Clifford Chance

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CRA Regulation: EU Commission adopts two delegated regulations on rating methodologies

The EU Commission has adopted two Delegated Regulations relating to credit rating methodologies under the Credit Rating Agency (CRA) Regulation.

The first Delegated Regulation amends the regulatory technical standards (RTS) laid down in Commission Delegated Regulation (EU) No 447/2012 to extend the scope of the European Securities and Markets Authority (ESMA)'s review to encompass the full lifecycle of credit rating methodologies and clarify what those methodologies must include. It requires CRAs to disclose the qualitative and quantitative factors underpinning their methodologies, as well as how these factors have been weighted and whether environmental, social and governance (ESG) considerations have been incorporated.

The second Delegated Regulation amends Annex I to the CRA Regulation to require CRAs to establish clear processes for validating their methodologies, and requires CRAs to disclose the methodologies they use and how they validate these. It also introduces a new disclosure obligation that requires CRAs to highlight ESG factors driving ratings or outlooks.

The Delegated Regulations will come into force on the twentieth day following their publication in the Official Journal and will apply 12 months from that day.

MAR: EU Commission adopts delegated regulation on buy-back programmes and stabilisation measures to reflect Listing Act changes

The EU Commission has adopted a Delegated Regulation amending the RTS on buy-back programmes and stabilisation measures set out in Commission Delegated Regulation 2016/1052.

The Listing Act amended Article 5 of the Market Abuse Regulation (MAR) to simplify the conditions applicable to buy-back transactions with regard to their reporting to competent authorities and their subsequent public disclosure. The amendments to Delegated Regulation 2016/1052 are intended to reflect these changes.

The Delegated Regulation further amends Delegated Regulation (EU) 2016/1052 to:

- allow for the reporting of buy-back transactions in aggregated form only; and
- align the disclosure and reporting regime for stabilisation measures with that applicable to buy-back programmes.

The Delegated Regulation will enter into force on the twentieth day following that of its publication in the Official Journal.

EMIR 3: EU Commission adopts RTS on margin transparency

The EU Commission has adopted a Delegated Regulation setting out RTS on margin transparency under the review of the European Market Infrastructure Regulation (EMIR 3).

The RTS set out the requirements regarding margin simulations and the type of information to be provided by central counterparties (CCPs) and clearing service providers (CSPs) regarding their margin models.

The Delegated Regulation will come into force on the twentieth day following its publication in the Official Journal.

EU Commission launches targeted consultation on limited assurance standards for sustainability reporting

The EU Commission has launched a targeted consultation to inform its preparation of a delegated act setting out limited assurance standards for sustainability reporting.

Under the Accounting Directive (2013/34/EU), as amended by the Corporate Sustainability Reporting Directive (CSRD) and by the Omnibus I Directive ((EU) 2026/470), certain undertakings are required to report in accordance with the European Sustainability Reporting Standards (ESRS), as revised in 2026. To ensure that this sustainability reporting is credible, the information must be independently reviewed by an external reviewer, in a process known as 'assurance'. Assurance is intended to give investors, business partners and other users confidence in the sustainability information companies disclose.

The Commission is required to adopt, no later than 1 July 2027, a delegated act setting out limited assurance standards specifying the procedures that auditors and assurance providers are to follow to reach their conclusions on the assurance of sustainability reporting, including engagement planning, consideration of and response to risks, and the type of conclusion to be provided. These standards are intended to ensure that an assurance conclusion carries the same meaning and quality wherever in the internal market the engagement takes place.

Comments are due by 18 January 2027.

EBA outlines updated proposals for supervisory reporting simplification and extended implementation timelines

The European Banking Authority (EBA) has updated its proposals to simplify EU supervisory reporting and extend implementation timelines.

The EBA consulted on its draft implementing technical standards (ITS) on supervisory reporting from April to July 2026. Building on the feedback received during the consultation and discussions with industry stakeholders, the EBA has proposed the following in its final package:

- further simplification of reporting templates, including a reduction of collateral reporting, stress testing and ESG-related reporting and the removal of selected reporting thresholds;
- integration of credit risk and IFRS 9 benchmarking reporting into the reporting framework;
- simplified granular operational risk loss reporting;
- a dedicated reporting module for stress-testing; and
- longer implementation timelines. The first reference date for new requirements will be postponed to December 2027, while selected reporting areas will be deferred to December 2028.

The EBA is also working with national competent authorities to reduce reporting burdens beyond the EBA framework, for example by reducing overlapping national and supervisory data requests where information is already collected through the EBA reporting framework.

The EBA will publish the final report on the draft ITS package in December 2026 and submit it to the EU Commission for adoption. It will publish the accompanying technical package to support implementation in early 2027. There will be at least a one-year implementation period before the application of the new requirements, with selected reporting areas having longer implementation periods.

EBA publishes methodology for 2027 EU-wide stress test

The EBA has published the final methodology, draft templates and template guidance for its 2027 EU-wide stress test.

The stress test will assess the resilience of Europe's largest banks when faced with severe hypothetical economic and financial crises. The EBA has reduced the number of data points banks are required to submit by 55%, mainly by simplifying the templates and aligning them more closely with supervisory reporting. For the first time, the exercise will also include a dedicated module assessing climate risks.

The stress test is due to launch at the end of January 2027, following publication of the macroeconomic and climate scenarios. Banks will submit results between April and early July 2027, with the EBA expected to publish the final results by the end of July 2027.

