

FCA's Regulatory Priorities in Wholesale Markets

New Insights of Importance for Investment Banks

April 2026



Introduction

When the FCA announced that it would move away from issuing portfolio letters (seemingly to sometimes ill-defined sectors, and at random intervals) with a focused, annual, pre-set list of sectors, this approach received widespread market support. Helpfully, the FCA has now defined the nine sectors that will receive annual updates in its Regulatory Priorities reports, and the cadence at which these documents will appear. Predictability and clarity in regulatory expectations is, of course, generally viewed positively and the FCA is to be supported in this development.

An element that firms may not have appreciated at the time but which has become apparent through the first batch of releases of the new Regulatory Priorities documents, is the extent to which they give an insight into the internal workings of supervisory teams at the FCA. Whilst this is also helpful information for firms, it has resulted in lengthy “to do” lists for the FCA, and firms will need to prepare accordingly.

Perhaps the best example of this is in the [Wholesale Markets paper](#), which contains over 50 “announcements”. Some of these have already appeared in the December 2025 Regulatory Initiatives Grid or have previously been announced elsewhere. But by our estimation, approximately half are new, in the sense that the FCA has not previously publicly announced its intention to take these steps (although many are supervisory measures that the FCA would not typically announce, but which may well be known already by some affected firms). Notably, some relate to key risk areas, such as operational resilience, prudential requirements, corporate finance firm compliance functions, and wholesale conduct rules in general (the breadth of the planned review has not been defined).

To assist firms, we have analysed the Wholesale Markets paper and identified new announcements, those which were in the Regulatory Initiatives Grid, those that had been announced elsewhere, and those where the timing has changed or firmed up. We also include our estimation of the potential impact of each measure (minor, medium, or major), from the perspective of investment firms with dealing and investment banking permissions. Firms can use this information to identify areas of relevance that we expect to come into the regulatory spotlight.

Analysis of FCA Regulatory Priorities (Wholesale Markets)

| Item | Status | | | | |
|--|--------|------------------------|---|---|------------------|
| | New? | In December 2025 Grid? | Announced elsewhere? | Timing / other update | Estimated impact |
| Introduction of new rules for reporting operational incidents and information on material third parties following CP24/28 | | Yes | | | Medium |
| Assessment of firms' cyber and operational resilience | Yes | | | | Medium |
| Improvements to trading venues' ability to prevent major operational or cyber incidents and to recover quickly and safely | Yes | | | | Minor |
| Review of wholesale bank operational resilience self-assessments | Yes | | | | Medium |
| Consultation in 2026 on rules/guidance to strengthen market resilience during an outage (to be included in broader consultation on equity market structure and transparency) | | | Yes, mentioned as part of the Wholesale Markets Review (March 2022) | Timing not previously indicated for this work | Minor |
| Conduct threat-led penetration testing (CBEST) of wholesale banks and trading venues | Yes | | | | Minor |
| Analyse firm information to understand insider risk management and firm awareness of National Protective Security Authority (NPSA) guidance | Yes | | | | Minor |
| Communicate key findings of assessment of trading venue compliance with the FCA's operational resilience framework | Yes | | | | Minor |
| Review and test a sample of wholesale brokers' contingency funding, recovery, and wind-down plans | Yes | | | | Minor |
| Consult on market risk capital requirements for investment firms (Q4 2026) | | Yes | | | Medium |
| Continue supervisory review and evaluation process of some principal trading firms | | | Yes, mentioned in August 2023 Dear CEO Letter | | Medium |

| Item | | Status | | | | |
|---|--|---|------------------------|---|--|------------------|
| Continue enhanced monitoring of principal trading firms specialising in commodity trading | | Yes, mentioned in August 2023 Dear CEO Letter | | | | Medium |
| Efficient, Competitive, and Innovative Markets | | New? | In December 2025 Grid? | Announced elsewhere? | Timing / other update | Estimated impact |
| Publication of final rules supporting issuance and investment in securitisations (in H2 2026) following CP26/6 | | | Yes | | | Medium |
| Consultation on equity market structure and transparency in H1 2026 | | | Yes | | Timing clarified; the Grid only indicated 2026 | Major |
| Consultation on amending rules on unconnected research in the context of IPOs | | | | Yes, mentioned in the December 2025 letter to the UK government | | Medium |
| Publication of final rules on an equity consolidated tape (by end of H1 2026) following CP25/31, and commence procurement process for an operator of the tape | | | Yes | | Timing for final rules has been added | Medium |
| Publication of a feedback statement (in Q2 2026) on changes to the revised UK short selling regime (CP25/29) | | | Yes | | FCA previously indicated there would be a Policy Statement in Q2 | Medium |
| Publication of final rules on client categorisation and conflicts of interest following CP25/36 | | | Yes | | | Major |
| Implement reforms to commodity derivatives regulatory framework in July 2026 (PS25/1) | | | Yes | | | Medium |
| Engagement with firms on preparation for new commodities trading regime | | Yes | | | | Minor |
| Engagement on remuneration rules for solo-regulated investment firms (Q3 2026) | | | Yes | | | Major |

