

FINANCIAL REGULATION WEEKLY BULLETIN

Major UK and European regulatory developments of interest to banks, insurers and reinsurers, asset managers and other market participants

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Slaughter and May also produces a periodical Insurance Newsletter. If you would like to go on the distribution list, please contact:
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GENERAL //

1 HM TREASURY

1.1 **Financial services AI champions - industry figures appointed by HM Treasury - 30 January 2026** - HM Treasury has announced the appointment of Harriet Rees, Group Chief Information Officer at Starling Bank, and Dr Rohit Dhawan, Group Director and Head of AI and Advanced Analytics at Lloyds Banking Group, as joint 'AI Champions for Financial Services'. Rees and Dhawan will report directly to Lucy Rigby, Economic Secretary. They have been tasked with helping firms "seize the huge potential of AI in financial services" and exploring "ways to accelerate safe adoption at scale, identify where innovation can move faster, and tackle barriers holding firms back". The appointments took effect from 20 January 2026.

[Terms of reference](#)

[Press release](#)

1.2 **The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 - 4 February 2026** - The Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2026 (SI 2026/102) have been made and published on *legislation.gov.uk*, alongside an explanatory memorandum.

The Regulations deliver the UK's financial services regulatory framework for cryptoassets by amending the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (RAO); more specifically, they define the principal categories of cryptoassets that will be regulated for these purposes (namely, 'qualifying cryptoassets', 'qualifying stablecoin' - a subset of qualifying cryptoassets - and 'specified investment cryptoassets'). The Regulations also specify certain activities related to cryptoassets as regulated activities, such that any person carrying on those activities by way of business needs to be authorised. These new regulated activities include, among others, issuing qualifying stablecoins and safeguarding of qualifying cryptoassets and relevant specified investment cryptoassets, as well as dealing as principal or agent or arranging deals in qualifying cryptoassets. In addition, the Regulations introduce new designated activities under Part 5A of FSMA on offering a relevant qualifying cryptoasset to the public and admitting a cryptoasset to trading on a regulated platform. Finally, they establish a market abuse framework for relevant qualifying cryptoassets, with the FCA granted power to specify activities as legitimate cryptoasset market practice.

The Regulations will come into force on 25 October 2027, which is the commencement date of the new regime.

[Webpage](#)

[The Financial Services and Markets Act 2000 \(Cryptoassets\) Regulations 2026](#)

[Explanatory memorandum](#)

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2 FINANCIAL CONDUCT AUTHORITY

2.1 UK sustainability reporting standards - FCA consults on requirements for listed companies - 30 January 2026 - The FCA has published a consultation paper (CP26/5) on replacing the current Task Force on Climate-related Financial Disclosures (TCFD)-aligned listing rules with requirements for in-scope listed companies to report against the UK Sustainability Reporting Standards (SRS).

Listed companies that are currently subject to the TCFD-aligned rules are within the scope of the proposed new rules, including companies in the commercial companies (UKLR 6), non-equity shares and non-voting equity shares (UKLR 16), and transition (UKLR 22) categories (with some variation depending on the category). Listed companies in the closed-ended investment funds (UKLR 11) and open-ended investment companies (UKLR 12) categories (among others) are not within scope. Under the proposed new rules, reporting against UK SRS 2 would be mandatory; reporting against UK SRS 1 would be on a 'comply or explain' basis. Scope 3 emissions data would continue to be reported on a 'comply or explain' basis. In-scope companies would also be required to disclose whether they have published a transition plan and, if not, the reason why.

The consultation closes on 20 March 2026.

[FCA consultation paper: Aligning listed issuers' sustainability disclosures with international standards \(CP26/5\)](#)

[Webpage](#)

BANKING AND FINANCE //**3 PRUDENTIAL REGULATION AUTHORITY**

3.1 Management of risks from principal trading firms - PRA publishes speech - 2 February 2026 - The PRA has published a speech given by Rebecca Jackson, PRA Executive Director, Authorisations, Regulatory Technology and International Supervision, on the growing importance of specialist electronic market makers and liquidity providers, referred to as 'principal trading firms' (PTFs).

