

Ongoing Developments in Financial Services Regulation in the EU and UK – Part II

In our second article, we continue to look at the latest developments in financial services regulation in the European Union (EU) and the United Kingdom (UK).

In this series of articles, we explore EU and UK regulatory developments, highlighting areas of divergence, and where we see progress towards similar policy objectives, but pursued through different regulatory approaches and, in some instances, at differing rates of progression.

Following our first [article](#), which looked at technological and innovation related developments in the EU and UK from a financial services regulation perspective, we now move on to look at further topics, including retail disclosure frameworks in the EU and UK, the progression of certain aspects of the European Commission's Retail Investment Strategy (RIS), as they relate to topics covered in this article, the Financial Conduct Authority's (FCA) Consumer Duty and more.

CCIs and PRIIPs

The Packaged Retail and Insurance based Investment Products (PRIIPs) regime went live on 1 January 2018, and in our [2025 article](#) we covered the concerns that had been raised, both in the EU and UK, since the regime's inception.

This included how successful (or not) comparability between PRIIPs products had been. For example, whether performance scenarios provided overly optimistic returns and the slippage methodology had resulted in providing negative (indirect) transaction costs.

We noted that both the EU and UK subsequently made changes, though the UK went further by replacing performance scenarios with the provision of narrative information and preventing negative transaction costs from being disclosed.

Coming to UK investors soon – the CCI

On 8 December 2025, the FCA published a policy statement on 'Supporting informed decision making: Final rules for Consumer Composite Investments (CCIs)' ([PS25/20](#)), which sets out the UK regulators' final rules and guidance for CCIs.

In its summary of PS25/20, the FCA explains that consumers need clear, concise information delivered at the right time to make properly informed investment decisions, and to facilitate that the FCA says that the new CCI regime is underpinned by the Consumer Duty (see more on this topic below).

The FCA goes on to say that it has stripped away excessive templating and prescriptive documents, giving firms freedom to innovate and deliver engaging communications to consumers, and that it has maintained detailed rules only designed to ensure key metrics (such as risks and returns, costs and charges and past performance) are standardised and comparable across the products in scope.

The CCI regime legislation went live on 6 April 2026, and the regime enters fully into force on 8 June 2027. The same implementation period and timeline also apply to manufacturers of Overseas Funds Regime (OFR) schemes (i.e., overseas firms selling to UK retail investors).

Ahead of that date, firms are currently in the middle of an 18-month implementation period, where the FCA says that impacted firms are expected to familiarise themselves with the new rules and make the necessary changes to their systems and procedures and produce the Product Summaries that will replace the PRIIPs Key Investor Document (KID).

As outlined in PS25/20 by the FCA, it said that it did not want to place regulatory barriers in the way of firms who can move to the new regime before the 8 June 2027, so firms can adopt early (from 6 April 2026).

However, given the development involved in designing Product Summaries (which is reflected in ongoing industry discussions) and ensuring alignment throughout the distribution chain, at the time of writing this article, no firm has yet availed itself of this opportunity.

FCA proposes UK MiFID changes to align with CCIs

Further, on 2 July 2026, the FCA published a consultation on ‘Simplifying consumer investment disclosures’ ([CP26/24](#)). Here, the FCA is proposing changes to align cost disclosure requirements derived from the Markets in Financial Instruments Directive (MiFID) with its CCI regime.

More broadly, the FCA explains that it is simplifying and consolidating the disclosure requirements for MiFID, the Insurance Distribution Directive (IDD), and non-MiFID investments business.

The deadline for comments was 21 August 2026 and the FCA has stated that it intends to publish a Policy Statement with final rules by the end of 2026.



It's all about disclosure

On the same day that CP26/24 was published, to support firms, the FCA also published the results from its ‘[Review](#) of how well pre-sale investment disclosure documents work for consumers’ (which will need to be updated as firms embed the CCI rules).

The FCA says that the review found that of the 132 pre-sale disclosure documents examined for readability, only 6% were written in plain English. The FCA also says that the review looked at these and a further 40 documents, from firms that both manufacture and distribute products, to see how easy they were to understand. The FCA states that all the documents were more complex than GCSE (the standard qualification that students in England, Wales, and Northern Ireland take at age 16) level.

