatory Initiatives Grid](#) highlights work on repeal and replacement of assimilated payment services law, the UK MMF Regulation, the UK Short Selling Regulation, UK EMIR’s CCP provisions, and the AIFMD, as well as completion of work for Basel 3.1 implementation.

Read more [here](#), [here](#), [here](#) and [here](#).

THE 43 CORE FILES						
TRANCHE ALLOCATIONS						
	Tranche 1	Tranche 2	Tranche 3	Completed	Not yet formally started	
Alternative Investment Funds						Credit institutions (reorganisation and winding up)
Bank recovery and resolution						
Benchmarks						
Capital requirements						
CSDs						
Consumer Credit						
CRAAs						Financial collateral arrangements
Cross-border payments						
Deposit guarantee schemes						
Distance marketing						
EMIR						
E-money						
Financial conglomerates						
Insurance Distribution						
Insurance mediation						
Insurers (reorganisation and winding up)						
Interchange fees						
Life assurance						
Listings						
Long term investment funds						
Market abuse						
Markets in Financial Instruments						
Money Market funds						
Mortgage credit						
Motor insurance						
Payment accounts						
Payment services						
PRIPs						
Prospectus						
Reinsurance						
Securities Financing Transactions						
Securitisation						
Settlement Finality						
Shareholder rights						
Short selling						
Social entrepreneurship funds						
Solvency II						
SFDR and Taxonomy						
Transparency						
UCITS						
Venture Capital Funds						

MIFID/R and Wholesale Markets Review

[View related EU measures](#)

MiFID/R and Wholesale Markets Review

The Wholesale Markets Review (WMR) identified areas of reform to better calibrate the post-Brexit regulatory framework to the UK's secondary markets.

FSMA 2023 has played a key role in delivering the outcomes of the WMR by: (i) making immediate changes to retained EU law (including UK MiFIR) to deliver the WMR proposals considered highest priority; and (ii) delivering other proposals through the planned repeal and revocation framework for retained EU law which is set out in the Act.

The 'Smarter Regulatory Framework' programme (see [page 59](#)) has built on the recommendations of WMR by including MiFID/MiFIR in Tranches 1 and 2 of the programme, as well as including other measures to reform UK wholesale market regulation.

A range of further developments is progressing in H2 2026.

Read more on this topic [here](#), [here](#), and [here](#).

What's on the horizon?

- Transaction reporting:** In **Q3 2026** the FCA is expected to finalise its policy following its November 2025 consultation ([CP25/32](#)) on replacing the UK MiFIR transaction reporting requirements in FCA rules. HM Treasury will commence the revocation of MiFIR firm-facing transaction reporting requirements Parliamentary time allows.
- Transaction and post-trade reporting harmonisation:** The FCA and BoE are progressing a transaction and post-trade reporting harmonisation review to establish a new, long-term approach to streamlining reporting across UK MiFIR, EMIR and SFTR, aimed at removing unnecessary duplication. In April 2026, the FCA and BoE published the [terms of reference](#) for a industry working Task Force to inform the design. The Task Force will hold its first meeting in **Q3 2026**.
- Consolidated tapes:** the UK Bond CT service officially [launched](#) on 22 June 2026. The intention is that the equities CT will start operation in 2027.
- SI regime:** The FCA included a discussion chapter in PS24/14 on the future of the SI regime and consulted (in [CP25/20](#)) in July 2025 on the SI regime for bonds and derivatives. The SI regime for bonds, derivatives, structured finance products and emission allowances was removed on 1 December 2025, and further changes have applied from **30 March 2026** in line with FCA [PS25/17](#).
- Equity markets:** The FCA proposed to consult on equities market structure and transparency in H1 2026, following responses to the discussion chapter of CP25/20. This consultation was not published in H1 and is expected in **July 2026**.
- Intermittent trading venue:** The PISCES Sandbox launched on 10 June 2025 and trading in the sandbox began later in 2025. As of July 2026, four PISCES operators have been approved. More are expected to be approved in due course. Three trading events have already been held – for QPLAY, TPE, and Wayve Technologies.
- Commodity derivatives: Ancillary Activities Test (AAT)** – In line with WMR, HM Treasury [legislated](#) in 2024 to simplify the ancillary activities exemption (AAE) for commodities firms. In November 2025, [SI 2025/1205](#) was made, meeting HM Treasury's WMR commitment to revoke the AAT (originally under MiFID II) and replace it with a more proportionate version. In December 2025, the FCA published [PS25/24](#) with its final policy on proposed changes to the Ancillary Activities Test. From **1 January 2027**, a new chapter in the MAR sourcebook (replacing current technical standards) will set out amended conditions that firms must meet to be eligible for the AAE.