Basel Committee consults on additional Pillar 2 guidance on interest rate risk in the banking book

The Basel Committee on Banking Supervision (BCBS) has launched a consultation on proposed additional Pillar 2 guidance on interest rate risk in the banking book (IRRBB). The proposals respond to shortcomings the BCBS has identified in banks' management of IRRBB, particularly during periods of elevated inflation, sharp interest rate increases and heightened market volatility.

The proposed guidance would complement the existing IRRBB framework by strengthening expectations for banks' risk management and supervisory oversight. It includes additional guidance on model risk management and validation, stress testing, IRRBB controls, the treatment of embedded gains and losses in securities portfolios, and short- and medium-term earnings indicators.

Comments are due by 9 February 2027.

Draft Financial Services and Markets Act 2023 (Central Counterparties Compensation Scheme) (Independent Valuers) Regulations 2026 laid

The draft Financial Services and Markets Act 2023 (Central Counterparties Compensation Scheme) (Independent Valuers) Regulations 2026 have been laid in Parliament according to the affirmative procedure.

The draft Regulations relate to the appointment of independent valuers who can determine whether compensation is due to relevant persons in the event of the failure of a central counterparty (CCP). They set out the

criteria that HM Treasury must follow for the selection and appointment of an independent valuer. The Regulations also set out the principles that the independent valuer must follow once appointed, and create a requirement for the independent valuer to produce a report detailing the outcomes of the valuation process.

Subject to parliamentary approval, the Regulations are expected to come into force on the day after the day on which they are made. The Central Counterparties Special Resolution Regime Code of Practice will be updated following the Regulations coming into force.

PRA publishes second policy statement on large exposures framework

The Prudential Regulation Authority (PRA) has published a second policy statement (PS20/26) on amendments to the large exposures framework. PS20/26 follows PS14/25 (Amendments to the Large Exposures Framework – Part 1), published on 17 July 2025, and sets out additional feedback received to the PRA's consultation paper on the large exposures framework (CP14/24) as well as its final policy.

The changes are intended to strengthen the framework, improve alignment with the Basel standards which have been implemented by other jurisdictions and address areas where the UK framework diverged from these standards.

The changes to the PRA Rulebook and related policy materials set out in PS20/26 will take effect on 1 January 2028.

Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) (Amendment) Rules 2026 gazetted

The Hong Kong Government has gazetted the Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) (Amendment) Rules 2026 (Clearing Amendment Rules).

The Clearing Amendment Rules are intended to provide standardised calculation periods for each year for over-the-counter (OTC) derivatives transactions to enable more effective internal planning for market participants. The amendment also removes the need for recurring legislative amendments to add new calculation periods each year and gives prescribed persons greater certainty.

Under the Clearing Amendment Rules, to be effective from 1 March 2027 onwards, the two designated calendar periods are 1 March to 31 May and 1 September to 30 November in each year, the respective prescribed days are 1 January and 1 July of the following calendar year.

The Securities and Futures Commission (SFC) has reminded licensed persons that, where their average total position in OTC derivatives during a calculation period reaches the corresponding clearing threshold (which is set at USD 20 billion for each calculation period), relevant OTC derivative transactions they enter on and after the corresponding prescribed day must be centrally cleared in accordance with the Clearing Rules, and that they are responsible for ensuring compliance with the applicable clearing rules.

Subject to negative vetting by the Legislative Council, the Clearing Amendment Rules will be effective on 1 March 2027.

SFC concludes consultation on further restricting use of misleading names by unregulated entities to protect investors

The SFC has published the conclusions to its June 2025 consultation on legislative proposals to further restrict unregulated entities from improperly adopting names that may falsely suggest they are regulated entities.

The SFC notes that respondents broadly supported the proposals to expand the current list of restricted titles under the Securities and Futures Ordinance (SFO) and to introduce a similar provision under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO). Respondents also suggested establishing a mechanism that will enable faster updates to the list of restricted titles. The SFC agreed with the suggestion and has revised its proposals accordingly.

To facilitate the understanding of and compliance with the proposed requirements, the SFC has also updated its FAQs on proposals (subjective to legislative approval) to further restrict use of misleading names. The SFC will proceed to finalise the legislative amendments to the SFO and AMLO, with a view to introducing a bill into the Legislative Council for consideration and approval.

Recent Clifford Chance briefings

Proposed regulations would bring significant expansion of the US Outbound Investment Security Program

On 22 October 2026, the US Department of the Treasury released a Notice of Proposed Rulemaking setting forth proposed regulations to implement Subtitle C of the Comprehensive Outbound Investment National Security (COINS) Act, enacted last December as part of the Fiscal Year 2026 National Defense Authorization Act. The US Outbound Investment Security Program (OISP) has been in effect since 2 January 2025, implementing Executive Order 14105, 'Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern.' The COINS Act codified the OISP into law and requires Treasury to issue implementing regulations by 13 March 2027. The Proposed Rule would replace the existing OISP regulations and introduce amendments thereto, while retaining the core existing structure that prohibits certain investments by US persons and requires notification to Treasury of others involving a company or other person tied to countries of concern and engaged in certain sensitive technology activities. Notably, the Proposed Rule contemplates a number of key changes to the existing OISP, including most significantly newly prohibiting certain US investments in the biotechnology space and much more broadly prohibiting AI-related investments. The Proposed Rule also expands the application of 'covered foreign entities' in a manner that would increase compliance obligations and program requirements as knowledge of the covered foreign entity would be included in what a US person knows, or should know, in terms of whether it is engaging in OISP-subject activities.

Clifford Chance has prepared a briefing paper discussing the key proposed changes to the current OISP.

https://www.cliffordchance.com/briefings/2026/11/proposed-regulations-would-bring-significant-expansion-of-the-us-outbound-investment-security-program.html

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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