Jackson explains that PTFs now compete with banks in market segments such as FX and credit. They have largely displaced banks as the core market makers on organised venues in other 'agency style' or commission-based markets such as cash equities and equity ETFs. At the same time, PTFs rely on banks for financial leverage, clearing, treasury and payment facilities, and market access. These interconnections mean that the risks from proprietary trading come back to the banking sector, albeit indirectly.

While the PRA has seen good progress among banks on improving their client due diligence risk disclosure frameworks, in some cases, PTF clients do not fit within internal client categorisation definitions. Jackson also notes that, while many PTFs have regulated broker dealers in their groups, they may make use of unregulated group companies to hold risk positions. As such, it is

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important for banks to require at least similar levels of risk disclosures from PTFs as they do from hedge funds to manage their exposures to these clients. Banks exposed to intra-day risks from PTF clients should satisfy themselves that their clients' trading systems controls (including relevant technology change management processes), are operationally sound and robust.

The PRA plans to carry out more work with banks on the adequacy of their counterparty risk management frameworks this year, particularly on their control of intra-day risks.

Speech

3.2 Future banking data - PRA publishes discussion paper - 4 February 2026 - The PRA has published a discussion paper (DP1/26) on the collection of regulatory data from firms, with a view to making incremental changes over the coming years.

DP1/26 explains how the PRA currently collects regulatory data on capital and liquidity, credit quality and market and counterparty risk (among others) and uses it for supervisory, operational and policy purposes. It has identified four areas which might benefit from streamlining, modernisation or other improvements. First, the PRA's data estate represents the accumulation over time of multiple data collections serving different requirements. The supervisory and regulatory value of some of these collections will have evolved and some collections may now generate less value than was intended when they were designed. Second, there is potential to make collection processes clearer and more coherent. Third, firm feedback suggests that PRA reporting instructions could be made clearer. Fourth, new and revised data are needed in some areas to support mitigation of new and emerging risks or to close known gaps.

The PRA's work in this context is informed by the PRA's approach to reporting as part of its strong and simple framework for small domestic deposit takers.

Responses to DP1/26 are required by 5 May 2026, after which the PRA intends to work with firms to develop a roadmap for reform.

[PRA discussion paper \(DP1/26\)](#)**4 BANK OF ENGLAND**

4.1 Third resolvability assessment framework - Bank of England publishes 'Dear CFO' letter - 2 February 2026 - The Bank of England (the Bank) has published a 'Dear CFO' letter from Ruth Jones, Executive Director of the Resolution Directorate, to major UK banks on their preparations for the third Resolvability Assessment Framework (RAF) assessment, planned for 2026-27.

The RAF assesses banks' overall ability to achieve the three resolvability outcomes (namely, having adequate financial resources in the context of resolution; being able to continue to do business through resolution and restructuring; and being able to co-ordinate and communicate effectively so that resolution and subsequent restructuring are orderly). The third RAF assessment will also assess progress made by banks in remediating issues identified in previous assessments and include targeted testing of banks' capabilities under the continuity and restructuring outcome.

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Banks are required to provide specific information in their resolution assessment reports, which are due by 2 October 2026. The third RAF assessment will conclude in June 2027 with publication of bank-specific and thematic findings, as well as banks' RAF disclosures. The findings will be published in a similar manner to previous assessments.

Separately, the CFO letter refers to the Bank of England's plans to review the calibration of the scalar applying to the internal minimum requirement for own funds and eligible liabilities (MREL) for ring-fenced banks or other entities at the top level of a material sub-group with a ring-fenced bank. This is due to take place in the second half of 2026.

[Dear CFO letter](#)[Website](#)

5 FINANCIAL CONDUCT AUTHORITY

5.1 **Premium finance market study - FCA publishes final report - 3 February 2026** - The FCA has published its final report in connection with a market study (MS24/2), launched in October 2024, examining the provision of motor and home insurance premium finance.

In July 2025, the FCA set out its interim findings, as previously reported in this Bulletin, noting that it would investigate higher-priced products more closely to determine whether they are offering fair value, examine commission and clawback more closely, and investigate whether customers can effectively compare premium finance and other credit products before reaching a conclusion on possible interventions.

