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CRD6: EBA consults on draft RTS for reclassification of investment firms as credit institutions

The European Banking Authority (EBA) has launched a consultation on three sets of draft regulatory technical standards (RTS) on the reclassification of investment firms as credit institutions when they exceed the EUR 30 billion total assets threshold under the Capital Requirements Directive (CRD6). The proposals set out how total assets should be calculated for these purposes, how this should be reported to competent authorities and when competent authorities may grant a waiver.

Comments are due by 25 November 2026.

CRR3: EBA consults on draft RTS on operational risk management framework

The EBA has published a consultation paper on draft RTS specifying the operational risk management framework for institutions under Article 323 of the Capital Requirements Regulation (CRR3).

The draft RTS outline three main components of the framework: governance arrangements; the operational risk management process; and the operational risk management system. The draft RTS also set requirements for operational risk data and taxonomy, reporting systems, validation and audit processes. They clarify the role of management and the independent operational risk management function in implementing and monitoring the framework. To ensure coherence with the existing EU regulatory framework, the draft RTS require institutions to integrate ICT risk management into the broader operational risk management framework, while allowing them to rely on policies already established under the Digital Operational Resilience Act (DORA).

The draft RTS apply to all institutions, but institutions with a business indicator under EUR 750 million will benefit from a lower frequency of reviews and reporting, a lesser level of granularity for their operational risk data, loss thresholds, and operational risk taxonomy.

Responses are due by 31 December 2026.

Bank of England to be given new secondary objective to support payments innovation

The UK Government has announced that it intends to give the Bank of England (BoE) a new secondary objective of supporting innovation in payment systems and emerging forms of digital money.

The BoE has a primary objective to protect and enhance UK financial stability. The new secondary innovation objective will be subordinate to this and will not require the BoE to support innovation where doing so would undermine financial stability.

The BoE already has a secondary objective to facilitate innovation when regulating central counterparties and central securities depositories. That approach is being extended to its regulation of payment systems, including those using digital settlement assets such as stablecoins.

The BoE will report annually to Parliament on how it is advancing the innovation objective.

The Government expects to implement this change through amendments to the Financial Services and Markets Bill, which will next be debated in the House of Lords on 7 and 9 September.

BaFin publishes MaRisk for small and medium-sized investment firms

The German Federal Financial Supervisory Authority (BaFin) has issued a circular (09/2026 (WA)) on the Minimum Requirements for Risk Management at Investment Firms (WpI MaRisk).

The WpI MaRisk are addressed to small and medium-sized investment firms. They replace the previous practice of applying the circular on the Minimum Requirements for Risk Management (MaRisk (BA)) for credit institutions correspondingly, thereby providing greater transparency and legal certainty.

The WpI MaRisk will enter into force on 1 January 2027. Until then, small and medium-sized investment firms remain subject to the MaRisk (BA), although they may take into account the amendments introduced by the 9th MaRisk Amendment (BaFin Circular 06/2026) during the transitional period. Large investment firms will continue to be subject to the MaRisk (BA).

Australian Government provides further implementation details about protecting consumers in superannuation system measure

The Australian Government has published a fact sheet announcing further reforms to strengthen consumer protections and build the resilience of the Australian superannuation and financial system. The reforms are intended to:

- make the financial system safer by strengthening protections across the superannuation, advice and investment ecosystem;
- improve access to safe, secure financial advice and guidance so Australians can navigate an increasingly complex retirement system with greater confidence; and
- place the Compensation Scheme of Last Resort (CSLR) on a firmer and fairer footing so it can continue to provide meaningful protection when all other safeguards have failed.

The six key reform areas are:

- protections for members of Australian Prudential Regulation Authority (APRA)-regulated superannuation funds – caps on advice fees deducted from member accounts, increased civil penalties to 50,000 penalty units, and APRA capital requirement powers for trustees offering higher-risk investment options;
- protections in the self-managed superannuation fund (SMSF) sector – Australian Taxation Office (ATO) power to prevent rollovers where fraud/financial abuse is being investigated, additional information collection on SMSF establishment, reporting to SMSF trustees on underperformance, and requirements for uniquely identifiable bank accounts and written investment strategies from inception;
- addressing harmful lead generation – ban on unlicensed real-time communications about superannuation, stricter consent requirements, strengthened anti-hawking provisions, and licensee oversight obligations;
- enhanced managed investment schemes (MIS) governance – mandatory Australian Securities and Investments Commission (ASIC) notification when freezing or limiting investor redemptions, and mandatory standards for MIS compliance plan auditors;
- financial advice reforms – new class of adviser regime for superannuation and life insurance entities, safeguards against vertical integration, and removal of onerous safe harbour requirements to facilitate scaled advice; and

- CSLR reforms – payments limited to compensating for actual losses from 30 June 2027, a waterfall special levy mechanism, SMSF contributions to the levy, and expanded statutory recovery rights.

APRA to strengthen superannuation investment governance

The Australian Government has announced a proposed compensation scheme to provide superannuation members with a clearer pathway to compensation where significant losses arise because trustees have failed to meet their obligations.

Under the Government's proposal, APRA would establish capital requirements for trustees offering higher risk investment options. These requirements are intended to ensure trustees have the financial capacity to meet their obligations under the proposed compensation scheme. APRA has indicated that it will consult on the detailed design of the framework once the Government has finalised the relevant legislation.