2026

Q3

Q3/Q4 2026: Over the Counter Derivatives (Intragroup Transactions) Regulations 2026 to be made.

H2 2026: BoE to publish final rules on exemption of PTRR transactions from the CO (rules to apply 3 months after publication).

Q4

Q4 2026: BoE expects to publish finalised rules for its new CCP rulebook.
31/12/26: TIGER expires and will be replaced by new permanent intragroup exemption.

2027

Q1

TBC: HM Treasury to lay before Parliament:

- Central Counterparties (Amendment) Regulations.
- Financial Services and Markets Act 2000 (Criteria for Determining Systemic Importance of Overseas Central Counterparties) Regulations.

TBC: Timing for revocation and reform of the remainder of UK EMIR and associated assimilated legislation and technical standards.

Q2

Q2 2027: BoE's CCP rulebook to apply six months after publication of finalised policy.

Q3

Q4

2028

Q1

Q2

UK EMIR

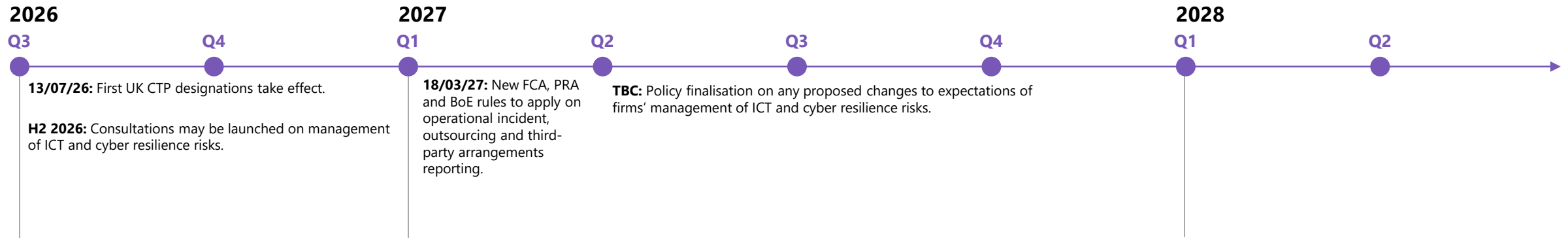
FSMA 2023 made some limited transitional amendments to the assimilated version of EU EMIR (**UK EMIR**), including to empower the BoE to disapply the clearing obligation for transactions arising from post-trade risk reduction services (**PTRR**) and to give the BoE general rule making powers with respect to FMIs. Those changes have applied since 29 August 2023.

The revocation of **Titles III-V of UK EMIR** and related secondary legislation and their replacement in BoE rules was allocated to Tranche 3 of the Smarter Regulatory Framework programme (see **page 59**) and is progressing in H2 2026, along with changes to intragroup exemptions to be in place by the end of the year.

What's on the horizon?

- **CCPs:** The UK is proceeding with revocation and reform of the framework for central counterparties (**CCPs**) (Titles III-V of UK EMIR) in 2026. These elements of UK EMIR will be revoked and will be replaced (with some changes) in BoE rules, as set in a July 2025 HM Treasury [policy note](#). HM Treasury will lay before Parliament:
 - **Central Counterparties (Amendment) Regulations** – these regulations will restate in legislation elements of UK EMIR that cannot be replaced by BoE rules.
 - **Financial Services and Markets Act 2000 (Criteria for Determining Systemic Importance of Overseas Central Counterparties) Regulations** – these regulations set out the criteria against which BoE is to judge systemic importance of overseas CCPs once UK EMIR is revoked.
- **CCP rulebook:** With respect to the rules that will replace the revoked provisions of UK EMIR, the BoE [consulted](#) between July and November 2025 on its proposed new CCP rulebook. The BoE proposes to publish a Policy Statement, final rules, and policy materials in **Q4 2026** and to apply a six-month implementation period (with extensions for some proposals) before the rules apply.
- **CCP equivalence:** The [Central Counterparties \(Equivalence\) Regulations 2026](#) (SI 2026/779) enter into force on 3 August 2026, under which HM Treasury has made equivalence determinations under Art 25 UK EMIR for Australia, Japan, US (SEC CCPs), Hong Kong, India, UAE, and South Africa.
- **Clearing obligation (CO) PTRR transactions:** The BoE [consulted](#) between December 2025 and March 2026 on exempting PTRR transactions from the CO. In the May 2026 iteration of the [Regulatory Initiatives Grid](#), the BoE announced it will publish finalised policy over 2026, with the changes coming into force three months later.
- **Remainder of UK EMIR** – In its July 2025 [policy note](#), HM Treasury noted that as a first step to the future revocation of UK EMIR it would make permanent the temporary intragroup exemptions for OTC derivatives, and then prioritise revoking and replacing (with the regulators) the firm-facing requirements in UK EMIR Title II, as well as any outstanding clearing member-facing and client-facing requirements in Titles III, IV and V.
- **Intragroup regime:** The UK temporary intragroup exemption regime (**TIGER**) expires on 31 December 2026. In November 2025, HM Treasury published a [policy note](#) on streamlining the intragroup exemption regime. The FCA published [CP25/30](#) (closing 16 January 2026) on necessary amendments to BTS and expects to publish a policy statement to CP25/30 in H2 2026. Draft [The Over the Counter Derivatives \(Intragroup Transactions\) Regulations 2026](#) were laid before Parliament in July 2026. The legislation and FCA rules will be finalised before, and apply on, expiry of TIGER.

