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FinReg Monthly Update

Regulatory & Compliance on **May 2026**

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

Key Developments in May 2026:

United Kingdom

General Financial Services – Cross Sector

27 May – Financial Promotions: The FCA has published a press release announcing the findings of its review of firms approving unauthorised firms' financial promotions.

20 May – Motor Finance: The House of Commons Treasury Committee has published a letter from Dame Meg Hillier MP, Chair of the Treasury Committee, to Nikhil Rathi, FCA CEO, requesting answers to several questions relating to the FCA's work on its compensation scheme for motor finance complaints.

19 May – Financial Services and Markets Bill: The Financial Services and Markets Bill 2026-27 has had its first reading in the House of Lords and the text of the Bill (as introduced) has been published on the UK Parliament's Parliamentary Bills webpage.

19 May – Regulatory Initiatives Grid: The Financial Services Regulatory Initiatives Forum has published the Regulatory Initiatives Grid for May 2026.

19 May – Claims Management: The FCA published the terms of reference for a market study into the claims management services market to understand the underlying causes of practices it has observed and assess their effects on competition and consumer outcomes (MS26/2).

13 May – King's Speech: The King's Speech has been made to both Houses of Parliament, setting out the government's legislative priorities for the next parliamentary session. One of these priorities is the Enhancing Financial Services Bill 2026-27.

12 May – Regulatory Reform: HM Treasury has published a formal response to its consultation on cross-cutting reforms to the regulatory environment.

8 May – Motor Finance: The FCA has published an update setting out advice for firms and consumers on the legal challenges it has received to its compensation scheme for motor finance complaints.

6 May – Claims Management: The FCA has announced that it is launching a review into the claims management market. It has also announced a joint regulatory taskforce that has been established to tackle poor practices in the handling of motor finance claims by some claims management companies and law firms.

1 May – Motor Finance: The FCA has published a statement on legal challenges to its compensation scheme for motor finance complaints.

Asset Management / Wealth Management

21 May – Authorised Funds: The FCA has published a consultation paper on the registration of authorised fund assets (CP26/16).

14 May – MMFs: HM Treasury and the FCA have announced their plans for the new regulatory framework for money market funds ("**MMFs**"), which will include the revocation and replacement of the UK MMF Regulation ((EU) 2017/1131).

Banking / Payments / Consumer Credit

28 May – PRA: The PRA has published a policy statement (PS15/26) on Phase 1 of its Pillar 2A review.

27 May – PRA: The PRA has published a policy statement (PS14/26) on restating definitions from the UK Capital Requirements Regulation (575/2013) in the PRA Rulebook.

20 May – Credit Brokers: The FCA has published a regulatory guide for credit brokers, which forms part of an FCA pilot to help small firms navigate its rules.

18 May – Consumer Credit: HM Treasury has published a policy statement on its proposed widescale reforms to the Consumer Credit Act 1974.

18 May – Banking: HM Treasury has published a report on the findings from a review of the ring-fencing regime for banks.

14 May – Banking: HM Treasury has announced the launch of an independent review of access to banking services.

6 May – Private Credit: The Financial Stability Board has published a report on vulnerabilities in private credit.

5 May – CRR: The Capital Requirements Regulation (Market Risk Transitional Provision) Regulations 2026 (SI 2026/491) have been made and published on legislation.gov.uk.

Insurance

21 May – PRA: The PRA has published a policy statement on updating its regime for third-country insurance branches (PS13/26).

21 May – Consumer Insurance: The House of Lords Financial Services Regulation Committee has published a press release announcing it has launched a new inquiry into regulation of the consumer home and travel insurance markets.

Cryptoassets / Artificial Intelligence / Cyber Security

18 May – Prudential Risks: The PRA has published a Dear CEO letter to banks and designated investment firms to update them on its expectations for managing the prudential risks from tokenised assets, stablecoins and other cryptoasset exposures.

18 May – E-Money / Stablecoins: The PRA has published a Dear CEO letter sent to PRA-regulated firms to reaffirm its position and clarify its expectations on innovations in the use by deposit-takers of deposits, e-money and regulated stablecoins.

