Clifford Chance

International Regulatory Update:

27 – 31 July 2026

Clifford Chance's International Regulatory Update is a weekly digest of significant regulatory developments, drawing on our daily content from our Alerter: Finance Industry service.

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RTS on ESG rating activities and disclosure of ESG rating products published in Official Journal

Two Delegated Regulations laying down regulatory technical standards (RTS) under Regulation (EU) 2024/3005 (the ESG Rating Regulation) have been published in the Official Journal.

Commission Delegated Regulation (EU) 2026/871 specifies the elements of ESG rating products that must be disclosed to the public and to users of ESG ratings, rated items and issuers of rated items. The RTS specify the form that disclosed information should take, and the content of disclosures on rating products, rating methodologies (including limitations in data sources, information and assumptions), the organisational structure of rating providers, and the revision of data and methodologies.

Commission Delegated Regulation (EU) 2026/872 specifies the measures and safeguards that ESG rating providers must put in place to separate their ESG rating activities from their other activities. The RTS require that ESG rating providers put in place separate organisational structures and working environments for employees and other people involved in the rating process from any of the activities listed in Article 16(1) of the ESG Rating Regulation, and gather regular self-declarations attesting employees' non-involvement in such activities; that those providers that intend to provide investment services and/or insurance and reinsurance activities implement additional technical and internal control measures; and that those providers that provide benchmarks, or intend to, adopt additional specific safeguards regarding employee compensation, independence of ESG ratings from benchmark provision, and the assessment and documentation of conflicts of interest.

Both Delegated Regulations will enter into force on 17 August 2026 and apply from 2 July 2026.

Delegated Regulations on ESMA fees, fines and penalty payments for ESG rating providers published in Official Journal

Two Delegated Regulations which supplement the ESG Rating Regulation with regard to the fees, fines and penalty payments the European Securities and Markets Authority (ESMA) can impose on ESG rating providers have been published in the Official Journal.

Commission Delegated Regulation (EU) 2026/904 sets out the fines and periodic penalty payments that ESMA may impose on ESG rating providers, including provisions on rights of defence, temporal provisions and the collection of fines or periodic penalty payments, as well as detailed rules on the limitation periods for the imposition and enforcement of fines and periodic penalty payments. Commission Delegated Regulation (EU) 2026/904 will enter into force on 19 August 2026.

Commission Delegated Regulation (EU) 2026/910 sets out the fees ESMA may charge ESG rating providers, specifying the type of fees, the matters for which fees are due, the amount of the fees and the respective justification, the manner in which they are to be paid and, where applicable, the way in which ESMA can reimburse competent authorities for any costs that they incur when carrying out tasks under the ESG Rating Regulation. Commission Delegated Regulation (EU) 2026/910 entered into force on 31 July 2026.

CRD6: ITS on supervisory reporting of third-country branches published in Official Journal

Commission Implementing Regulation (EU) 2026/1757 laying down implementing technical standards (ITS) on the supervisory reporting of third-country branches (TCBs) under the revised Capital Requirements Directive (CRD6) has been published in the Official Journal.

CRD6 introduces a new framework for TCBs, which requires them to report certain regulatory and financial information to their competent authorities. These include requirements for TCBs to report on their head undertakings and on originated assets and liabilities, which were not included in earlier iterations of the CRD. The ITS comprise two sets of templates: information requirements concerning the TCBs themselves; and information requirements regarding their head undertakings.

Commission Implementing Regulation (EU) 2026/1757 will enter into force on 16 August 2026 and apply from 28 March 2027.

ECB publishes results of 2026 geopolitical risk reverse stress test

The European Central Bank (ECB) has published the results of its 2026 thematic reverse stress test on geopolitical risk, covering 110 euro area banks under ECB supervision.

The stress test asked banks to identify geopolitical risk events that could cause at least a 300-basis point depletion in their Common Equity Tier 1 (CET1) capital. Banks were asked to quantify the impact of these events and outline how they would act to reduce that impact. Banks also identified how these geopolitical risk scenarios would affect their liquidity and funding conditions.

The results will be used in ongoing supervisory dialogue with banks and may contribute to qualitative assessments under the Supervisory Review and Evaluation Process (SREP). The exercise will not result in changes to Pillar 2 guidance or leverage ratio Pillar 2 guidance.