| Item | | Status | |
|--|-----|--------|--|
| Publication of final rules for ESG ratings following CP25/34 (Q4 2026) | | Yes | Minor |
| Work with government to reform the benchmarks regime | | Yes | Medium |
| Review of wholesale conduct rules | Yes | | Major |
| Review of the SMCR with HM Treasury (HMT) and the PRA to halve the regulatory burden (during H1 2026) | | Yes | Major |
| Engagement on operational standards for bond consolidated tape ahead of June 2026 launch | | | Previously announced on FCA website Minor |
| Assessment of applications of prospective PISCES operators | | | FCA has communicated updates on PISCES operators since the framework was launched in 2025 Minor |
| Engagement with listing sponsors and conduct multi-firm reviews | Yes | | Medium |
| Monitor firms' preparation for T+1 implementation | | Yes | Minor |
| Post-implementation review of Investment Firms Prudential Regime (IFPR) (call for input H2 2026, followed by a Consultation Paper in 2027) | Yes | | Major |
| Engagement on tokenised securities and gather feedback on the approach to Distributed Ledger Technology in wholesale markets | Yes | | Minor |

| Item | | Status | | | |
|---|------|------------------------|--|-----------------------|------------------|
| Safe and Responsible Adoption of New Technology | New? | In December 2025 Grid? | Announced elsewhere? | Timing / other update | Estimated impact |
| Support responsible AI adoption through the AI Lab initiatives | | | Yes, numerous publications on the FCA's work on AI | | Minor |
| Use of FCA/Bank of England (BoE) AI Consortium and input to the HMT-led Wholesale Financial Markets Digital Strategy | | | Yes — BoE website; UK government website | | Minor |
| Conduct fourth AI and machine learning survey alongside the BoE | | | Survey is biennial | | Minor |
| Engagement to understand firms' use of AI and how they are developing governance, testing, oversight, risk management, and use of third-party providers | | | Yes, numerous publications on the FCA's work on AI | | Minor |
| Operation of the Digital Securities Sandbox alongside the BoE | | Yes | | | Minor |
| Engagement with firms on appropriate permissions for digital securities activities | Yes | | | | Minor |
| Publication of final Policy Statements on cryptoasset regime in 2026 | | Yes | | | Medium |
| Conduct survey on wholesale broker provision of client access to crypto and digital markets (Q2 2026) | Yes | | | | Minor |
| Monitor sectoral process with post-quantum cryptography | | | Builds on HMT's policy paper "Advancing a Coordinated Roadmap for the Transition to Post-Quantum Cryptography in the Financial Sector" | | Minor |

| Item | | Status | | | |
|--|------|------------------------|---|------------------------|------------------|
| Prevent Financial Crime and Market Abuse | New? | In December 2025 Grid? | Announced elsewhere? | Timing / other update | Estimated impact |
| Continuation of financial crime assessments (e.g., on sanctions, terrorist financing, and proliferation financing) | | | Ongoing workstream | | Minor |
| Engagement on improving UK transaction reporting regime (CP25/32) with Policy Statement expected in Q3 2026 | | Yes | | Timing updated from H2 | Major |
| Engagement with firms that may not have been complying with the Money Laundering Regulations (MLRs) to understand their remedial actions | | | Mentioned in FCA's financial crime controls in corporate finance firms: survey findings in October 2025 | | Minor |
| Collection and analysis of information from a sample of banks and trading venues on insider risk management | Yes | | | | Minor |
| Monitor data quality of submissions from approved reporting mechanisms and their investment firm clients | | | Ongoing supervisory work | | Minor |
| Conflicts of Interest and Conduct Oversight | New? | In December 2025 Grid? | Announced elsewhere? | Timing / other update | Estimated impact |
| Initiation of a broader supervisory strategy to address conflicts and inadequate conduct in trading and originating activities of wholesale banks in securities markets. This will include multi-firm reviews of market soundings, prime services, executing in emerging markets, allocation of primary market fixed income products, and quantitative investment strategies | Yes | | | | Major |
| Governance Review at benchmark administrators (H1 2026) | Yes | | | | Medium |
| Engagement with four benchmark administrators to assess compliance with obligations to be clearly named, to be compliant with sustainability-related and low-carbon disclosure rules, and provide transparency to enable users to make informed investment decisions in H1 2026 | Yes | | | | Medium |

| Item | | Status | |
|--|-----|---|--------|
| Review and test controls in place at wholesale brokers | Yes | | Medium |
| Review of wholesale brokers' monitoring of overseas branches and subsidiaries (starting Q3 2026) | Yes | | Minor |
| Assessment of corporate finance firms' compliance functions | Yes | | Medium |
| Continued multi-firm work in H1 2026 to assess credit agencies' governance frameworks and monitor the outcomes of firms' action plans | | Continuation of work highlighted in 2024 portfolio letter | Minor |
| Review the Data Reporting Services Providers (DRSP) notification regime | Yes | | Minor |
| Verify that trading venues have an appropriate level of governance for external pricing services | Yes | | Minor |
| Engagement with trading venues to ensure the boards have appropriate knowledge, skills, experience, and independence (including interviews with directors of significant trading venues) | Yes | | Minor |
| Review of position on payment for order flow | Yes | | Medium |
| Review of rules on pre-hedging following IOSCO's recommendations | Yes | | Medium |
| Addressing concerns around the application of the Consumer Duty, with a consultation in H1 2026 | | Yes | Medium |
| Monitoring the growth in unregulated private credit ratings and the impact of this on the regulated businesses | Yes | | Minor |

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