18 May – Tokenisation: The FCA and the Bank of England have published a call for input on how to support the safe adoption of tokenisation in UK wholesale financial markets.

15 May – AI / Cyber: The Bank of England, the FCA and HM Treasury have published a joint statement on frontier AI models and cyber resilience.

15 May – AI: The FCA has updated both its AI Lab and AI Input Zone webpages to state it is reopening the AI Input Zone to collect stakeholders' views about examples of good and poor practice in relation to AI use cases in financial services.

7 May – Payments: The FCA has published an updated version of its approach document relating to its role under the Payment Services Regulations 2017 (SI 2017/752) (PSRs 2017) and Electronic Money Regulations 2011 (SI 2011/99) (EMRs).

Securities / Capital Markets

27 May – Benchmarks: The FCA has published an updated webpage setting out its findings from a multi-firm review of the quality of calculation controls in the benchmarks sector.

21 May – Securitisation: The Securitisation (Overseas STS Equivalence) (European Union, Iceland, Liechtenstein and Norway) Regulations 2026 (SI 2026/550) have been published on legislation.gov.uk.

15 May – Credit Ratings: The FCA has published a webpage containing the findings of its multi-firm review on the surveillance processes, credit rating methodologies and internal controls for UK-registered credit rating agencies.

Financial Crime / Enforcement / Sanctions

28 May – Sanctions: The FCA has published a report setting out the findings from a review of firms' financial and trade sanctions systems and controls.

European Union

Asset Management / Wealth Management

11 May – Funds: ESMA has published a final report setting out the results of its common supervisory action with national competent authorities on the compliance and internal audit functions of UCITS management companies and alternative investment fund managers across the EU.

5 May – NBFIs: The Eurosystem has published a report setting out targeted macro-prudential policy proposals for non-bank financial intermediaries ("**NBFIs**").

Banking / Payments / Consumer Credit

28 May – CRR: The European Commission has adopted a Delegated Regulation containing regulatory technical standards ("**RTS**") relating to operational risk under the Capital Requirements Regulation (575/2013) ("**CRR**"), as amended by the CRR III Regulation ((EU) 2024/1623).

11 May – Resolution: The Single Resolution Board has published for consultation a draft version of its operational guidance for banks on liquidity and funding in resolution.

Insurance

22 May – Solvency II: Commission Implementing Regulation (EU) 2026/1094, which lays down technical information for calculating technical provisions and basic own funds for reporting with reference dates from 31 March 2026 until 29 June 2026 under the Solvency II Directive (2009/138/EC), has been published in the Official Journal of the European Union.

5 May – Insurance: EIOPA has published a consultation paper on its draft technical advice on minimum common standards for insurance guarantee schemes in the EU.

5 May – Insurance: EIOPA has published a report containing findings from an analysis of how introducing insurance guarantee schemes with minimum common standards influences consumer perceptions and choice in the European insurance market.

Cryptoassets / Artificial Intelligence / Cyber Security

20 May – MiCA: The European Commission has published a targeted consultation and a public consultation on its review of the Regulation on markets in cryptoassets ((EU) 2023/1114) ("**MiCA**").

Securities / Capital Markets

26 May – CSDR: ESMA has published a consultation paper on amending its guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients, produced under Article 6(2) of the Central Securities Depositories Regulation (909/2014) ("**CSDR**").

21 May – MiFID: The European Commission has adopted a Delegated Regulation supplementing the MiFID II Directive (2014/65/EU) with RTS on the establishment of an EU code of conduct for issuer-sponsored research.

5 May – Transaction Reporting: ESMA has published an interim report on its call for evidence on a comprehensive approach for the simplification of financial transaction reporting under the Markets in Financial Instruments Regulation (600/2014), EMIR (648/2012), the Securities Financing Transactions Regulation ((EU) 2015/2365) and sectoral regulation.

Sustainable Finance / ESG

27 May – ESG Ratings: The European Commission has adopted a Delegated Regulation supplementing the ESG Ratings Regulation ((EU) 2024/3005) relating to RTS information to include in applications for authorisation or recognition as an ESG rating provider.

