Proskauer

FinReg Monthly Update

Regulatory & Compliance on **October 2025**

Welcome to the FinReg Monthly Update, a regular bulletin highlighting the latest developments in UK, EU and U.S. financial services regulation.

Key developments in October 2025:

Financial Advice / Wealth Management

31 October – FCA Consolidation Review: The UK Financial Conduct Authority ("**FCA**") published its findings following a multi-firm review of consolidation in the financial advice and wealth management sector. Please refer to our dedicated article on this topic here.

Asset Management

29 October – Short Selling: The FCA published a consultation paper proposing changes to the UK short selling regime (CP25/29).

23 October – Securities Settlement: The FCA published a letter it has sent to compliance officers of firms in the asset management and alternatives portfolio on its expectations for UK's move from a T+2 to a T+1 securities settlement cycle in October 2027.

22 October – Investment Research: The European Securities and Markets Authority ("**ESMA**") published its final report (ESMA35-335435667-6537) and draft regulatory technical standards ("**RTS**") on the establishment of an EU code of conduct for issuer-sponsored research under the MiFID II Directive (2014/65/EU).

21 October – AIFMD 2.0: ESMA published its final report and draft RTS on open-ended loan-originating alternative investment funds ("**AIFs**") under the revised Alternative Investment Fund Managers Directive *(*2011/61/EU*)* ("**AIFMD 2.0**").

15 October – UK Investment Firm Capital Requirements: The Financial Conduct Authority published policy statement (PS25/14) on the definition of capital for investment firms. The new rules will remove all cross-references to the UK Capital Requirements Regulation (575/2013) ("**UK CRR**") and establish a standalone framework for regulatory capital tailored specifically to investment firms.

15 October – EU Investment Firm Capital Requirements: The European Banking Authority and the European Securities and Markets Authority published a report setting out technical advice to the European Commission on the investment firms prudential framework set out in the Investment Firms Regulation ((EU) 2019/2033) and the Investment Firms Directive ((EU) 2019/2034).

Sustainable Finance / ESG

28 October – ESG Ratings: The Financial Services and Markets Act 2000 (Regulated Activities) (ESG Ratings) Order 2025 has been laid before Parliament and published on legislation.gov.uk.

23 October – Climate Risk: The FCA has updated its webpage on the Climate Financial Risk Forum ("**CFRF**") to announce publication of the CFRF's latest suite of materials.

22 October – CSDDD and CSRD: The European Parliament rejected the negotiating mandate proposed by the Legal Affairs Committee on the European Commission's Omnibus proposal to reduce the scope of the Corporate Sustainability Due Diligence Directive ((EU) 2024/1760) ("**CSDDD**") and the Corporate Sustainability Reporting Directive ((EU) 2022/2464) ("**CSRD**"). Please refer to our dedicated article on this topic here.

Securities / Capital Markets

17 October – UK Prospectus Regime: FCA published Primary Market Bulletin No. 58, finalising two technical notes and consulting on four new guidance notes as part of implementing the new Public Offers and Admissions to Trading Regulations, which replace the EU prospectus regime. The bulletin also amends 42 and deletes seven existing technical and procedural notes to align with the UK's new prospectus framework effective 19 January 2026.

Financial Crime / Conduct / Sanctions

28 October – Non-Financial Misconduct: The House of Commons Treasury Committee published a letter from the FCA outlining its progress against the recommendations set out in the committee's 2024 "Sexism in the City" inquiry report.

21 October – FCA AML/CTF Supervision: HM Treasury published its response to the 2023 consultation on reform of the anti-money laundering and counter-terrorism financing ("**AML/CTF**") supervisory system. It sets out HM Treasury's decision to consolidate responsibility for AML/CTF supervision of legal, accountancy, and trust and company service providers – the FCA will assume this responsibility.

20 October – FCA Conduct of Business Rules: The Financial Conduct Authority published its findings following a multi-firm review of corporate finance firms' compliance with COBS 3 client categorisation rules and COBS 4 certification requirements.

16 October – Sanctions: The European Securities and Markets Authority published its second annual consolidated report on sanctions and measures imposed by national competent authorities in member states in 2023 under various pieces of EU legislation. Please refer to our dedicated article here.

Cryptoassets / Payments

27 October – FCA / cETNs: The FCA issued a statement for firms offering crypto exchange-traded notes ("**cETNs**"), reiterating that such products remain restricted to professional investors and reminding firms of disclosure and marketing obligations.

23 October – FCA / PSR Consolidation: The FCA and the Payment Systems Regulator ("**PSR**") published a joint response to HM Treasury's consultation on its proposed approach to consolidating the PSR's functions within the FCA.

20 October – Systemic Risk: The European Systemic Risk Board published a report on the systemic risks arising from cryptoassets and decentralised finance. It has also issued a recommendation on third-country, multi-issuer stablecoin schemes.