Operational resilience

[View related EU measures](#)

Operational resilience

The FCA, PRA and BoE introduced a new operational resilience regime in 2021. The initial implementation deadline of 31 March 2022 was followed by a transitional period which ended on 31 March 2025.

The UK regime requires firms and FMIs to have in place strategies, processes and systems that enable them to address risks to their ability to remain within their impact tolerance for each of their important business services in the event of a severe but plausible disruption.

FSMA 2023 introduced the framework for a Critical Third Parties regime (CTP regime) for oversight of the resilience of cloud service providers and other designated 'critical third parties' providing services to UK regulated firms and FMIs. The regulatory rules for the CTP regime took effect on 1 January 2025.

In March 2026, the regulators finalised policy on new obligations for operational incident, outsourcing and third-party arrangements, which will apply from March 2026. The regulators may consult in H2 2026 on revised expectations on firms' management of ICT and cyber risks.

What's on the horizon?

- FSMA 2023 introduced a new Part 18 Chapter 3C into FSMA, to establish the **CTP regime**. HM Treasury has been given a power to designate third party providers of services to financial sector firms and FMIs as critical third parties (**CTPs**) and was expected to make the first CTP designations in H2 2025, but this did not happen. On 10 July 2026 HM Treasury [designated](#) (with effect from 13 July 2026) four firms as CTPs under the regime.
- The CTP regime gives a range of powers to the regulators with respect to CTPs, which apply to each CTP as of the date they are designated. The regulators published [finalised rules](#) in November 2024, with a view for the CTP regime becoming operational from 1 January 2025. The new rules align with international standards and similar regimes such as **EU DORA**. The ESAs and UK regulators have signed a [Memorandum of Understanding on DORA oversight of critical ICT third-party service providers in EU and UK](#).
- In December 2024, the Bank of England [announced](#) that, to further enhance the financial sector's operational (including cyber) resilience capabilities, the regulators would consult in H2 2025 on expectations around the management of Information and Communication Technology (ICT) and cyber resilience risks, including risks arising from IT transformations, and the sector's ability to detect, withstand and recover from disruptions in the event of ICT and cyber incidents. Timing has been pushed back, and consultations may now be launched in H2 2026.
- Between December 2024 and March 2025, the BoE, PRA and FCA jointly consulted on operational incident reporting, and outsourcing and third-party arrangements reporting, to: (i) clarify what information firms/FMIs should submit when operational incidents occur; and (ii) collect certain information on firms' outsourcing and third-party arrangements, to manage the risks that they may present to the FCA's, PRA's or BoE's objectives, including resilience, concentration and competition risks. The regulators originally expected to finalise their policy in H2 2025, with new rules to take effect in H2 2026. In March 2026, finalised policy was published from the [FCA](#), the [PRA](#) and the [BoE](#). The requirements will introduce a unified regulatory regime for operational incident reporting and reporting of material third party arrangements from 18 March 2027.

Read more on this topic [here](#) and [here](#).

Consumer Duty



2026

Q3

31/07/26: Firms' annual Consumer Duty compliance reports due.

15/07/26: BNPL regulation begins.

H2 2026: FCA to consult on retail banking disclosure requirements in BCOBS.

H2 2026: FCA policy statement expected to CP 25/36 on client categorisation and conflicts of interest.

H2 2026: FCA and FOS further policy statement on redress framework expected.

Q4

Q4 2026: Policy Statement to CP 25/36 (consumer investment disclosures) expected.

Q4 2026: Outcomes paper expected to CP26/15 expected.

2027

Q1

Q1 2027: FCA Policy Statement to CP 26/23 (Duty scope and proportionality) expected.