The final report concludes that further rule changes or other market wide interventions are not needed at this stage. The findings suggest that changes can be driven through direct supervisory engagement as well as reliance on the Consumer Duty (notably its expectations around fair value). Annual Percentage Rates (APRs) have already reduced by 4.1 percentage points on average since 2022, while for firms challenged directly, the average APR reduction was 7.0 percentage points.

[FCA final report: Market study into the provision of premium finance for motor and home insurance customers \(MS 24/2\)](#)

[Webpage](#)[Blog](#)[Press release](#)

6 FINANCIAL CONDUCT AUTHORITY AND SOLICITORS REGULATION AUTHORITY

6.1 **Motor finance commission claims - FCA and SRA issue joint warning to CMCs and law firms - 4 February 2026** - The FCA and the Solicitors Regulation Authority (SRA) have published a joint statement addressed to claims management companies (CMCs) and law firms representing

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consumers in motor finance commission claims. The FCA has also published a Dear CEO letter sent to motor finance lenders.

In the statement, the FCA and the SRA remind CMCs and law firms to have robust checks in place to ensure consumers do not have multiple representatives for the same claim. The FCA and the SRA also set out how they expect CMCs and law firms to approach termination fees (including, for FCA-regulated firms, ensuring that they provide fair value under the Consumer Duty). The FCA's Dear CEO letter explains what lenders should do to address the risk of harm where multiple representatives are appointed for a claim.

[FCA/SRA joint statement: Multiple representation and excessive termination fees in motor finance commission claims](#)

[Dear CEO letter](#)

[Press release](#)

7 SINGLE RESOLUTION BOARD

7.1 **[Business reorganisation plan analysis report guidance - SRB consults - 3 February 2026](#)** - The Single Resolution Board (SRB) has published for consultation a draft version of its operational guidance on business reorganisation plan (BRP) analysis reports. The proposed guidance aims to streamline existing requirements into a single document and does not set new expectations. It includes clarifications to help banks comply with principle 7.3 of the SRB's Expectations for Banks.

The SRB has also published a BRP analysis report template, which can be used as evidence of a bank's ability to produce the minimum elements of a BRP and ongoing implementation progress reports. The guidance and template are designed to assist banks' resolvability self-assessments and are consistent with the operational guidance on resolvability self-assessment and testing, finalised in August and September 2025.

The deadline for responses to the consultation is 30 March 2026. The SRB will meet on 3 March 2026 with the banking industry and other relevant stakeholders to discuss the proposed guidance.

[SRB public consultation: Business reorganisation plan analysis report guidance](#)

[Operational guidance on the Business Reorganisation Plan Analysis Reports](#)

[Press release](#)

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SECURITIES AND MARKETS //

8 FINANCIAL STABILITY BOARD

8.1 **Vulnerabilities in government bond-backed repo markets - FSB publishes report - 4 February 2026** - The Financial Stability Board (FSB) has published a report on vulnerabilities in government bond-backed repo markets (noting that this constitutes the vast majority of collateral used by market participants).

Three potential sources of structural vulnerabilities within repo markets are the risk that they can facilitate the build-up of leverage, imbalances of supply and demand arising quickly in periods of stress, and their highly concentrated nature. The report also refers to sources of potential contagion risk, including the fact that leveraged financial institutions may expose their counterparties to credit risk. The report suggests several measures to tackle these vulnerabilities, including closing data gaps, strengthening surveillance capabilities and addressing liquidity imbalances and leverage by taking into account international standards, such as the FSB's recommendations on leverage in non-bank financial intermediation and global securities financing.

[FSB report: Vulnerabilities in government bond-backed repo markets](#)

[Webpage](#)

[Press release](#)

9 EUROPEAN COMMISSION

9.1 **FX benchmarks under BMR - European Commission consults on exemptions - 2 February 2026** - The European Commission has published for consultation a draft Commission Implementing Regulation setting out a list of spot foreign exchange (FX) benchmarks that are exempt from application under the Benchmarks Regulation ((EU) 2016/1011) (BMR). The Commission explains that the Regulation intends to ensure continued access to spot FX benchmarks used for hedging purposes, even where the administrators of these rates do not have the incentive to comply with the BMR.