19 October – FinCen / CVC Mixers: FinCen issued a notice of proposed rulemaking. The rule would require "covered financial institutions" to implement enhanced record-keeping and reporting obligations when they know, suspect or have reason to suspect that a transaction involves Convertible Virtual Currency ("**CVC**") mixing within or involving non-U.S. jurisdictions.

15 October – Stablecoins / Digital Money: Sarah Breeden, Deputy Governor for Financial Stability at the Bank of England, delivered a speech titled *"Not just token gestures"* at the FinTech Foundation 2025 DC FinTech Week. She outlined the Bank's approach to regulating stablecoins and promoting tokenisation through its Digital Securities Sandbox, emphasising the development of a multi-money ecosystem where central bank money, commercial bank money and regulated stablecoins coexist.

14 October – Fund Tokenisation: The Financial Conduct Authority published a consultation paper setting out proposals and guidance to support the adoption of fund tokenisation and a roadmap for future regulatory developments that considers how to address key barriers.

30 September – SEC No-Action Letter: In the United States, the United States Securities and Exchange Commission's ("**SEC**") Division of Investment Management clarified in a no-action letter that registered investment advisers or registered funds may use state-chartered trust companies as custodians in accordance with the Investment Advisers Act and the Investment Company Act.

Artificial Intelligence / Digital Regulation

28 October – UK Innovation: HM Treasury published a press release announcing the launch of a new Scale-up Unit to "supercharge" growth of innovative financial services firms. The Unit will be jointly led by the FCA and the Prudential Regulatory Authority ("**PRA**"). The regulators have published materials providing more detail on the Scale-up Unit, including the support it will provide and the firms that will be eligible for this support.

16 October – UK Innovation: The Bank of England published its approach to innovation in AI, distributed ledger technology and quantum computing.

10 October – AI / Financial Vulnerabilities: The Financial Stability Board published a report on approaches to monitoring the adoption of artificial intelligence and related vulnerabilities in the financial sector.

Prudential / Remuneration

29 October – UK Capital Requirements: The PRA published a policy statement (PS19/25) on near-final rules on the restatement of the remaining provisions of the UK CRR.

15 October – UK Remuneration Reforms: The Financial Conduct Authority and the Prudential Regulation Authority jointly published a policy statement on remuneration reform for dual-regulated firms (FCA PS25/15 / PRA PS21/25).

Commission Payments / Motor Finance

7 October – Motor Finance: The Financial Conduct Authority published a consultation paper (CP25/27) on its proposals for an industry-wide compensation scheme for motor finance customers who were treated unfairly. It is also consulting on extending how long firms have to provide a final response to motor finance complaints to 31 July 2026. Please refer to our dedicated article on this topic here.

7 October – Motor Finance: The Financial Conduct Authority published a Dear CEO letter sent to claims management companies (CMCs) involved in motor finance commission claims that may be within the scope of its proposed compensation scheme for motor finance customers who were treated unfairly (CP25/27). Please refer to our dedicated article on this topic here.

EU Financial Markets

21 October – European Commission Work Programme: The European Commission published a communication outlining its work programme for 2026. This legal update focuses on the financial services aspects of the programme.

9 October – Solvency II Review: The European Insurance and Occupational Pensions Authority ("**EIOPA**") launched a new set of consultations under the Solvency II Review. The proposals span issues including calculation of the risk margin, valuation of technical provisions, ring-fenced funds and supervisory powers related to liquidity management.

1 October – EBA Work Programme: The European Banking Authority ("**EBA**") published its work programme for 2026, together with a report setting out its proposals for a more efficient regulatory and supervisory framework in the EU. The EBA's 2026 work programme focuses on strengthening the EU financial rulebook, enhancing risk oversight, and promoting innovation in AI, DeFi, and fintech, while implementing reforms to streamline regulation and supervision.

1 October – ESMA Work Programme: ESMA published its annual work programme for 2026 (ESMA22-50751485-1604), which includes an overview of its planned initiatives for 2026. For each initiative, ESMA sets out its objectives, intended results and main outputs, including details of the specific outputs envisaged and their likely timings.

U.S. Matters – Private Funds

21 October – OMB: The United States Office of Management and Budget ("**OMB**") published a memorandum for officials at United States federal government agencies offering guidance related to the current administration's "commit[ment] to deregulating at an unprecedented scale."

8 October – SEC Chairman: The Chairman of the SEC, Paul Atkins, was reappointed for a five-year term, expiring June 5, 2031.

7 October – SEC Settlements: The SEC published a speech by Chairman Atkins announcing the reinstatement by the SEC of the practice of simultaneously considering settlement offers and requests for waivers of automatic disqualifications that would have been triggered by such settlements.

1 October – U.S. Government Shutdown: Congressionally appropriated funding to operate the United States federal government lapsed. Many functions of the government, other than those necessary to protect public safety and other critical matters, are not operating. Please refer to our dedicated article on this topic here.

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