Q1 2027: FCA expects to publish findings from its multi-firm review into model portfolio services.

Q2

Q3

31/07/27: Firms' annual Consumer Duty compliance reports due.

Q4

25/10/27: FCA Handbook and Consumer Duty apply to Cryptoassets.

2028

Q1

Q2

The Consumer Duty

The Consumer Duty (the Duty) is comprised of Principle 12 (the Consumer Principle) of the FCA's Principles for Businesses, supported by detailed rules and guidance. The Duty has applied from 31 July 2023 to new and existing products and services and from 31 July 2024 to closed products and services.

The Duty remains a priority in the [FCA's Strategy 2025-2030](#). The FCA continues to impress on firms that the Duty requires continuing compliance and must be embedded throughout the organisation in their strategy, governance, leadership and people policies.

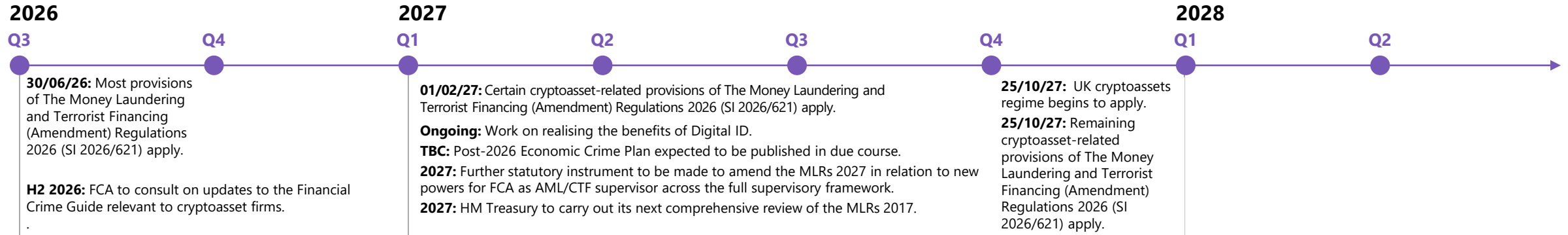
The FCA publishes feedback from its [ongoing work](#) in assessing Consumer Duty compliance in specific sectors and highlighted Consumer Duty workstreams in its sector-specific [Regulatory Priorities reports](#) and in the May 2026 edition of the [Regulatory Initiatives Grid](#).

Read more on the Duty [here](#) and [here](#).

What's on the horizon?

- **Wholesale business and distribution chains:** The FCA launched [CP26/23 Consumer Duty: scope and proportionality](#) on 29 June 2026, outlining proposals to clarify the application of the Duty across distribution chains, and on de-scoping business with non-UK customers, to remove disproportionate burdens from wholesale firms. CP26/23 closes on 18 September 2026 and the FCA plans to issue a policy statement in Q1 2027. The FCA also plans to publish a policy statement in H2 2026 following its consultation [CP25/36: Client categorisation and conflicts of interest](#) which closed in February 2026
- **Products**
 - Buy Now Pay Later (BNPL) regulation began on 15 July 2026. The FCA's [framework](#) requires BNPL lenders to comply with the Consumer Duty.
 - The FCA has finalised guidance ([FG26/5](#)) on how the Consumer Duty will apply to cryptoasset firms under the new Cryptoasset regime (see [page 65](#))
 - Firms are expected to review where they need to improve their product design processes in light of FCA's [good and poor practice findings](#) on how firms are meeting the Duty's products and services outcome.
 - In Q1 2027, the FCA expects to publish [findings](#) from its multi-firm review into model portfolio services looking at how firms are implementing the Duty.
- **Disclosures**
 - The FCA is reviewing BCOBS disclosure requirements to streamline rules and increase flexibility. FCA aims to publish a QCP including proposed amendments in H2 2026.
 - In [CP26/24: Simplifying consumer investment disclosures](#) on 2 July 2026, the FCA outlined proposals to simplify and align MiFID, IDD and non-MiFID cost disclosure requirements within COBS 6, building on the Consumer Composite Investments (CCI) regime (see [page 46](#)). Policy Statement in Q4 2026.
- **Advice** – From 6 April 2026, firms providing targeted support are expected to comply with the FCA rules ([PS25/22](#)) including the Consumer Duty.
- **Financial promotions** – The FCA committed in FS25/2 to review the CONC 3 financial promotions rules as part of the Consumer Duty rule review. [CP26/15: CONC 3 — Reviewing the Financial Promotions Rules for Consumer Credit](#) closed on 17 June 2026 and FCA expects to publish outcomes in Q4 2026.
- **Complaints and redress** – the FCA and FOS plan to publish a further joint policy statement on the redress framework proposals in CP26/9, in [H2 2026](#).