SRB publishes updated operational guidance on business reorganisation plan analysis reports

The Single Resolution Board (SRB) has published updated operational guidance on drawing up business reorganisation plan (BRP) analysis reports, alongside an accompanying quantitative template.

The updated guidance, which does not introduce any new requirements, follows a public consultation from 3 February to 30 March 2026 and responds to an industry request for a publicly available, standardised reference document. Its purpose is to help institutions demonstrate their capabilities to prepare and implement a BRP. The accompanying non-mandatory template sets out a description of the quantitative elements of a BRP analysis report and aims to assist banks in practice.

The SRB's updated guidance is intended to provide banks with a consolidated framework to strengthen crisis preparedness and resolvability, clarify expectations and ensure consistency in reorganisation planning.

FCA publishes package of equity markets transparency reforms

The Financial Conduct Authority (FCA) has published a package of reforms which it intends will improve transparency and access to UK equity markets.

A consultation paper (CP26/31) contains a policy statement laying out the final regulatory framework for a UK equity consolidated tape (CTP). The final rules set out the main requirements for the equity CTP and related obligations for trading venues and approved publication arrangements (APAs). The FCA is seeking feedback on proposals to include systematic internaliser (SI) quotes in the CTP, and views on operating hours and how income sharing should work.

A separate consultation (CP26/30) sets out the FCA's proposals for targeted changes intended to improve transparency and support the effectiveness of the CTP. These include changes to the transparency framework for equity SIs and to reporting rules. The FCA has also launched a market activity reporter for shares as an interim solution while the equity CTP is being established.

Responses to CP26/30 and the proposals on SI quotes in CP26/31 are due by 16 October 2026. Feedback on operating hours and income sharing is due by 18 September 2026.

Confirmation of payee: PSR consults on removing expiry date and expanding scope of Specific Direction

The Payment Systems Regulator (PSR) has published a consultation paper (CP26/2) on amendments to Specific Direction (SD) 17 on the confirmation of payee (CoP) service.

As SD17 is due to expire on 1 November 2026, the PSR proposes removing the expiry date to enable SD17 to remain in force. According to the PSR, allowing SD17 to expire would risk a decrease in participation as there would no longer be a regulatory requirement for payment services providers (PSPs) to provide CoP. The PSR is also seeking views on whether to expand the scope of SD17 to apply to all PSPs that currently offer CoP, including those who have voluntarily adopted it.

Comments are due by 20 August 2026.

Bafin publishes supervisory notice on AML risks of virtual IBANs

The German Federal Financial Supervisory Authority (BaFin) has published a supervisory notice on the risks of virtual IBANs in connection with underground banking (06/2026 (A)), providing guidance on the AML risks associated with virtual IBAN (vIBAN) structures.

A vIBAN is an identifier that resembles an IBAN and enables payments to be allocated and routed to a payment account, where they are booked. The account holder is not necessarily the end customer using the vIBAN. BaFin notes that vIBANs are increasingly popular among fintechs, payment providers, marketplaces and corporates as they may simplify payment reconciliation, cash management and cross-border collections.

The guidance applies immediately and remains in force until the EU AML Regulation (Regulation (EU) 2024/1624) becomes applicable on 10 July

2027. Its key messages are that vIBAN structures can create transparency challenges where the account-holding institution has limited visibility over end customers and beneficial owners, particularly where a German vIBAN is linked to a master account maintained abroad; that BaFin has identified typical risk indicators in connection with vIBANs, including using multiple vIBANs for one master account of a foreign PSP, incomplete customer data, short use of vIBANs or rapid pass-through of funds and complex cross-border payment chains; and that institutions therefore need to assess whether it would be appropriate to use enhanced due diligence, transaction monitoring and governance frameworks to adequately address the risks arising from complex vIBAN models.

Bafin to supervise AI systems linked to regulated financial activities

The mandate of BaFin has been expanded to include market supervision of AI systems used in direct connection with regulated financial activities. This new competence covers credit institutions, insurers and other financial undertakings supervised by BaFin, as well as credit institutions and branches established in Germany that are supervised by the ECB. It is based on the German Act Implementing the Regulation on Artificial Intelligence (*Gesetz zur Durchführung der Verordnung über Künstliche Intelligenz*), which entered into force on 29 July 2026 and, in Article 1, introduces the new AI Market Supervision and Innovation Promotion Act (*KI-Marktüberwachungs-und Innovationsförderungsgesetz – KI-MIG*).

