Proskauer

FinReg Monthly Update

Regulatory & Compliance on **December 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 December 2025:

Asset Management / Wealth Management

18 December – AIFMD 2.0 Liquidity Management Tools: European Securities and Markets Authority ("**ESMA**") published an amended version of its guidelines on liquidity management tools under the revised Alternative Investment Fund Managers Directive (2011/61/EU) and UCITS Directive (2009/65/EC) ("**AIFMD 2.0**").

16 December – Market Risk Capital Requirements: The Financial Conduct Authority ("**FCA**") published an engagement paper on market risk capital requirements for FCA investment firms.

9 December – Liquidity Risk Management: The FCA published a consultation paper (CP25/38) on enhancing fund liquidity risk management.

5 December – MiFID II Research: The European Commission published for consultation a draft Commission Delegated Directive amending the MiFID II Delegated Directive ((EU) 2017/593) relating to the conditions for the provision of third-party execution and research services to investment firms that provide portfolio management or other investment or ancillary services.

Consumer Duty / Retail Investment

18 December – Retail Investment: The Council of the EU and the European Parliament reached political agreement on the legislative proposals relating to the European Commission's Retail Investment Strategy ("**RIS**").

9 December – Consumer Duty: The FCA published a consultation paper (CP25/37) on targeted clarifications to its Handbook materials as part of its Consumer Duty rule review. The proposals are intended to simplify FCA requirements while ensuring they continue to support and protect consumers.

8 December – Client Categorisation: The FCA published a consultation paper (CP25/36) on its proposals to amend the client categorisation rules in COBS 3, and the conflicts of interest rules in SYSC 3 and 10. Please refer to our dedicated article on this topic here.

8 December – Consumer Investments: The FCA published a policy statement setting out its final rules for the new regime for consumer composite investments ("**CCIs**") (PS25/20) and published a discussion paper (DP25/3) on expanding consumer access to investments.

Sustainable Finance / ESG

18 December – Taxonomy Omnibus: The European Commission published a draft notice containing FAQs on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Regulation ((EU) 2021/2178), as amended by the proposed Omnibus Delegated Act.

17 December – ESG Fund Names: ESMA published a trends, risks and vulnerabilities risk analysis report on the increased incorporation of ESG terms into fund names and the impact of this on investment flows.

16 December – Omnibus I CSRD and CSDDD: On 16 December 2025, the European Parliament adopted its first reading position on the Commission's proposal for an Omnibus Directive reducing the scope of both the Corporate Sustainability Reporting Directive ((EU) 2022/2464) ("**CSRD**") and the Corporate Sustainability Due Diligence Directive ((EU) 2024/1760) ("**CSDDD**"). Please refer to our dedicated article on this topic here.

9 December – Omnibus I CSRD and CSDDD: On 9 December 2025, following trilogue negotiations, the EU institutions reached provisional political agreement on the European Commission's Omnibus proposal to reduce the scope of the CSRD and CSDDD. Please refer to our dedicated article on this topic here.

1 December – ESG Ratings: The FCA published a consultation paper (CP25/34) on its proposed approach to the regulation of ESG ratings.

UK Authorisation

5 December – Authorisation regime: HM Treasury published a policy paper providing an update on creating a provisional licensing authorisation regime for firms.

Securities / Capital Markets

5 December – UK Listing Rules: The FCA published a consultation paper (CP25/35) on further changes to the listing processes for new securities, the UK Listing Rules and the public offers and admissions to trading regime.

4 December – EU Capital Markets: The European Commission adopted legislative proposals for a Directive and two Regulations on further development of capital market integration and supervision within the EU under its savings and investments union package.

Financial Crime / Conduct / Sanctions

12 December – Non-Financial Misconduct: The FCA published a policy statement (PS25/23) on tackling non-financial misconduct in financial services. Among other things, it is amending COCON in the FCA Handbook to explain how non-financial misconduct can be a breach of the FCA's conduct rules.

9 December – UK Anti-Corruption Strategy: The UK anti-corruption strategy 2025 has been published.

9 December – AML / CTF Report: HM Treasury published its Anti-Money Laundering ("**AML**") and Counter-Terrorist Financing ("**CTF**"): Supervision Report 2024-25. The report provides information on the activities of the AML/CTF supervisors in the 2024-25 financial year.

4 December – High-Risk Third Countries: The European Commission adopted a Delegated Regulation that amends the list of high-risk third countries with strategic AML / CTF deficiencies produced under Article 9(2) of the Fourth Money Laundering Directive ((EU) 2015/849) ("**MLD4**").

Cryptoassets / Payments

17 December – Payments regulation: The FCA and the Payment Systems Regulator ("**PSR**") published a letter they have sent to HM Treasury providing an update on their progress in responding to HM Treasury's recommendations relating to payments regulation, which HM Treasury published in November 2024.

16 December – Cryptoassets UK Regulatory Regime: HM Treasury published draft Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025, together with an explanatory memorandum. In addition, the FCA published a consultation paper (CP25/41) on the regulation of admissions, disclosures, and market abuse under the new cryptoasset regulatory framework and a second consultation paper (CP25/42) on proposals for a prudential regime for cryptoasset firms. Please refer to our dedicated article on this topic here.