19 May – Sustainability / Stress Testing: The European Central Bank has published updated versions of its reports on good practices for climate and nature-related risk management and related stress testing.

6 May – Sustainability / MiFID II: ESMA has published a statement presenting the results of the common supervisory action with national competent authorities on the integration of sustainability in firms' suitability assessment and product governance processes and procedures under the MiFID II Directive (2014/65/EU).

5 May – SFDR 2.0: The European Parliament's Economic and Monetary Affairs Committee has published a draft report on the European Commission's legislative proposal for SFDR 2.0.

Financial Crime / Enforcement / Sanctions

11 May – AML: The EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism has published a consultation paper under Directive (EU) 2024/1640 ("**MLD6**"). The consultation relates to draft RTS setting out a framework for co-operation between home and host supervisors of cross-border groups of entities.

United States

General Financial Services – Cross Sector

19 May – Upcoming Departure of an SEC Commissioner: Regent University Law School announced that Hester Peirce, a Republican SEC Commissioner, will depart the SEC to join the school's faculty this fall. Peirce has been an SEC Commissioner since 2018, after earlier serving on the SEC staff, and has developed a reputation as a prominent voice in favor of digital assets and a frequent critic of what she sees as regulatory overreach. Unless replaced, her departure will leave the SEC with only two members on its five-person Commission. After her departure, due to the Commission's quorum requirement, all Commission-level actions requiring a vote will need to be agreed unanimously by both Commissioners.

Reg. S-P Compliance Deadline: Regulation S-P, originally adopted in 2000, governs how covered financial institutions must safeguard the nonpublic personal information of natural persons. In May 2024, the SEC adopted amendments to Regulation S-P that require advisers to develop, implement and maintain written policies and procedures addressing (1) safeguarding of customer information, (2) incident response programs, (3) notification to individuals affected by an incident, (4) proper disposal of information and (5) recordkeeping. Registered investment advisers with at least $1.5 billion in assets under management were required to begin complying as of December 3, 2025. Registered investment advisers with less than $1.5 billion in assets under management must begin complying by June 3, 2026.

Asset Management / Wealth Management

1 May – Increase in Existing Qualified Client Threshold: The SEC published an order adjusting for inflation the monetary thresholds above which investment advisers may charge fees based on the performance of investments (such as carried interest). An investment adviser may accept performance-based compensation if an investor is a "qualified client." As amended, in order to be a qualified client, a client must have $1.4 million under management with the adviser (up from $1.1 million) or a net worth of $2.7 million (up from $2.2 million). The thresholds were last adjusted in 2021 and are required to be adjusted every five years. The adjustments are expected to go into effect next month on June 29, 2026.

Insurance

7 May – Treasury Secretary Meets with U.S. State Insurance Commissioners on Private Credit and the Insurance Sector: Secretary of the Treasury Scott Bessent met with U.S. state insurance commissioners and the National Association of Insurance Commissioners ("NAIC") to discuss the U.S. life insurance sector, including recent developments in private credit markets, the movement of U.S. life and annuity reserves to offshore jurisdictions, and state and NAIC regulatory responses. Secretary Bessent highlighted the need for regulation that encourages innovation while balancing risk. Treasury and the state insurance commissioners agreed to continue working on risk-based capital, private letter ratings, offshore reinsurance jurisdictions, and the oversight of evolving business models.

Securities / Capital Markets

21 May – SEC and NFA Announce Memorandum of Understanding to Enhance Regulatory Coordination: On May 21, the SEC and the National Futures Association ("NFA") announced a new Memorandum of Understanding ("MOU") to strengthen collaboration between the two agencies, with the goal of supporting enhanced cooperation, coordination, and information sharing in areas of overlapping interest. The MOU improves the SEC and the NFA staff's ability to share information on emerging risks, examination planning, and financial market conditions. It also provides for periodic meetings between the SEC and the NFA's staff.