UK AML/CTF regime

[View related EU measures](#)

UK AML/CTF regime

The UK's Economic Crime Plan 2023-2026 outlined an ambition for an improved end-to-end response to tackling money laundering, which would require further targeted consultations.

HM Treasury has reviewed the AML regime in the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (**MLRs 2017**). Following a report on recommended reform in 2022, HM Treasury consulted in June 2023 and March 2024 on reforming the supervisory framework and improving the effectiveness of the MLRs 2017. The necessary secondary legislation to effect the changes, and to align the MLRs 2017 with the UK cryptoassets framework, was made in June 2026 and entered into force mainly on 30 June 2026 with certain cryptoasset-related provisions coming into force from February and October 2027.

The July 2025 Financial Services Growth & Competitiveness Strategy included a government commitment to work closely with the regulators and industry to realise the benefits of using personal digital ID for AML checks, now that digital ID has been put on a statutory footing in the Data (Use and Access) Act 2025.

In its 5-year Strategy 2025-2030, the FCA has committed to continuing its efforts to disrupt financial crime, including through greater use of technology and bringing enforcement action.

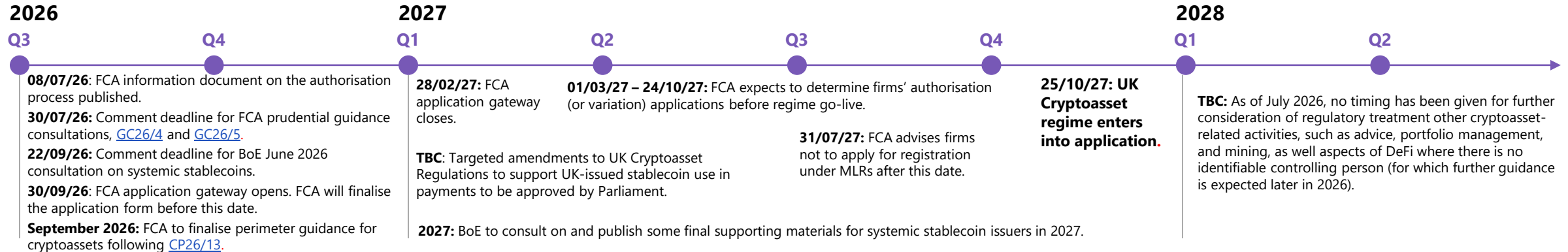
Read more on AML/CTF developments [here](#).

What's on the horizon?

- **AML/CTF supervisory framework:** HM Treasury consulted in June 2023 on possible future models for the AML/CTF supervisory framework and published a response in October 2023 confirming that it would proceed with appointing the **FCA as a Single Professional Services Supervisor** for all firms supervised by a Professional Body Supervisor and all accountancy service providers and trust and company services providers supervised by HMRC. HM Treasury provided [further details](#) in June 2026 on the proposed powers that would make the FCA an effective AML/CTF supervisor, including responsibility for issuing and approving AML/CTF guidance for professional services firms. Further consultations will follow, and amendments to the MLRs 2027 will be made via statutory instrument in 2027.
- **Effectiveness of MLRs 2017:** In March 2024, HM Treasury consulted on proposals to improve the effectiveness of the MLRs 2017, highlighting wide-ranging areas for improvement. HM Treasury's [response](#) in July 2025 was accompanied by draft secondary legislation. [The Money Laundering and Terrorist Financing \(Amendment\) Regulations 2026 \(SI 2026/621\)](#) were made in June 2026 and entered into force mainly on 30 June 2026 with certain cryptoasset-related provisions coming into force from February and October 2027.
- **UK cryptoassets regime:** The UK's incoming cryptoassets regime (see [page 65](#)). consequential amendments the MLRs 2017 to align its provisions with the proposed new cryptoasset-related regulated activities introduced by [The Financial Services and Markets Act 2000 \(Cryptoassets\) Regulations 2026 \(SI 2016/102\)](#).
 - In July 2026, the FCA published [responses](#) to key questions from firms on how the current MLRs 2017 interact with the forthcoming FSMA cryptoassets regime during the transition period, and on the FCA's expectations for AML/CTF systems and controls, governance and financial crime governance when applying for authorisation under the new regime.
- **Digital ID:** In February 2026, HM Treasury/DSIT published [joint guidance](#) formally confirming that Digital Verification Services (DVS) providers certified under the UK Digital Identity and Attributes Trust Framework (DIATF) and listed on the DVS Register satisfy the Regulation 28 identity verification requirement under the MLRs 2017.

