

# 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: [Beth Dobson](#).

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## GENERAL //

### 1 FINANCIAL STABILITY BOARD

- 1.1 Global regulatory framework for cryptoassets - FSB publishes terms of reference for thematic peer review - 21 February 2025** - The Financial Stability Board (FSB) has published summary terms of reference for a thematic peer review of its global regulatory framework for cryptoasset activities. The framework (published in July 2023) consists of two sets of high-level recommendations for the regulation, supervision and oversight of cryptoasset activities and markets and ‘global stablecoin’ arrangements.

The FSB has sent a questionnaire to relevant jurisdictions inviting feedback on selected issues related to the regulation of cryptoassets, details of which can be found in the accompanying press release.

The FSB welcomes feedback by 28 March 2025. It expects to publish the peer review report in October 2025.

[Thematic peer review on FSB global regulatory framework for cryptoasset activities: Summary terms of reference](#)

[Press release](#)

### 2 EUROPEAN COMMISSION

- 2.1 Omnibus sustainability package - European Commission publishes proposals - 26 February 2025** - The European Commission has proposed an Omnibus package on sustainability reporting and due diligence, as trailed in its 2025 Work Programme. See our earlier blog posts on the omnibus package [here](#) and [here](#). The package consists of two proposed Directives:

- a Directive (COM(2025) 80) that would delay the application of the Corporate Sustainability Reporting Directive 2022 ((EU) 2022/2464) (CSRD) and the Corporate Sustainability Due Diligence Directive ((EU) 2024/1760) (CSDDD) by postponing for two years the application of sustainability reporting requirements for all companies that are required to comply from financial year 2025 or 2026 (depending on size). The Directive would also postpone the transposition and application of the CSDDD for the first group of in-scope companies by one year; and
- a Directive (COM(2025) 81) that would amend the CSRD, the CSDDD, the Accounting Directive ((EU) 2013/34) and the Statutory Audit Directive (2006/43/EC) as regards certain corporate sustainability reporting and due diligence requirements. Among other things, this would allow certain companies to disclose information under the Taxonomy Regulation in a more flexible way.

Two further Regulations have been proposed as part of the simplification measures, namely a proposal for a Regulation amending the Carbon Border Adjustment Mechanism Regulation (EU)

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2023/956); and a proposal for a Regulation on investment simplification, amending Regulations (EU) 2015/1017, (EU) 2021/523, (EU) 2021/695 and (EU) 2021/1153.

The proposals will be submitted to the European Parliament and the Council for their consideration and adoption. The legislative proposals can be found in the Commission's omnibus webpages. See also the item below on the publication of a call for evidence on the Disclosures Delegated Act.

[Omnibus I webpage](#)

[Omnibus II webpage](#)

[Q&A on omnibus simplification packages](#)

[Press release](#)

- 2.2 Taxonomy Regulation - European Commission publishes call for evidence on proposed amendments to Disclosures Delegated Act - 26 February 2025** - The European Commission has published a call for evidence on a draft Delegated Regulation that would amend the Disclosures Delegated Act ((EU) 2021/2178) (Ares(2025)1546172). The Commission has also proposed amendments to the Taxonomy Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139) and the Taxonomy Environmental Delegated Act (Commission Delegated Regulation (EU) 2023/2486). The call for evidence forms part of the Commission's omnibus simplification package on sustainability reporting and due diligence, referred to above.

The draft Delegated Regulation would introduce a 10% de minimis compliance threshold which would exempt large undertakings with a wide variety of activities from assessing compliance with the technical screening criteria of non-material economic activities.

In addition, exposures of financial institutions to undertakings (that are not large undertakings) that exceed the average number of 1,000 employees during the financial year would be excluded from the denominator of the applicable key performance indicators (KPIs) until the Commission has finalised its review of the Disclosures Delegated Act. Also, the application of the trading book KPI and the fees and commission KPI would be postponed until 2027. Finally, the Commission proposes to simplify certain reporting templates.

The call for evidence closes on 26 March 2025.

[Webpage](#)

## 3 FINANCIAL CONDUCT AUTHORITY

- 3.1 Enabling growth - FCA publishes speech confirming initiatives - 27 February 2025** - The FCA has published a speech delivered by Nikhil Rathi, Chief Executive, at the Association of British Insurers roundtable on how the FCA is working at pace to support growth initiatives. Rathi confirms that in the coming weeks, the FCA intends to move at pace on the 50 or so growth proposals it made recently in a letter to the Prime Minister, as previously reported in this Bulletin. These relate to matters including mortgage affordability, digital payments, removing redundant data returns, supporting international promotion of UK financial services, opening up

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to more innovative firms and cutting barriers between regulators. Rathi also notes that, as trailed in that letter, the FCA has removed the expectation for a consumer duty board champion from 27 February 2025.