AI systems not directly connected with a regulated financial activity, such as those used in the HR management of financial undertakings, fall within the remit of the Federal Network Agency (*Bundesnetzagentur*).

BaFin will supervise compliance with the AI Regulation (Regulation (EU) 2024/1689), including the rules on prohibited AI practices under Article 5, transparency obligations under Article 50, and measures to ensure AI literacy among staff under Article 4. From 2 December 2027, its remit will also extend to compliance with the requirements for high-risk AI systems, including systems used for assessing the creditworthiness of natural persons and for risk assessment and pricing in life and health insurance.

The rules will be phased in over time: certain AI practices have already been banned since 2 February 2025, transparency obligations start to apply from 2 August 2026, and high-risk AI requirements take effect on 2 December 2027. Breaches may result in significant administrative fines under the AI Regulation, of up to EUR 35 million or 7% of total worldwide annual turnover in the preceding financial year.

Bafin issues circular confirming asset investments are generally not PRIPs

BaFin has issued Circular 08/2026 (WA) 'Asset investments generally not packaged retail investment products under the PRIIPs Regulation', addressed to providers offering asset investments (*Vermögensanlagen*) in Germany, with immediate effect.

The circular clarifies that asset investments generally do not qualify as packaged retail investment products (PRIPs) under Regulation (EU) No 1286/2014 (PRIIPs Regulation). Accordingly, providers are generally not required to publish a PRIIPs key information document (*Basisinformationsblatt – BIB*) but must instead prepare an asset investment information sheet (*Vermögensanlagen-Informationsblatt – VIB*) approved by and filed with BaFin before commencing a public offering.

BaFin generally considers asset investments within the meaning of the German Asset Investments Act (VermAnlG) not to be PRIPs under the PRIIPs Regulation since they typically have the character of an entrepreneurial participation, with their value depending on the economic development of the issuer. Investments under section 1(2) nos. 1–6 VermAnlG are therefore generally not classified as PRIPs, as they either form part of the issuer's equity or have an equity-like character. Investments under section 1(2) nos. 7 and 8 VermAnlG also generally fall outside the scope of the PRIIPs Regulation. However, BaFin has emphasised that each product must be assessed on a case-by-case basis.

HKEX concludes consultation on proposals to enhance listing competitiveness

The Stock Exchange of Hong Kong Limited (SEHK), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEX), has published the conclusions to its March 2026 consultation on proposals to enhance the competitiveness of Hong Kong's listing framework. Having considered the responses to the consultation, the SEHK will adopt the proposals with minor modifications. Amongst others, the key proposals include:

- on weighted voting rights (WVR): (i) to reduce the market capitalisation threshold for listing with a WVR structure from HKD 40 billion to HKD 20 billion (WVR Test A); or (ii) to reduce the market capitalisation threshold for listing with a WVR structure from HKD 10 billion to HKD 6 billion and reduce the revenue requirement for the most recent audited financial year from HKD 1 billion to HKD 600 million (WVR Test B); to allow a weighted voting ratio cap of up to 20 votes per WVR share if the applicant has a market capitalisation of at least HKD 40 billion at listing; to allow WVR shareholding percentage of at least 5% only if it represents an amount of at least HKD 4 billion at listing; to refine the 'innovative' test to explicitly provide a path to listing, with WVR, for non-tech issuers applying a new business model; and to expand the scope of technology companies presumed to be innovative;
- on issuers listed overseas: for issuers with WVR structures, to lower the financial eligibility thresholds to align with the proposed thresholds for primary listings; and for issuers without WVR structures with a good regulatory compliance track record of at least two full financial years on a qualifying exchange, to lower the market capitalisation threshold for listing from HKD 10 billion to HKD 6 billion; and
- on initial listing requirements and listing arrangements: to expand the allowance of US GAAP to subsidiaries of US-listed parents and companies with substantial US business operations; and to expand the non-public filing option to all new applicants.

New Listing Rule requirements will take effect immediately. The SEHK has also published updated guidance to accompany the proposals adopted.

The SEHK has indicated that it will conduct its competitiveness review of the listing framework in phases, with the March 2026 consultation being the first step. A second-phase consultation on further competitive enhancements will be published in due course.