In order to track progress, the FCA says that it will repeat the review of pre-sale investment disclosure documents exercise in 2027 to track progress.

For EU PRIIPs, check out the RIS!

As part of its [Retail Investment Strategy](#), that was announced on 24 May 2023, the Commission proposed changes to the PRIIPS Regulation in the form of an Amending Regulation.¹

Following the sixth round of trilogue discussions, on 18 December 2025, the Council of the EU (the Council) and the European Parliament [agreed](#) on an updated retail investment framework to empower and protect consumers when they invest.

As part of the RIS, the Council says that the proposed rules also improve the standardised information about investment products, such as the PRIIPs KID, that firms must publish to ensure that consumers can make informed investment decisions.

The Council says that information on investments regarding costs, risk and expected returns will be made more visible and accessible for consumers. The updated templates that firms must use in this regard will be developed and made available by the relevant European supervisory authorities.

The Council adds that the text also provides that 30 months after the entry into force of the new PRIIPs rules, information in KIDs will have to be provided in a machine-readable format to allow for ease of comparison and to be in line with digital development.

Following the political agreement reached on 18 December 2025, the Council says that the RIS legislative package is indicatively scheduled for a Parliament’s plenary vote in the November 2026 session.

In terms of application, the proposed changes to the PRIIPs regime will take effect 18-months after they have been published in the EU’s Official Journal. Based on current timing, if published in Q4 2026, the effective date would be in Q2 2028.

In practical terms, the UK’s CCI regime will be in force at least a year before the European PRIIPs equivalent. Looking at this from an ongoing EU/UK divergence perspective, asset managers that serve UK retail clients from Europe will need to produce a CCI in 2027 for those investors (whilst producing the EU PRIIPs to investors in Europe). Equally, UK based asset managers will continue to need to produce an EU PRIIPs KID to clients it sells to in Europe (and monitor the changes due in 2028), while producing a CCI in 2027 in the UK.

EU MiFID and the UK's Consumer Duty – converging outlooks?

To cover the respective MiFID developments in the UK and EU and then consider those developments through a comparative lens is beyond the scope of this article.

However, in the context of EU and UK regulatory developments, a look at the retail facing MiFID proposals that are contained in the RIS (covering a swathe of financial services regulation) and the objectives behind the FCA's [Consumer Duty](#), suggest broader alignment (should the relevant RIS proposals be implemented as currently drafted).

In a [speech](#) by the Chair of the European Securities and Markets Authority (ESMA), entitled “Priorities for European asset management: simplification, innovation, resilience and trust”, at the European Fund and Asset Management Association's Annual General Meeting on 12 June 2026, the Chair spoke about why the RIS matters.

In their speech, the Chair of ESMA said in relation to RIS that “our objective is not to add complexity but to refocus the framework on better outcomes: products that deliver value, disclosures that investors can understand and investment advice that is aligned with investors' best interests.” So, with that in mind, let's look at the structure of the FCA's Consumer Duty.

Outcome focused regulation

The FCA's Consumer Duty went live for open-ended products and services on 31 July 2023 (and one year later for closed-ended products).

The FCA has explained that the Consumer Duty consists of:

- **A consumer principle** that – ‘a firm must act to deliver good outcomes for retail customers’ (that reflects the overall standard of behaviour the FCA wants to see from firms).
- **Three cross-cutting rules** that explain how firms should act to deliver good outcomes:
 - *Act in good faith towards customers.* Treat customers honestly and fairly.
 - *Avoid causing foreseeable harm.* Identify and mitigate risks before they materialise.
 - *Enable and support customers to pursue their financial objectives.* Provide clear information and effective support.
- **Four outcomes** which are a suite of rules and guidance that set more detailed expectations for firm conduct in four areas that represent key elements of the firm-consumer relationship:
 - The governance of products and services.
 - Price and value.
 - Consumer understanding.
 - Consumer support.

The cross-cutting rules apply across all areas of firm conduct to inform and help firms interpret the four outcomes.

And with a nod to its outcomes focus, in its latest Consumer Duty update, on 27 July 2026, the FCA published the findings from its review on ‘[Outcomes monitoring: good practice and areas for improvement](#)’. In its findings, the FCA explains that it shares examples of good practice and areas for improvement in how firms monitor outcomes.