As the FCA works with the government on its financial and professional services strategy, Rathi asks for “*bold thinking*” around articulation of the government’s risk appetite, particularly in relation to consumer harm. Finally, the FCA has heard industry concerns around the pace of regulatory change and is aiming for fewer large-scale changes in its next five-year strategy. The diversity of responses to the Call for Input on the FCA’s review of retail conduct requirements suggests that there is a debate to be had around the speed of change.

[Speech](#)[Updated consumer duty webpage](#)

- 3.2 AI explainability in credit decisions - FCA publishes research note - 24 February 2025** - The FCA has published a research note on AI explainability in the context of algorithm-assisted decision-making, using consumer credit decisions as a case study to test out different approaches. The note considers whether participants in the study were able to identify errors caused either by incorrect data used by the algorithm or by flaws in the algorithm’s decision logic itself. In short, the authors found that providing additional information about the inner workings of the algorithm was well received by consumers and gave them greater confidence in their ability to disagree with the algorithm’s decisions. However, they also found that more information could impair consumers’ ability to challenge errors, leading to worse outcomes. As such, the findings underscore the importance of testing consumers’ decision-making within the relevant context, rather than relying solely on self-reported attitudes.

[Research note](#)[Webpage](#)

## BANKING AND FINANCE //

### 4 EUROPEAN BANKING AUTHORITY

- 4.1 Data availability and feasibility of common methodology for ESG exposures - EBA publishes report - 24 February 2025** - The European Banking Authority (EBA) has published a report (EBA/REP/2025/06) on data availability and accessibility and the feasibility of a common methodology for identifying and qualifying banking book credit exposures to environmental, social and governance (ESG) risks. The report reflects a mandate in Article 501c(1)(a) and (b) of the Capital Requirements Regulation (575/2013) (CRR). It concludes that the data landscape currently remains incomplete for the availability and accessibility of data, with significant gaps for social and governance risks. In addition, the feasibility of designing a standardised methodology differs greatly depending on the type of exposures and risks considered.

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The EBA will continue its work in this context, particularly on the effective riskiness of exposures related to assets and activities subject to impacts from environmental or social factors compared to the riskiness of other exposures that are not related to such assets and activities. Based on that assessment, it will consider potential revisions to the prudential framework.

[Report on data availability and feasibility of common methodology for ESG exposures \(EBA/REP/2025/06\)](#)[Press release](#)

- 4.2 2026 benchmarking exercise under CRD IV - EBA consults on amending data collection - 25 February 2025** - The European Banking Authority (EBA) has published a consultation paper (EBA/CP/2025/03) proposing amendments to Commission Implementing Regulation (EU) 2016/2070 on the benchmarking of credit risk, market risk and IFRS9 models for the 2026 benchmarking exercise under the CRD IV Directive (2013/36/EU). The most significant changes are in the market risk framework, which includes new templates and instructions for collecting alternative internal model approach (AIMA) risk measures, reflecting the changes introduced with the fundamental review of the trading book (FRTB) requirements. The scope of the benchmarking exercise will also be extended to cover banks that solely apply the alternative standardised approach (ASA) methodology.

The deadline for responses is 26 May 2025. The EBA will hold a public hearing on this consultation on 10 April 2025.

[Consultation paper on amending draft ITS on benchmarking of internal models \(EBA/CP/2025/03\)](#)[Press release](#)

- 4.3 MiCA - EBA publishes opinion in response to Commission proposed amendments to technical standards - 27 February 2025** - The European Banking Authority (EBA) has published an opinion (EBA/Op/2025/03) along with an accompanying letter (both dated 25 February 2025) in response to the European Commission's proposed changes to draft regulatory technical standards (RTS) on the authorisation for issuers of asset-referenced tokens under Article 18(6) of the Regulation on markets in cryptoassets ((EU) 2023/1114) (MiCA). The EBA has accepted the Commission's proposed amendments, particularly those considered substantive.

Given their importance from a supervisory perspective, the EBA also invites the Commission to consider amending the level one text to include the elements that were set out in the draft RTS submitted to the Commission. These elements include a policy to prevent market abuse and a policy for whistleblowers; an independent third-party audit about the issuer's proprietary distributed ledger technology (DLT) which is operated by the issuer or a third-party; and proof of good repute of members of the management.

[Opinion on Commission proposed amendment to RTS authorisation ARTs \(EBA/Op/2025/03\)](#)[Letter](#)[Press release](#)

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## SECURITIES AND MARKETS //

### 5 EUROPEAN COMMISSION

- 5.1 Commodity derivatives market - European Commission launches targeted consultation - 26 February 2025** - The European Commission has published a consultation on the current regulatory landscape for commodity derivatives, emission allowances markets and certain aspects of spot energy markets. The consultation will feed into the Markets in Financial Instruments Directive (2014/65/EU) (MiFID II) report exercise and guide potential future policy choices in this area. It covers all types of commodities and is not limited to energy derivatives.

