Newsletter – Financial services
Spring 2026

*In France, members of the National Assembly involved in the adoption of the bill aiming at the combating social and tax frauds sought, in April, to repeal the framework of the French deferred prosecution agreement (*convention judiciaire d'intérêt public *– CJIP), arguing that its recent implementation in connection with the so-called 'Cum Cum' fraud had unduly weakened the deterrent effect of the law. The proposal was ultimately not retained in the text adopted on 11 May 2026*[1]*.*

Legislative turmoil in April 2026 also included a bill proposing a legal framework for the seizure of frozen foreign sovereign assets in response to violations of international law[2]*.*

These various initiatives are regrettable at a time when France remains among the Member States lagging behind in the implementation of several key European texts, particularly in the area of cyber resilience. This raises questions as to the relevance of legislative activism due to be unsuccessful[3]*.*

1. Financial Sanctions against Russia

By adopting its 20th package of sanctions against Russia on 23 April 2026, the European Union has shown more unity. Implementing regulations followed, together with an update on 6 May 2026 of the European Commission's FAQ addressing interpretative issues arising from these evolving measures[4].

In the financial sector, the new rules include prohibitions on transactions with 20 additional banks for their involvement in sanctions circumvention, a ban on transactions involving central bank digital currencies such as the digital ruble, and an expansion of the list of crypto-assets whose use in transactions is prohibited given they present a circumvention risk.

Mechanisms aimed at combating circumvention of EU sanctions require financial institutions to monitor a growing number of foreign entities established in third countries added to restrictive lists (including Kyrgyzstan, China, Turkey, Hong Kong, the United Arab Emirates and Thailand). More recently, the war in Iran and the ensuing repression have triggered further EU sanctions targeting natural and legal persons associated with that repression.

The breadth and variety of sanctions regimes are such[5] that automated monitoring based on specialist paid databases appears inevitable, a point tacitly reflected in the draft regulatory technical standards (RTS) on customer due diligence discussed below. The use of information technologies must also be reconciled with information available on clients' shareholders and known beneficial owners[6].

---

[1] Following a joint parliamentary committee (*commission mixte paritaire*) involving both Houses of Parliament.
[2] A French initiative that was bound to fail, given that the EU has not been able to reach a consensus on rules of this kind.
[3] For example, the proposal to make combating the 'grangerization' of France by organized crime and money laundering a priority.
[4] Shortly after an election in Hungary which resulted in Viktor Orbán's departure. The two foundational regulations (269/2014 and 833/2014) were also accompanied by an amendment to the Regulation aimed at Belarus.
[5] Between country-specific sanctions and thematic regimes, the lists are becoming extensive and require organization to avoid missing any listing. For example, implementing regulations under Regulation 2019/796 on restrictive measures against cyber-attacks threatening the Union or its Member States were adopted in March and May 2026.
[6] On 12 March 2026, the Court of Justice of the EU (ECJ) held that the assets of a company not itself listed may be frozen where that company is controlled by a person whose assets have been frozen.

2. Fight against money laundering (AML/CFT)

2.1 European developments

A consultation launched by the European AML/CFT authority on two draft regulatory technical standards (RTS) published in early February closed on 8 May 2026. Both texts represent a significant development in the core regulatory expectations applicable to obliged entities, whether within the financial sector or otherwise[7].

In mid-April 2026, a further consultation was opened in respect of draft RTS on group-wide supervision, as well as guidelines on minimum requirements regarding the content of risk assessments and the sources of information to be taken into account when carrying out such assessments.

As announced in previous newsletter, Russia was formally included in the EU list of high-risk third countries (since the publication in early 2026 of a Commission Delegated Regulation).

2.2 National developments

In France, developments in the AML/CFT field have been numerous. In particular, criminal investigations are now giving effect to the recent changes introduced by the recent law aimed at fighting against narcotics trafficking. The reason is that since the said law, money laundering is treated as a 'concealed offence': the statute of limitation runs from the date on which the offence came to light and could be established in circumstances enabling prosecution. From a legislative standpoint, the law on combating social and tax fraud adopted on 11 May 2026 should also be noted. The financial sector will be more directly involved in (i) data-sharing, by way of derogations from professional secrecy, and (ii) enhanced vigilance obligations in respect of fraud and money-laundering transactions across the financial sector.