Developing UK Cryptoassets regime

[View related EU measures](#)



Developing UK regulatory regime for cryptoassets

FSMA 2023 empowered HM Treasury to expand the UK's regulated activities framework (and make use of the FSMA 2023 designated activities regime (**DAR**)) to provide for regulation of cryptoasset related activities.

Parliament has approved the legislation to bring cryptoassets (including stablecoins) into the UK regulatory regime and plans targeted amendments to support use of UK-issued stablecoins for payments.

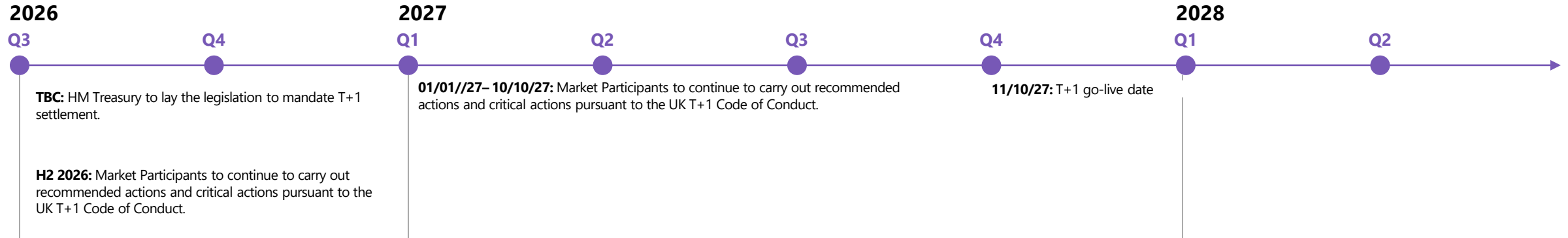
In June 2026, the FCA and Bank of England published finalised policy in relation to cryptoassets and systemic stablecoins, with some further consultations. All policy is expected to be finalised ready for the go-live date of 25 October 2027.

[Read more here](#), [here](#), [here](#) and [here](#).

What's on the horizon?

- **Overview:** The [Financial Services and Markets Act 2000 \(Cryptoassets\) Regulations 2026](#) (the **UK Cryptoasset Regulations**) apply from **25 October 2027** to introduce a comprehensive UK framework for regulation of 'qualifying cryptoassets', 'qualifying stablecoins' and 'relevant specified investment cryptoassets', setting out new regulated activities for which firms wishing to engage **in or to** the UK by way of business will be subject to authorisation and supervision by the FCA. Alongside the new regulated activities, cryptoasset-related public offers and admissions to trading will be designated activities under the DAR (with a statutory prohibition of public offers of qualifying cryptoassets in the UK) along with use/disclosure of inside information and market manipulation. Activities designated under the DAR attract regulatory requirements but do not trigger an authorisation requirement. The FCA published [finalised policy statements and guidance](#) on the new regulated and designated activities on 30 June 2026.
- **Fiat-backed stablecoins:** HM Treasury is [preparing](#) a statutory instrument to amend the UK Cryptoasset Regulations to support use of UK-issued qualifying stablecoins for payments ahead of broader reforms. On 15 July 2026, HM Treasury launched a [consultation](#) on the broader reforms to the payment services regulatory framework, including to facilitate new forms of payments such as UK-issued stablecoins and tokenised deposits alongside traditional payments.
- **Systemic stablecoins:** On 22 June 2026, the Bank of England published a [policy statement and further consultation](#) on the regulation of sterling-denominated systemic stablecoins, following its 2025 consultation, including a draft [Code of Practice](#) for issuers of systemic sterling stablecoins, which the BoE intends to finalise by end-2026. On 30 June 2026, the FCA and Bank of England published their [joint approach](#) to the regulation of systemic stablecoin issuers, clarifying how the dual-regulator model will operate. The BoE expects to consult on and publish some final supporting materials for systemic stablecoin issuers in 2027.
- **Seeking FCA authorisation:**
 - The FCA has published [Information about the authorisation application form for cryptoasset firms](#), detailing what firms will need to provide in the application form, as well as a [webpage](#) with links to all information on the authorisation requirements (or variation of permission applications in the case of firms already authorised under FSMA). Firms can also seek [pre-application support](#).
 - The application window will close at 11:59pm on 28 February 2027, as set out in the [FCA's Direction](#). After 28 February 2027, firms can still make applications, but the FCA will not expedite the application, and if they have not gained authorisation before the regime goes live, they will enter the [transitional provision](#) automatically by operation of law.