HKMA, SFC, IA and MPFA issue joint circular on cross-sectoral cyber mapping exercise

The Hong Kong Monetary Authority (HKMA), the Securities and Futures Commission (SFC), the Insurance Authority (IA), and the Mandatory Provident Fund Schemes Authority (MPFA) have issued a joint circular to advise the industry on the outcomes of the first production run of the cross-sectoral cyber mapping exercise, which was completed in March 2026.

The first cyber mapping exercise delivered a cyber map that allowed the authorities to visualise how participating financial institutions (FIs) across the banking, retail payment, securities and capital markets, mandatory provident fund and insurance sectors are connected at both business and technology levels. The three key takeaways identified are that there are no new and major 'unknown-unknown' sources of systemic cyber risk, as the cyber map reaffirmed that the largest nodes in the Hong Kong financial system are those FIs, financial market infrastructures, and major technology and data service providers already known to support critical business and technology functions; that certain third-party service providers playing critical roles within their areas of expertise might warrant increased supervisory attention moving forward; and that cyber mapping is a useful risk management tool for the authorities and potentially FIs in the future.

The authorities have indicated that, going forward, they will adopt the cyber map to complement their day-to-day supervisory work, especially in the areas of third-party risk and incident management. The authorities expect to commence the next cyber mapping exercise in 2027-2028.

HKMA issues code of practice chapters regarding valuation in resolution under Financial Institutions (Resolution) Ordinance

The HKMA has issued the following two new chapters of its code of practice on the resolution regime under the Financial Institutions (Resolution) Ordinance (FIRO): VIR-1: the HKMA's Approach to Valuation in Resolution; and VIR-2: Valuation in Resolution Capabilities.

Chapter VIR-1 outlines the valuations required under the FIRO and sets out how the valuations are generally anticipated to be carried out, including the methodologies, process and output. Chapter VIR-2 sets out the HKMA's expectations in relation to the ex-ante capabilities and arrangements an authorised institution should put in place to support timely and robust valuation in resolution (VIR). It also provides guidance on the HKMA's approach to the implementation of such VIR standards.

Separately, as part of a periodic review, the HKMA has issued an updated version of 'RA-1: Operational Independence of the Monetary Authority as Resolution Authority'. According to the HKMA, the changes are housekeeping in nature and include updating outdated information, aligning the chapter's format with that of recently issued code of practice chapters, and fine-tuning the bilingual translation.

Recent Clifford Chance briefings

Clifford Chance Sell Side Horizon Scanner H2 2026

Clifford Chance has prepared a sell-side regulatory horizon scanner providing a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to banks and investment firms.

The horizon scanner also sets out projected timelines for the finalisation and implementation of the relevant developments, covering approximately the next 18 months to 2 years.

https://www.cliffordchance.com/briefings/2026/07/sell-side-regulatory-horizon-scanner-h2-2026.html

Clifford Chance Buy-Side Regulatory Horizon Scanner H2 2026

Clifford Chance has prepared a buy-side regulatory horizon scanner providing a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to investment managers.

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

https://www.cliffordchance.com/briefings/2026/07/buy-side-regulatory-horizon-scanner-h2-2026.html

Clifford Chance Regulatory Horizon Scanner: Fintech firms – Europe H2 2026

Clifford Chance has prepared a regulatory horizon scanner providing a high-level overview of key ongoing and expected EU and UK regulatory developments relevant to firms in the fintech sector, which include key financial markets developments, such as EU and UK wholesale markets reforms; digital assets legislation and initiatives, such as the EU's MiCA, UK cryptoasset and stablecoin regulation, EU and UK sandboxes, and progress towards the Digital Euro and Digital Pound; and key cross-sectoral developments that impact all firms across the financial services sector, such as reforms to payments and 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.

https://www.cliffordchance.com/briefings/2026/07/regulatory-horizon-scanner--fintech-firms---europe-h2-2026.html

Critical minerals in Latin America - a strategic outlook for investors

Latin America presents a strong opportunity for investors in critical minerals. It combines mature mining jurisdictions with opportunities in frontier markets, mineral-rich geologies and investment liberalisation. However, resource nationalism is rising and environmental, social and political risks remain. A successful investment strategy requires detailed local knowledge and a project-specific assessment.

Clifford Chance has prepared a briefing paper setting out the key opportunities, risks and mitigation strategies for investors.

https://www.cliffordchance.com/briefings/2026/07/critical-minerals-in-latin-america--a-strategic-outlook-for-inve.html