In addition, a Decree dated 24 April 2026, for the first time, implements European legislative developments aimed at harmonizing AML/CFT rules. The Decree strengthens, in particular, the training obligations applicable to staff of obliged entities, without fundamentally altering the existing framework. The key novelty lies in the detailed regulatory formalization of the content of such training, whereas these elements had previously been implicit or inferred from supervisory guidance issued by the various competent authorities. The Decree also introduces training differentiated by risk and by function, and significantly strengthens requirements as to traceability and evidencing of such training[8].

Financial institutions will need to remain vigilant in applying asset-freezing rules, now that an updated version of the guidelines on the implementation of asset-freezing measures has been available since 16 March 2026. The Authorities have acknowledged that this update was necessary not only to reflect European and French developments, but also recent case law of the ACPR Sanctioning Committee concerning the implementation of asset-freezing measures, as well as ACPR's findings[9].

In French case law on AML/CFT, a decision of the French Supreme Court (*Cour de cassation*) should be noted. It recalls that customer due diligence obligations serve the sole purpose of AML/CFT. As a result, a client who has been the victim of fraud cannot seek damages from their bank on the basis of alleged failures in the performance of their AML/CFT obligations[10].

---

[7] The changes are more significant for the non-financial sector, but should not be overlooked for the financial sector, given the prospect of a larger data set under the emerging rules.
[8] This Decree should not be confused with another Decree of the same date which adds Tracfin to the list of external authorities that may receive whistleblowing reports; it is therefore not of the same nature and scope as a suspicious transaction report.
[9] By way of example, a decision issued on 15 April 2026 against MoneyGram, a Belgian payment institution, may be cited, even though it does not concern asset-freezing.
[10] Dated 4 March 2026. Note also that another ruling dated 25 March 2026 (25-10.353) rejects a bank's liability for failing to warn a client that their crypto-asset investment was very likely to be fraudulent.

The French financial intelligence unit's (Tracfin) educational publications aimed at certain obliged entities in the non-financial sector (including the art market and real estate) may also be of interest to financial-sector obliged entities, as the latter may encounter the sector-specific money-laundering typologies identified by Tracfin in these publications.

3. Payment services

3.1 European developments

Following the political agreement reached in late 2025 on the two texts intended to overhaul PSD2, the framework appears to have stabilised with the release of the technical agreement within COREPER on 17 April 2026 and the agreement within the European Parliament's Committee on Economic and Monetary Affairs on 5 May 2026.

The most notable developments in the latest version of the European Regulation (PSR) are likely to include the express introduction of an obligation for payment service providers (PSPs) to access the hardware/software functionalities of electronic devices (for example, the NFC technology of smartphones); this relates to underlying obligations for Apple/Google. In addition, the recognition of manipulation fraud is accompanied by measures to protect victims, enabling them to report such fraud and to be heard by PSPs. In this context, exchanges with online service providers subject to the Digital Services Act (DSA) (i.e., the Big Techs) are intended to increase their accountability so that PSPs may better handle the fraud that is proliferating today.

The new regulatory framework also signals a paradigm shift: combating fraud finally takes precedence over the protection of the personal data of individuals… suspected of fraud. In Europe, this will lead to data-sharing concerning suspected fraudsters within the financial ecosystem, similar to what France has introduced through the national register of accounts flagged for fraud risk (FNCS-RF), applicable since 7 May 2026. Since that date, a bank may inform its client that the IBAN of an account to which the client wishes to transfer funds is suspected, and that the client should verify the identifier. It may also block the transfer where the beneficiary IBAN is confirmed as fraudulent.

In the crypto-asset market, it should be recalled that the transitional period ends on 1 July 2026. By that date, French virtual asset service providers (PSANs) wishing to continue offering crypto-asset services must have obtained authorisation as crypto-asset service providers (CASPs) under MiCA. By the same date, they must also be authorised as electronic money institutions (EMIs) where the crypto-assets exchanged qualify as electronic money[11]; this complexity raises questions in the context of (i) the forthcoming merger of EMI and payment institution statuses and (ii) the EU plan for rules that are "*simpler, clearer and better enforced*"[12].