Artificial Intelligence / Digital Regulation

17 December – EU Artificial Intelligence Act: The European Banking Authority published a letter it has sent to the European Commission setting out the outcome of its Artificial Intelligence Act ((EU) 2024/1689) mapping exercise.

11 December – UK Innovation: The Bank of England published a speech given by Randall Kroszner, Financial Policy Committee External Member, which sets out a "practical guide" for promoting innovation and supporting growth in the economy while maintaining financial stability.

Prudential / Remuneration

2 December – UK Bank Capital Requirements: The Bank of England published a Financial Stability in Focus that sets out the Financial Policy Committee's assessment of UK bank capital requirements.

Insurance

19 December – Insurance Special Purpose Vehicles: The PRA published a supervisory statement (SS2/25) on prudential considerations for (re)insurance firms when transferring risks to insurance special purpose vehicles. Includes regulatory considerations on the use of limited recourse clauses, grace periods to the requirement for a UK ISPV to be fully funded, and concentration risks due to reliance on certain assets and single ISPVs.

9 December – Insurance Conduct Rules: The FCA published a policy statement (PS25/21) on finalized changes that simplify existing insurance conduct regulation. Key changes include reducing regulatory protections for larger commercial customers and streamlining product oversight and governance requirements for product manufacturers.

9 December – EU Insurance Recovery and Resolution Framework: EIOPA published seven consultation papers on various aspects of the Insurance Recovery and Resolution Directive ((EU) 2025/1), which is currently being implemented by EU Member States.

5 December – EU Solvency II: EIOPA published two consultation papers, which relate to revised guidelines on group solvency calculations and reporting and public disclosures, under the Solvency II Directive (2009/138/EC), as amended by the Solvency II Amending Directive ((EU) 2025/2).

5 December – EU Solvency II: EIOPA published two guidelines on group supervision and the treatment of related undertakings, and a revised opinion on the supervisory assessment of internal models with dynamic volatility adjustments, in each case under the Solvency II Directive (2009/138/EC), as amended by the Solvency II Amending Directive ((EU) 2025/2).

4 December – UK Solvency II: The PRA published a consultation paper (CP22/25) on post-implementation amendments relating to reporting and public disclosures under Solvency UK.

3 December – Climate-Related Exposures: The PRA published a policy statement (PS2/25) and supervisory statement (SS5/25) containing its enhanced expectations of banks' and insurers' approaches to managing climate-related risks.

EU Financial Markets

17 December – Designated trading venues: The European Commission published for consultation a draft Delegated Regulation amending Commission Delegated Regulation ((EU) 2016/522) as regards the list of designated trading venues that have a significant cross-border dimension in the supervision of market abuse and the indicators of market manipulation.

12 December – Simplifying Regulation: The Council of the EU adopted conclusions on simplifying the Union's financial services regulation.

U.S. Matters – Private Funds

22 December – CFTC: Michael Selig, President Trump's nominee for Chairman of the CFTC was sworn in. He previously served as the chief counsel for the SEC's Crypto Task Force. Upon his accession, former Acting Chairman Caroline Pham departed from the agency. As a result, the CFTC continues to be a "Commission" comprising a single member, which is unprecedented in the 51-year history of the agency.

19 December – CFTC: The CFTC published a no-action letter permitting SEC-registered investment advisers not to register as commodity pool operators and commodity trading advisors provided the adviser remains registered with the SEC, the pool is offered in a nonpublic offering under the Securities Act and interests in the pool are offered solely to "qualified eligible purchasers", a category which includes qualified purchasers and knowledgeable employees. Registered investment advisers meeting the criteria of the no-action letter may withdraw from registration on the basis of the no-action letter without complying with the terms of another exemption from registration, such as the 4.13(a)(3) exemption for limited derivatives users. The CFTC staff stated that the relief was issued on an "interim" basis while the CFTC considers reinstating the "QEP Exemption" which was previously codified in Rule 4.13(a)(4) but was rescinded in 2012 in the wake of the global financial crisis. Please refer to our dedicated article on this topic here.

19 December – U.S. Marketing Rule: The Managed Funds Association (the "MFA"), an asset management industry trade association, submitted a no-action letter request to the SEC's Division of Investment Management ("IM"), requesting additional FAQ guidance on the Marketing Rule. The letter requested guidance on the following areas: one-on-one communications, predecessor performance, layered disclosures, actual net returns and testimonials and endorsements. Though the request is still pending as of this writing and there are no assurances that IM will provide guidance in the requested form, or at all, it is rare that a request for guidance from an industry group reaches the stage where it is formally submitted for consideration unless IM has provided informal indications to the group that the request would be acted upon favorably in the near term.

16 December – U.S. Marketing Rule: The SEC's Division of Examinations issued a risk alert highlighting certain recurring deficiencies in investment advisers' compliance with the Marketing Rule, particularly in connection with the provisions related to the use of testimonials and endorsements along with third-party ratings.

3 December – Reg. S-P Compliance Deadline: In May 2024, the SEC adopted amendments to Regulation S-P. Registered investment advisers with at least $1.5 billion in assets under management, including investment advisers to private funds, are covered by these amendments and must begin complying as of December 3. Registered investment advisers below this threshold have an additional six months and must begin complying by June 3, 2026.

For more information, please contact us at ukreg@proskauer.com or usreg@proskauer.com.

View original.

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