The consultation closes on 2 March 2026.

[Draft Implementing Regulation on spot FX benchmarks exempt from application under the BMR](#)

10 EUROPEAN SECURITIES AND MARKETS AUTHORITY

10.1 **2027-2029 programme of work - published by ESMA - 29 January 2026** - ESMA has published its 2027-2029 programming document (ESMA22-50751485-1625).

Among other things, the programming document describes the general context in which ESMA will be operating, noting future work on implementing the Savings and Investment Union (SIU).

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The document also notes that ESMA's direct supervisory responsibilities are expanding (for example, in relation to consolidated tape providers, ESG rating providers and critical ICT third-party providers). ESMA recognises that ensuring adequate resourcing will be important to continue to fulfil its objectives.

[ESMA programming document 2027-29](#)

ASSET MANAGEMENT //

11 HM TREASURY

11.1 The Financial Services and Markets Act 2000 (Regulated Activities) (Providing Targeted Support) (Amendment) Order 2026 - 30 January 2026 - The Financial Services and Markets Act 2000 (Regulated Activities) (Providing Targeted Support) (Amendment) Order 2026 (SI 2026/74) (the Order) has been published, alongside an explanatory memorandum.

The Order amends the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (RAO) to create a new specified activity of providing targeted support for the purposes of section 22 of the Financial Services and Markets Act 2000 (FSMA). It provides a definition of 'targeted support' and distinguishes it from 'advising on investments' as defined by Article 53 of the RAO, by providing that recommendations made by way of targeted support are not treated as recommendations made by way of Article 53.

Firms providing targeted support will be subject to bespoke conduct standards distinct from the requirements that apply to firms that are advising on investments. Further detail on the proposed conduct standards for targeted support are set out in the FCA's policy statement on targeted support, published in December 2025, as previously reported in this Bulletin.

The government intends to introduce further legislative changes related to targeted support later in 2026, to ensure the regime operates effectively, including technical changes to ensure alignment between the regulation of targeted support and advising on investments in relevant secondary legislation.

The Order will come into full force on 6 April 2026.

[Statutory instrument](#)

[Explanatory memorandum](#)

INSURANCE //

12 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

12.1 Use of GenAI - EIOPA publishes market study findings - 2 February 2026 - The European Insurance and Occupational Pensions Authority (EIOPA) has published a report (dated 1 February

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2026) on the findings from a market study on the use of generative AI (GenAI) across the EU insurance sector.

According to the findings, GenAI adoption is widespread and growing rapidly, although most use cases are at a proof-of-concept stage. Insurers are generally purchasing off-the-shelf solutions or building on third-party models to enhance the efficiency of their internal processes. Data privacy and security concerns are the primary barriers to implementation. Most insurers surveyed are adopting a cautious approach by implementing a controlled scaling of GenAI systems, focusing primarily on internal efficiency use cases, with strong human oversight.

The report also sets out EIOPA's next steps in this context, including an assessment of the impact of the EU AI Act ((EU) 2024/1689) in the insurance sector as well as working on the implementation of the Digital Operational Resilience Act (DORA).

[EIOPA report: Use of GenAI across EU insurance sector](#)**[Press release](#)**

12.2 Authorisation and supervision of insurers owned by PE firms - EIOPA consults on supervisory statement - 3 February 2026 - The European Pensions and Occupational Pensions Authority (EIOPA) has published a consultation paper on a draft supervisory statement on the authorisation and ongoing supervision of (re)insurers owned by private equity firms. According to the press release, the statement seeks to "address the risks and ensure high-quality and convergent supervision of (re)-insurance undertakings related to private equity firms, considering their specific nature and risks". It is designed to be applied by European supervisory authorities in line with the principles of risk-based and proportionate supervision.

The statement refers to the risk of short or misaligned investment horizons which conflict with long-term policyholder commitments, noting that supervisory authorities should pay particular attention to whether the PE firm's business plan ensures sufficient and sustained investment in the undertaking's long-term operational capabilities. It also urges PE firms to aim for ownership structures that are not overly complex (by, for example, limiting the levels above the target (re-)insurer to enable the exercise of effective supervision). To combat these and other risks, the draft statement sets out supervisory expectations for acquisitions of qualifying holdings, portfolio transfers and mergers, as well as for ongoing supervision.