In summarising its findings, the FCA says that the areas it investigated were Strategy and framework; Data, Management Information and testing; and Governance, oversight and culture.

What are the EU MiFID proposals in RIS?

From the Council's [press release](#) on 18 December 2025, it says that these include *value for money*, to ensure that retail investors can compare investment products and get real value for money from their investments. The Council says that retail investment firms will be obliged to identify and quantify all costs and charges borne by investors related to the investment products they advise on.

The Council adds that based on agreed standards (peer groupings for products under MiFID, Undertakings for Collective Investment in Transferable Securities (UCITS), the Alternative Investment Fund Managers Directive (AIFMD), and supervisory benchmarks for products under the IDD, including national supervisory benchmarks introduced during a period of four years from the entry into force of the new rules), they must also assess whether total costs and charges are justified and proportionate. If not justified and proportionate, the Council says that such products should not be approved for sale.

On *inducements*, the Council says that the agreed package introduces safeguards to combat conflicts of interest for financial advisers by introducing strengthened rules on inducements – fees, commissions, monetary or non-monetary benefits received by an investment firm in relation to investment services it provides to a client.

The Council explains that the updated legal texts strengthen the obligation on firms and advisers to act honestly, fairly and professionally in accordance with the best interest of its clients in mind. They must ensure that an inducement will lead to a tangible benefit for their client and that the inducement cost is published clearly and separately from other fees and commissions borne by the investor.

In terms of *investment advice* in clients' best interests, the European Parliament states in its [press release](#), released on the same day, that according to the draft legislation agreed, financial and insurance advisors must ensure that the financial or insurance products and services they provide are suitable for their clients' needs.

It adds that *suitability* must be assessed using proportionate and necessary information about the client, including their knowledge and experience, financial situation, ability to bear full or partial losses, investment needs and objectives, and risk tolerance.

Other areas also covered include financial literacy and ‘influencers’ and client categorisation (professional versus retail), and more detail can be found in the Council's press release above.



In terms of next steps, and as previously mentioned, the Council and Parliament agreement of 18 December 2025 for the RIS legislative package, is indicatively scheduled for a Parliament's plenary vote in the November 2026 session.

A word on MISP – competitiveness

For a full update on the EU's Market Integration and Supervision Package (MISP) as it relates to asset managers, please see our latest [article](#) on EU MISP.

One potential development to consider however, in the European Parliament's Committee on Economic and Monetary Affairs (ECON) [Draft Report](#), published on 11 June 2026, which is a proposal by ECON to give ESMA an "explicit competitiveness mandate, framed as a secondary objective" to ensure that "competitiveness is structurally embedded in ESMA's decision-making."

Under the Explanatory Statement section of the Draft Report, ECON goes on to say that the "absence of a statutory competitiveness mandate for ESMA is the most significant structural deficiency in the Commission's [MISP] proposal."

As this is currently a proposal only, we must wait for ECON to vote on its negotiation position (expected in December 2026) and then discussions with the Council and Commission would follow in 2027.

Should the proposal be agreed, then, reasonably, it could be compared to the secondary international competitiveness and growth objectives that was given to the FCA (as well as other UK regulators) in 2023 by the UK Government. A development to watch.

T+1 – independent but coordinated

Whilst there was no mention of T+1 in the most recent Joint EU/UK Financial Regulatory Forum earlier this year, at the Forum's [previous meeting](#), in October 2025, the position on T+1 accelerated settlement was made clear, that "while each jurisdiction has its own independent processes for implementation, the EU and UK agreed to continue to coordinate closely as progress continues towards the agreed implementation date of 11 October 2027."

In the UK, support can be seen in the 10th edition of the Regulatory Initiatives Grid ([the Grid](#)), published on 19 May 2026. The co-leads on the introduction of a T+1 standard settlement cycle for securities trades are the FCA, HM Treasury and the Bank of England.

The Grid update (published by the FCA) outlines that the UK Government will legislate for T+1 to be mandatory from 11 October 2027. The Grid goes on to state that firms should prepare for 11 October 2027 to be the first day of trading under a T+1 standard, following the recommendations of the Accelerated Settlement Taskforce.

In the EU, on 20 July 2026, ESMA issued a [Statement](#), highlighting key deadlines and action points to be ready for the transition to a T+1 settlement cycle in EU financial markets.