UK T+1 Settlement

[View related EU measures](#)

UK T+1 Settlement

Fast-moving developments are taking place globally to shorten settlement times for transactions in equities and fixed income markets. Some jurisdictions have already moved to T+1 settlement (US, Canada, Mexico, India). Others (such as UK, Switzerland) have set a proposed date for the move to T+1.

Expected benefits of shortening the settlement cycle include better mitigation of counterparty risk due to reduction in processing times, coupled with the fact that market participants are exposed to risk for shorter duration. However, compressing the cycle would also bring operational challenges. Particular challenges may arise in cross-border settlement (time zone, mismatch with FX T+2 settlement times) and for those that rely on manual processes.

In 2022, the Chancellor announced the establishment of an industry-led **Accelerated Settlement Taskforce (AST)**. The AST reported in March 2024 with recommendations and subsequently confirmed that the UK would move to T+1 settlement on 11 October 2027.

A technical group has developed an implementation plan and code of conduct for implementation of the transition.

What's on the horizon?

- In March 2024, the UK government [accepted](#) the recommendations of the AST and endorsed the proposed timeframe including the recommendation that the UK seek to align the transition date with the date committed to by other European jurisdictions. The government also established an [Accelerated Settlement Technical Group](#) (ASTG) to develop the technical and operational changes necessary for the UK to transition to T+1, and to set out how these should be implemented.
- In September 2024, the ASTG published a [draft recommendations report and consultation](#), setting out 43 principal recommendations and 14 additional recommendations as well as clarifying which instruments will be in scope of T+1 settlement.
- The ASTG confirmed in January 2025 that the final 'go-live date will be **11 October 2027**. In February 2025, the technical group published an [Implementation Plan](#) for the first day of trading for T+1 settlement (i.e., 11 October 2027). The Implementation Plan sets out a **UK T+1 Code of Conduct (UK-TCC)** containing the scope, a timetable of recommended actions (including 12 'critical actions') to enhance market practices and a set of expected behaviours necessary for UK Market Participants to meet their T+1 legislative obligations under UK CSDR.
- The FCA has [written](#) to the Chief Compliance Officers of firms in its Asset Management and Alternative Firms portfolio outlining its expectations ahead of the upcoming market transition to T+1.
- In November 2025, HM Treasury published a [policy note](#) on its approach, along with the [draft legislation](#) to mandate T+1 in the UK from 11 October 2027. The draft legislation will be finalised and laid before Parliament in advance of the go-live date.
- China is already operating at T+0 other jurisdictions are actively considering a move to real time settlement. In the UK, the AST also considered the potential for a move to T+0 and atomic/instantaneous settlement in due course but recommended that such a move should not take place until after the move to T+1.

04

Glossary

Glossary

- **AI** – Artificial Intelligence
- **AI Act** – Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act)
- **AIF** – Alternative investment fund
- **AIFM** – Alternative investment fund manager
- **AIFMD** – Alternative Investment Fund Managers Directive (Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011)
- **AIFMD2** – Directive (EU) 2024/927 of the European Parliament and of the Council of 13 March 2024 amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, the provision of depositary and custody services and loan origination by alternative investment funds
- **AMLA** – Anti Money Laundering Authority
- **AMLA Regulation** – Regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010
- **AML Regulation** – Regulation (EU) 2024/1624 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing
- **AML/CTF** – Anti-money laundering and counter-terrorist financing
- **AuM** – Assets under management
- **BoE** – Bank of England
- **CCI** – Consumer Composite Investment
- **CCP** – Central counterparty
- **Commission** – The European Commission
- **CBDF** – Cross-border Distribution of Funds Directive and Regulation (Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019)
- **CRR3** – Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor
- **CSD** – Central securities depository
- **CSDR** – Central Securities Depositories Regulation (Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012)
- **CSDR REFIT** – Regulation (EU) 2023/2845 of the European Parliament and of the Council of 13 December 2023 amending Regulation (EU) No 909/2014 as regards settlement discipline, cross-border provision of services, supervisory cooperation, provision of banking-type ancillary services and requirements for third-country central securities depositories and amending Regulation (EU) No 236/2012
- **CS3D** – Corporate Sustainability Due Diligence Directive
- **CSMAD** – Criminal Sanctions for Market Abuse Directive (Directive 2014/57/EU of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse)
- **CTP** – Critical Third Party
- **DORA** – Regulation (EU) 2022/2554 on digital operational resilience for the financial sector (DORA) entered into force on 16 January 2023 and will start to apply from 17 January 2025
- **EBA** – European Banking Authority
- **ECA** – European Court of Auditors
- **ELTIF** – European long-term investment fund
- **ELTIF Regulation** – European Long-Term Investment Fund Regulation (Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015)
- **ELTIF2** – The revised version of the ELTIF Regulation