Responses to the consultation are welcomed by 9 April 2025.

[Targeted consultation document on the commodity derivatives markets](#)

[Webpage](#)

[Press release](#)

### 6 BANK OF ENGLAND AND FINANCIAL CONDUCT AUTHORITY

- 6.1 Shortening the UK securities settlement cycle - Bank of England and FCA publish speeches - 21 February 2025** - The Bank of England (the Bank) and the FCA have each published speeches on shortening the UK securities settlement cycle to T+1. The FCA has also published a new webpage to support industry in transition to T+1.

The Bank has published a speech delivered by Sasha Mills, Executive Director of Financial Market Infrastructure, confirming that the Bank, along with the FCA and HM Treasury, supports the UK's transition to T+1 and calling on firms "*to prepare, adapt and test systems*" to facilitate a smooth transition. Mills also highlights two challenges that will need to be addressed, namely adapting to multiple time zones and standardising settlement instructions. Mills concludes the speech by outlining the Bank's expectations of financial market infrastructures in the transition process.

Separately, the FCA has published a speech delivered by Mark Francis, Interim Director of Wholesale Markets Sell-Side, setting out the FCA's expectations for firms ahead of the October 2027 deadline to transition to T+1. Specifically, Francis calls on firms to read the Accelerated Settlement Taskforce final report; plan and prepare early; budget to execute their plans; and act to implement and test changes, on a timely basis.

[Bank of England speech](#)

[FCA speech](#)

[FCA webpage](#)



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## 7 FINANCIAL CONDUCT AUTHORITY

- 7.1 NBFi leverage - FCA publishes speech on managing systemic risks - 26 February 2025** - The FCA has published a speech (delivered on 25 February 2025) by Sarah Pritchard, Executive Director of Consumers, Competition and International, on the FCA's approach to addressing systemic risks arising from non-bank financial intermediation (NBFi) leverage.

In the speech, Pritchard observes that the first and second 'lines of defence' against the build-up of systemic risk from leverage use involves NBFIs themselves managing risk and counterparty credit risk. However, to do this, NBFIs need to have access to adequate data. Pritchard explains that targeted improvements to public and private disclosures could therefore help in mitigating the build-up of systemic risk.

The FCA needs to have the necessary data, systems and tools to identify the financial stability risks that market participants miss. It may need to make targeted changes to its data collection to ensure it can assess the use of leverage in a comprehensive and risk-sensitive manner. It will consider this as part of the upcoming review of the Alternative Investment Fund Managers Directive (2011/61/EU).

[Speech](#)

## ASSET MANAGEMENT //

## 8 HM TREASURY

- 8.1 The Unauthorised Co-ownership Alternative Investment Funds (Reserved Investor Fund) Regulations 2025 - 26 February 2025** - The Unauthorised Co-ownership Alternative Investment Funds (Reserved Investor Fund) Regulations 2025 (SI 2025/216) have been published, alongside an explanatory memorandum. The Regulations support the introduction of the Reserved Investor Fund (RIF) - a new type of UK-based investment fund vehicle structured as an unauthorised co-ownership alternative investment fund - by the Co-ownership Contractual Schemes (Tax) Regulations 2025. The Regulations ensure that the RIF is commercially viable by extending the provisions in the Financial Services and Markets Act 2000 relating to contracts and the rights and liabilities of investors in authorised co-ownership contractual schemes to investors in RIFs.

The Regulations will come into force immediately after the Co-ownership Contractual Schemes (Tax) Regulations 2025 come into force on 19 March 2025.

[Statutory instrument](#)

[Explanatory memorandum](#)

## 9 FINANCIAL CONDUCT AUTHORITY

- 9.1 Suitability reviews - FCA publishes findings of multi-firm review - 24 February 2025** - The FCA has published the findings from its multi-firm review of suitability reviews and whether financial advisers are delivering the ongoing services that consumers have paid for. This follows its letters



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of February 2024 to the largest financial advice firms requesting relevant data (covering the past seven years), as previously reported in this Bulletin.

The findings highlight several examples of poor practice, including the prevalence of client contracts without a clear description of the services to enable the customer to understand what will be delivered throughout the relationship. The FCA asks firms to consider its findings and whether they have met their regulatory requirements and contractual obligations regarding ongoing services. Firms are also asked to consider whether it would be appropriate to proactively contact customers to assess whether harm was caused by any identified problems or failings. The FCA intends to conduct further work later in 2025 to assess how firms have responded to the issues that have been identified and to review the actions they have taken.