Comments can be made on the draft supervisory statement until 30 April 2026.

[EIOPA consultation paper: supervisory statement on the authorisation and ongoing supervision of private equity insurance and reinsurance undertakings \(EIOPA-BoS-25/683\)](#)**[Webpage](#)****[Press release](#)**

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13 FINANCIAL CONDUCT AUTHORITY

13.1 **Driving change in the insurance sector - FCA publishes speech - 3 February 2026** - The FCA has published a speech given by Sarah Pritchard, FCA deputy chief executive, on driving change in the insurance sector through innovation, growth and trust.

Among other things, Pritchard refers to the positive impact of the consumer duty, explaining that the FCA has used the fair value rules to get better outcomes for consumers, rather than writing new regulation.

This year, the FCA intends to continue its work on claims handling and expand its review of firms' oversight to outsourced claims processes (in addition to its focus on Managing General Agents). It will also review products and services for indicators of poor outcomes and look at how firms treat vulnerable consumers.

On wholesale markets, Pritchard highlights ongoing consultations on streamlining data return requirements and refers to the possible disapplication of the consumer duty for overseas consumers. The FCA is "committed to re-setting expectations around the application of the Consumer Duty to wholesale markets".

[Speech](#)

FINANCIAL CRIME //

14 CRIMINAL CASES REVIEW COMMISSION

14.1 **Five traders' convictions sent back to courts - CCRC makes referrals following Supreme Court decision - 29 January 2026** - The Criminal Cases Review Commission (CCRC) has referred the convictions of five city traders (the appellants) relating to LIBOR and EURIBOR exchange rates back to the courts. This follows the Supreme Court's decision of July 2025 to quash the convictions of two other individuals, also relating to LIBOR and EURIBOR.

In their applications to the CCRC, the appellants submitted that the trial judge adopted and replicated legal directions which have been found to be wrong, undermining the safety of their convictions. The defendants were also deprived of the opportunity to have their defence cases left to the jury. Two defendants further argued that their cases involved the same misdirection and errors of law as those identified by the Supreme Court, and that there was no sensible basis to distinguish the cases. The CCRC determined that there is no distinguishing factor between these cases and the cases of the two other individuals in the Supreme Court, and the jury misdirection and legal errors have undermined the safety of all the convictions.

[Press release](#)

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15 JOINT MONEY LAUNDERING STEERING GROUP

15.1 Final revisions to AML and CTF guidance - published by JMLSG - 4 February 2026 - The Joint Money Laundering Steering Group (JMLSG) has published final revisions to Part 1 of its anti-money laundering and counter-terrorist financing guidance for the financial services sector, following its November 2025 consultation. The amendments made relate to guidance on monitoring the effectiveness of money laundering controls, and on data protection and data subject access requests in scenarios where a suspicion report has been made.

The revisions have been submitted to HM Treasury for approval.

[Press release](#)

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This Bulletin is prepared by the Financial Regulation Group of Slaughter and May in London.

The Group comprises a team of lawyers with expertise and experience across all sectors in which financial institutions operate.

We advise on regulatory issues affecting firms across the financial services sector, including banks, investment firms, insurers and reinsurers, brokers, asset managers and funds, non-bank lenders, payment service providers, e-money issuers, exchanges and clearing systems. We also advise non-regulated businesses involved in financial regulatory matters. In addition, our leading financial regulatory investigations practice is regularly instructed by financial institutions requiring specialist knowledge of financial services regulation together with experience in high profile and complex investigations and contentious regulatory matters.

Most of the projects that we advise on have an extensive international or cross-border element. We work in seamless integrated teams with leading independent law firms which offer many of the most highly regarded financial institutions lawyers in Europe, the US and Asia, as well as strong and constructive relationships with local regulators.

Our Financial Regulation Group also produces occasional briefing papers and other client publications. The five most recent issues of this Bulletin and our most recent briefing papers and client publications appear on the Slaughter and May website [here](#).

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