In its Statement, ESMA underlines that 2026 is a critical year for market participants to finalise their preparations and it outlines key milestones, including the first regulatory deadline on 7 December 2026 for allocations and confirmations processes.

ESMA says that market participants are encouraged to prepare and test their own readiness, and to check the readiness of their entire ecosystem, trading and settlement chains.

EMIR

EU developments

In our article last year we covered, as part of the Commission's implementation of European Market Infrastructure Regulation (EMIR) 3.0, that ESMA had issued in November 2024, a [consultation paper](#) on the Conditions of the Active Account Requirement (AAR).

The intent behind this amending regulation was to introduce a new requirement for EU counterparties active in certain derivatives to hold an operational and representative active account at a CCP authorised to offer services and activities in the EU. The requirement took effect on 25 June 2025.

In terms of reviewing its effectiveness, ESMA published, on 6 July 2026, an [Interim Report](#) on the 'Preliminary Assessment of the Effectiveness of the Active Account Requirement'. ESMA explains that the Interim Report provides preliminary findings on the AAR implementation during 2025 and early 2026.

ESMA states that its preliminary findings show that:

- As of February 2026, around 500 entities had notified ESMA and national competent authorities that they are subject to the AAR. Entities which it says represent a significant share of EU activity in relevant derivatives markets, with more than 90% of notional outstanding held by EU entities in the scope of the requirement.

- Notifications are spread across most Member States, with particularly strong representation in France, Germany and the Netherlands, and banks accounting for around half of notifying entities.
- In terms of impact, the report identifies early signs of increased clearing activity at EU central counterparties (EU CCPs), particularly among smaller entities, with some entities fully relocating their positions to the EU.
- The findings also point to a gradual, but limited, shift in market shares from systemically important third-country central counterparties (Tier 2 CCPs) to EU CCPs in certain AAR-related products.

ESMA says that, given the recent entry into force of the AAR and the remaining data gaps, it will conduct the effectiveness assessment in two stages. The published Interim Report constitutes the first stage, and ESMA states that its findings should be considered preliminary, without prejudice to the findings of the final comprehensive assessment, which is to be conducted in 2027, when a more complete data set will be available.

UK developments

In the May 2026 Regulatory Initiative Grid (see above), the FCA also included an update on UK EMIR. It referred to the 2 April 2026 [announcement](#) that the FCA and the Bank of England were seeking out members for its Transaction and Post-trade Reporting Taskforce (Taskforce).

In the Grid, the FCA says that they and the Bank of England are jointly progressing a transaction and post trade reporting harmonisation review to establish a new, long-term approach across the UK Markets in Financial Instruments Regulation, UK EMIR and UK Securities Financing Transactions Regulation reporting regimes.

The FCA explains that their aim is to create a more streamlined and harmonised framework that reduces unnecessary duplication, while ensuring reporting requirements remain proportionate and continue to support the regulatory authorities' statutory objectives.

As the Taskforce is being established, the FCA says in the Grid that the cross-authority and industry taskforce will hold its initial meeting in Q3 2026.

Separately, on 29 May 2026, the FCA published final rules in [Handbook Notice 141](#), increasing the clearing threshold for commodity derivatives under UK EMIR from GBP3 billion to GBP6 billion. The rule changes applied with immediate effect.

Conclusion

Post formally leaving the EU, the UK FCA's introduction of its Consumer Duty regime reflects its shift to a consumer centric view of regulation, that is outcomes based. The rewrite of its retail disclosure regime, in the form of the CCI, which the FCA underpinned by the Consumer Duty, reinforces the direction of travel it would like firms to follow, and importantly, is giving them the flexibility to do so.

In the EU, whilst the proposed changes to EU PRIIPs are now part of the wider RIS package, and implementation is subject to the Parliament's plenary vote in November 2026, the agreed proposals, including value for money proposals in MiFID, demonstrate a timing lag rather than regulatory divergence with the UK.

In Part III, of our Ongoing Developments in Financial Services Regulation in the EU and UK articles, we will look at the jurisdictions respective positions relating to AIFMD, UCITS, fund liquidity, Money Market Funds and more.

This article was correct at the time of writing: 17 September 2026.

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¹ In terms of background, the RIS was part of the 2020 Capital Markets Union Action Plan and is now part of the [Savings and Investment Union](#).





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