19 May – SEC Proposes Registered Offering Reform: The SEC proposed a sweeping set of amendments intended to modernize and simplify the registered securities offering process for public companies, registered closed-end funds, business development companies, and other products. The proposal would expand Form S-3 and Form N-2 eligibility by eliminating seasoning and public float requirements, replace the well-known seasoned issuer ("WKSI") framework with two new issuer categories that would extend current WKSI accommodations to significantly more issuers, expand the ability to incorporate information by reference, and preempt U.S. state blue sky registration and qualification requirements for all registered offerings. If adopted, the amendments would represent the most significant update to the registered offering process since 2005.

5 May – SEC Proposes Amendments to Permit Optional Semiannual Reporting by Public Companies: The SEC proposed rule and form amendments that would give public companies the option of filing semiannual reports in lieu of quarterly reports to meet their interim reporting obligations under the Securities Exchange Act of 1934. The SEC noted that these changes were intended to facilitate semiannual reporting and to simplify rules regarding the age of financial statements. Comments are due July 6, 2026.

Financial Crime / Enforcement / Sanctions

27 May – CFTC Charges Individual with Insider Trading Involving Prediction Market Contracts: On May 27, the CFTC filed a complaint in the U.S. District Court for the Southern District of New York against a Swiss employee of a major American technology company, alleging that he had engaged in insider trading on an offshore prediction market by using sensitive nonpublic information regarding the company's official *Year in Search* list for 2025 to make trades on the website, generating approximately $1.2 million in profits. The U.S. Attorney's Office for the Southern District of New York announced a parallel criminal complaint against the employee on the same day.

18 May – SEC Rescinds "No Deny" Settlement Policy: The SEC rescinded Rule 202.5(e), its policy originally adopted in 1972 that, as a condition of agreeing to settle a civil lawsuit or administrative proceeding, required the defendant to agree not to deny the allegations in the order. As a result, parties are now able to settle with the SEC and deny that they engaged in the conduct alleged in the underlying judgment or order. Going forward, the SEC will still be permitted to enter into no admit/no deny settlements, but this will not be required. This rescission may alter settlement dynamics by giving settling parties greater freedom to speak publicly and advance their view of the underlying facts while potentially reducing their leverage to negotiate the language of the SEC's factual allegations and incentivizing seeking affirmative admissions (rather than non-denials) of certain conduct.

13 May – New SEC Director of the Division of Enforcement Discusses Private Market Priorities: In a speech at the Managed Funds Association conference, David Woodcock, the newly appointed SEC Director of the Division of Enforcement, said the SEC is "attuned to potential risks relating to liquidity, fees, valuations and conflicts of interest — not only at the private fund adviser level but throughout the distribution chain." He also stated that the division would remain active in the investment adviser space, pursuing matters involving misappropriated assets, misleading strategy disclosures, undisclosed fees and expenses, inaccurate valuations, prohibited trading practices, and undisclosed conflicts of interest. Woodcock noted that the division is specifically monitoring private credit, echoing similar remarks from US Attorney (and former SEC Chairman) Jay Clayton.

6 May – SEC Charges 21 Individuals in Connection with Insider Trading Scheme: The SEC charged 21 individuals for their alleged involvement in an insider trading scheme that used material nonpublic information misappropriated from multiple global law firms and resulted in millions of dollars in illicit profits.

Sustainable Finance / ESG

29 May – SEC Proposes to Rescind ESG Rules: The SEC proposed rescinding its 2024 climate-related disclosure rules, which would have required public companies to provide detailed disclosures regarding matters such as greenhouse gas emissions, climate-related risks and the financial impacts of severe weather events. The SEC stated that the rules exceed its statutory authority and impose substantial compliance costs on public companies that are not justified by their benefits. The proposal would rescind the climate disclosure rules in their entirety. Comments are due 60 days after publication of the proposing release in the Federal Register.

Cryptoassets / Artificial Intelligence / Cyber Security

25 May – IOSCO on AI in Capital Markets: The International Organization of Securities Commissions ("IOSCO") published a report setting out a supervisory toolkit for the use of artificial intelligence in capital markets. The report provides IOSCO member authorities with practical, non-binding tools to support the oversight of AI systems across their lifecycle, including traditional machine learning models, GenAI and emerging Agentic AI systems. While the supervisory toolkit does not impose any new regulatory obligations on any party, it may influence the manner in which AI systems are regulated in the future. The SEC is a member of IOSCO.

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