Glossary

(continued)

- **EMIR** – European Market Infrastructure Regulation (Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories)
- **EMIR 3.0** – Regulation (EU) 2024/2987 of the European Parliament and of the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets
- **EMIR 3.0 Directive** – Directive (EU) 2024/2994 of the European Parliament and of the Council of 27 November 2024 amending Directives 2009/65/EC, 2013/36/EU and (EU) 2019/2034 as regards the treatment of concentration risk arising from exposures towards central counterparties and of counterparty risk in centrally cleared derivative transactions
- **ESAs** – European Supervisory Authorities
- **ESG** – Environmental, social and governance
- **ESG Ratings Regulation** – Regulation (EU) 2024/3005 of the European Parliament and of the Council of 27 November 2024 on the transparency and integrity of Environmental, Social and Governance (ESG) rating activities, and amending Regulations (EU) 2019/2088 and (EU) 2023/2859
- **ESMA** – European Securities and Markets Authority
- **EuSEF** – European social entrepreneurship fund
- **EuSEF Regulation** – European Social Entrepreneurship Fund Regulation (Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013)
- **EuVECA** – European venture capital fund
- **EuVECA Regulation** – European Venture Capital Fund Regulation (Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013)
- **FCA** – UK's Financial Conduct Authority
- **FSMA 2023** – The Financial Services and Markets Act 2023, which was enacted on 29 June 2023
- **IFD** – Investment Firms Directive (Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU)
- **IFPR** – Investment Firms Prudential Regime
- **IFR** – Investment Firms Regulation (Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014)
- **ITS** – Implementing Technical Standards
- **KID** – Key Information Document
- **KIID** – Key Investor Information Document
- **LTAF** – Long Term Asset Fund
- **MAR** – Market Abuse Regulation (Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014)
- **MiCA** – Regulation (EU) 2023/1114 on markets in cryptoassets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937
- **MiFID 2** – Second Markets in Financial Instruments Directive (Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU)
- **MiFID 3** – Directive (EU) (2024/790) amending Directive 2014/65/EU (the MiFID II Directive) on markets in financial instruments
- **MiFIR** – Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
- **MiFIR 2** – Regulation (EU) 2024/791 amending the Markets in Financial Instruments Regulation (600/2014) (MiFIR) as regards enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimising the trading obligations and prohibiting receiving payment for order flow

Glossary

(continued)

- **MLD 4** – Fourth Money Laundering Directive (Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC)
- **MLD5** – Fifth Money Laundering Directive (Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU)
- **MLD6** – Directive (EU) 2024/1640 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849
- **MMF** – Money Market Fund
- **MMF Regulation** – The Money Market Funds Regulation (Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017)
- **NAV** – Net asset value
- **Non-Financial Reporting Directive** – Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013
- **Non-performing Loans Directive** – Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021
- **NURS** – Non-UCITS retail scheme
- **NURS-KII** – Key investor information document for a NURS
- **PAI Statements** – Principal adverse impact statements – statements on the principal adverse impacts of investment decisions on sustainability factors, as required under the SFDR
- **PRA** – UK's Prudential Regulation Authority
- **PRIIPs** – Packaged retail and insurance-based investment products
- **PRIIPs Regulation** – Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products
- **Prospectus Regulation** – Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017
- **Regulatory Initiatives Grid** – Forward looking publication of the UK Financial Services Regulatory Initiatives Forum sets out the UK regulatory pipeline. Published approximately twice per year
- **RTS** – Regulatory Technical Standards
- **Securitisation Regulation** – Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017
- **SFDR** – Sustainable Finance Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector)
- **SFTR** – Securities Financing Transactions Regulation (Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012)
- **SRD2** – Second Shareholder Rights Directive (Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement)
- **Taxonomy Regulation** – Taxonomy Regulation (Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088)
- **TCFD** – Task Force on Climate-Related Financial Disclosures
- **UCITS** – Undertaking for collective investment in transferable securities
- **UCITS Directive** – Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009
- **Unfair Commercial Practices Directive (UCPD)** – Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005

Clifford Chance

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

© Clifford Chance 2026

Clifford Chance LLP is a limited liability partnership registered in England and Wales under no. OC323571. The firm's registered office and principal place of business is at 10 Upper Bank Street, London E14 5JJ. The firm uses the word "partner" to refer to a member of Clifford Chance LLP or an employee or consultant with equivalent standing and qualifications.

cliffordchance.com