[Ongoing financial advice services multi-firm review](#)[Press release](#)**9.2 Supervisory priorities for asset managers - FCA publishes portfolio letter - 26 February 2025 -**

The FCA has published a portfolio letter setting out its supervisory priorities for the asset management industry. Among other things, the FCA intends to support confident investing in private markets, looking in particular at private market valuation practices and conflicts of interest. The FCA will also focus on operational resilience and liquidity management, including identifying outlier firms and funds with high leverage, illiquidity or concentrated investment. The FCA intends to publish the findings of its multi-firm review of unit-linked funds later in 2025. It will also start a multi-firm review of model portfolio services (MPS), focusing on how firms are applying the consumer duty. Lastly, the FCA refers to two targeted workstreams, namely sustainable finance and financial crime and market abuse.

[Portfolio letter](#)

## FINANCIAL CRIME //

### 10 THE WOLFSBERG GROUP AND FINANCIAL ACTION TASK FORCE

**10.1 Payment transparency - Wolfsberg Group publishes guidance and FATF consults - 21 and 25 February 2025** - The Wolfsberg Group has published guidance (dated 16 December 2024) supplementing the latest version of its payment transparency standards (published in October 2023). The guidance provides an overview of the roles played by key actors in a payment chain, set out in two tables. It also outlines their respective responsibilities to abide by the payment transparency standards across a sample of common payment flows and serves as a reference guide that can be used by all payment service providers, regulators and standard setters.

The Financial Action Task Force (FATF) has separately published a second public consultation on proposed revisions to recommendation 16 (wire transfers) on payment transparency. Responses to the consultation are welcomed by 18 April 2025. The FATF expects to finalise the revisions in June 2025, following which it will develop guidance on payment transparency.

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## 11 FINANCIAL ACTION TASK FORCE

- 11.1 Financial inclusion and consequences of AML/CTF standards - FATF publishes revised recommendations and consultation - 26 February 2025** - The Financial Action Task Force (FATF) has published a revised version of its anti-money laundering (AML) and counter-terrorist financing (CTF) standards to better promote financial inclusion. It has also launched a public consultation outlining its proposals for updated guidance on AML and CTF measures and financial inclusion.

The updated draft guidance updates the concept of financial inclusion and its implications for financial sector integrity. It also includes additional guidance and best practice examples of the risk-based approach. The FATF has asked for feedback on a number of specific issues, including whether further guidance and examples on tailoring measures to address financial inclusion in non-lower risk situations are required.

The deadline for responses is 4 April 2025.

[Revised recommendations](#)[Consultation paper on updated guidance on AML/CFT measures and financial inclusion](#)[Webpage](#)[Press release](#)

- 11.2 Complex proliferation financing and sanctions evasion schemes - FATF consults - 26 February 2025** - The Financial Action Task Force (FATF) has published a consultation paper (in the form of a survey) as part of a study to improve understanding of current proliferation financing (PF) risks at a country and private-sector level. In this context PF risks are the risk of potential breaches, non-implementation or evasion of 'targeted financial sanctions' (namely sanctions implemented to comply with UN Security Council resolutions against the proliferation of weapons of mass destruction and its financing). The survey seeks information on best practices in mitigating PF risk, including on the products and services that are most vulnerable to sanctions evaders and PF actors.

Responses to the consultation are welcomed by 21 March 2025.

[Public consultation on complex proliferation financing and sanctions evasion schemes](#)[Press release](#)

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## 12 THE WOLFSBERG GROUP

- 12.1 Defining digital assets for ML/TF purposes - Wolfsberg Group publishes FAQs - 21 February 2025** - The Wolfsberg Group has published FAQs to help financial institutions assess the risks generated by the emergence of digital assets for anti-money laundering and counter-terrorist financing purposes. In particular, the definitions can also assist financial institutions when developing policies and appropriate controls and act as a resource for supervisors and regulators.

The group intends to provide periodic updates to support the continued risk profiling and treatment as the use of digital assets continues to evolve.

[FAQs on defining digital assets](#)

[Press release](#)

## ENFORCEMENT //

### 13 COMPETITION AND MARKETS AUTHORITY

- 13.1 Anti-competitive information exchanges about government bonds - CMA issues infringement decisions and reaches settlement - 21 February 2025** - The Competition and Markets Authority (CMA) has issued infringement decisions to five banks, finding that they have infringed the Chapter 1 prohibition of the Competition Act 1988 by unlawfully sharing competitively sensitive information. The CMA has imposed fines totalling over £100 million.

The infringements concerned specific instances in which traders from two of the banks shared competitively sensitive information about aspects of the pricing of UK bonds. The sharing of information occurred in one-to-one exchanges between traders about the buying and selling of gilts and gilt asset swaps.

[Webpage](#)

[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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