The proposed compensation scheme will complement APRA's broader work to strengthen investment governance in superannuation. As part of this work, APRA intends to consult in September 2026 on a package of reforms aimed at enhancing investment governance standards and reducing the risk of member harm. The proposals address many of the shortcomings that were identified by APRA in its 2025 review of industry practices covering around 95% of platform assets under management. The reforms would strengthen requirements across eight areas covering the full investment management lifecycle, including:

- ensuring that a trustee's investment management capability is commensurate to the complexity of their investment menu;
- addressing weaknesses in onboarding, monitoring and offboarding practices;
- addressing material conflicts and improving member-level diversification; and
- strengthening trustee oversight and accountability.

The proposed investment governance reforms would apply to all trustees. However, the impact is expected to be most significant for platform trustees, given their investment menus are typically broader, platform products are more complex, and financial advisors can play a larger role in selecting and recommending investment options. APRA has indicated that the proposals will have a limited impact on trustees with strong investment governance and simpler business models.

APRA publishes 2026-27 Corporate Plan

APRA has published its 2026-27 Corporate Plan, outlining its strategic priorities for the next four years and its policy and supervisory agenda for the coming 12 to 18 months. The latest corporate plan emphasises the need for banks, insurers and superannuation trustees to ensure their risk management practices keep pace with a rapidly evolving threat environment.

The Corporate Plan is centred on three strategic priorities: (a) maintaining financial system safety and stability, (b) getting the balance right, and (c) improving APRA's organisational effectiveness.

APRA's supervision priorities for 2026-27 include:

- ensuring regulated entities are strengthening their resilience to AI-enabled cyber threats, and stepping up APRA's focus on quantum computing risks;
- assessing how entities identify, assess and manage risks associated with industry's concentrated reliance on common technology platforms and material service providers;
- reinforcing minimum expectations for managing geopolitical risk and subjecting entities to more intensive supervision to ensure gaps are addressed in a timely manner;
- undertaking targeted thematic reviews of banks' lending practices to ensure they remain prudent, given the potential for less favourable economic conditions;
- commencing work on a new system-risk stress test to further strengthen APRA's understanding of risks from linkages between sectors and the overall impact for financial stability; and
- requiring selected large superannuation trustees to appoint an independent party to undertake a deep dive review of their valuation governance practices.

The corporate plan also outlines key policy priorities, including:

- consulting on a package of superannuation reforms including the development of a risk sensitive capital framework to support the Government's proposed new member compensation scheme;
- finalising new governance requirements for banks, insurers and superannuation trustees, which are expected to take effect from the beginning of 2028;
- finalising targeted changes to the bank capital framework, while commencing consultation on revisions to bank liquidity standards;
- jointly consulting with ASIC on proposed changes to the Financial Accountability Regime to reduce the administrative burden for industry without undermining accountability standards; and
- developing a new prudential framework for large stored value facility providers and working with ASIC on joint guidance to support implementation (subject to the Government finalising relevant reforms).

HKMA issues implementation guidance on Banking (Capital) Rules

The Hong Kong Monetary Authority (HKMA) has revised the supplementary guidance on its revised credit risk framework under the Banking (Capital) Rules (BCR). The revisions are primarily intended to address the findings of the recent Regulatory Consistency Assessment Programme conducted by the Basel Committee on Banking Supervision to assess Hong Kong's compliance with the Basel III final package, and clarify certain requirements under the BCR. The revisions include the following:

Chapter III (standardised credit risk (STC) approach)

- a new Q&A 125 to clarify the information requirement for using the look-through approach to calculate the risk-weighted amount of equity investments in funds;

- a new Q&A 149 to spell out the operational requirements determining whether a guarantee that allows settlement by a payment based on estimated loss is recognised for capital calculation under the BCR; and
- the reinstatement of Q&A 151 related to the treatment of credit derivative contracts under the International Swaps and Derivatives Association (ISDA) Big Bang Protocol; and

Chapter IV (internal ratings-based (IRB) approach)

- a new paragraph in Q&A 58 to better align with the Basel standard on the operational requirements for treating commercial and residential real estate as recognised IRB collateral.

Revisions with respect to Chapter III (STC approach) and Chapter IV (IRB approach) are set out in Annexes 1 and 2 to the circular, respectively.

HKMA updates smart tips on treatment of politically exposed persons

The HKMA has issued a circular to share with the industry an updated version of its smart tips on the treatment of politically exposed persons (PEPs).

Following the issuance of its smart tips in November 2025, the HKMA has been monitoring the effective implementation of the practical guidance on risk-based anti-money laundering and counter-financing of terrorism (AML/CFT) controls for PEPs. The HKMA's engagements with authorised institutions (AIs) and stored value facility (SVF) licensees generally indicate that, while there remains room for improvement, institutions have proactively enhanced their PEP related AML/CFT controls to meet the HKMA's expectations around proportionality and the need to treat PEPs fairly. The HKMA has observed additional good practices, which have been incorporated into the updated version of the smart tips.

The HKMA notes that some institutions are exploring technology solutions, including the use of artificial intelligence, to improve the customer experience during PEP related reviews. The HKMA will continue to support such efforts through its ongoing AML/CFT technology adoption support programme.

The HKMA expects AIs and SVF licensees to consider adopting the updated good practices as part of their ongoing efforts to improve PEP related AML/CFT controls. The HKMA plans to conduct a round of thematic examinations later in 2026 and to share its observations and further examples of good practices where available.