3.2 National developments

As noted above, France can point to the establishment of the FNCS-RF register, intended to reduce fraud—provided that participating banks genuinely engage in data-sharing. This is to be hoped, as the Banque de France's observatory (OSMP) noted at the beginning of the year an increase in manipulation fraud in 2025 (+37% to EUR 245 million)[13].

---

[11] A 'no action letter' by the European Banking Authority (EBA) on this topic is due to expire on 1 July 2026 (see EBA Opinion of 12 February 2026 – EBA/OP/2026/01).
[12] European Commission press release of 28 April 2026.
[13] Two orders of 24 April 2026 completed a legal framework that had been foreshadowed by the technical framework.

4. Investment services and asset management

In the absence of major developments in EU law[14], recent French developments relate less to new legislation than to tightened supervisory expectations—particularly for investment firms—covering client money segregation, internal governance, and the production and quality of prudential deliverables[15].

News is the sector also includes enforcement: an AMF Sanctions Commission decision rendered on 20 January 2026 concerning an investment services provider (PSI) provided a concrete reminder that commitments made upon approval of the program of operations, and organisational requirements, are assessed over time against genuinely operational tools and documented governance[16].

5. Sustainable finance

As noted in the previous newsletter, European sustainable finance continues to become increasingly diffuse. In this context, the European Commission launched a consultation in mid-March 2026 on a possible revision of the EU taxonomy criteria (the classification system for sustainable economic activities), again with the stated objective of "*making this framework simpler and easier to use*"[17].

In France, it is worth noting, first, the adoption of an order dated 18 February 2026 defining the benchmark and the inspection and monitoring plan for the 'socially responsible investment' (SRI) label; and, secondly, the publication at the end of February 2026 of a so-called 'SPOT' summary by the French securities regulator (AMF), analysing how sustainability preferences are taken into account by the five largest investment service providers. In that context, the AMF identified the following three poor practices[18]:

- failing to put in place a final assessment following sustainable finance training, which limits the ability to measure advisers' expertise, even though advisers are both the final link ensuring investment advice is suitable for clients and the first point of contact for investors;
- failing to explain to clients, in the collection tool, how proposed qualitative thresholds translate into minimum percentage levels for reflecting their sustainability preferences in their investment portfolio;
- failing to specify, for clients who chose not to detail their sustainability preferences in the collection tool, the nature of the sustainability criteria taken into account by investment service providers when assigning a generic profile.

6. Other European or national developments impacting financial services

By fast-track law (*ordonnance*) dated 8 April 2026[19], the French Government finally implemented the provisions of the so-called CRD VI Directive, which in particular concerns the supervision of branches of third-country banks and investment firms. The measures specify the conditions of access for such institutions and their prudential regime (including authorisation, governance, own funds and any derogations). The reform also entails adjustments to the French banking monopoly, whether in relation

[14] On 11 May 2026, the European Commission published guidance (FAQ and report) on the resilience of European money market funds, in addition to technical regulations published at the end of February 2026 on liquidity management tools under the AIFM framework.
[15] For example, the ACPR meeting of 17 February 2026.
[16] Among other sanctions and administrative settlement agreements.
[17] Most recently, an amending Directive stemming from what has been referred to as the 'omnibus package' (amending, in particular, the 'CS3D' and 'CSRD' Directives) of 24 February 2026 on sustainability reporting requirements applicable to companies and certain due diligence requirements in relation to sustainability.
[18] 'SPOT' refers to '*Supervision des Pratiques Opérationnelle et Thématique*'.
[19] Supplemented by a Decree of 24 April 2026.

to intra-group transactions, interbank transactions, or those initiated at the customer's request where the third-country undertaking has not engaged in canvassing (so-called 'reverse solicitation')[20].

Another legislative vehicle—the so-called 'DADDUE 6' bill—remains in the course of adoption, and is expected to reform a large number of texts relating to financial services and capital markets[21]. Mention may also be made of the bill on the resilience of critical infrastructures and the strengthening of cybersecurity, which was intended to implement at least three European texts for which France is behind schedule[22].

In the life insurance sector, recent developments include amendments to the rules governing the universe of unit-linked investments in life insurance and retirement savings plans. A Decree of 30 April 2026, for example, removes the possibility of referencing, going forward, alternative investment funds qualifying as "Other AIFs", and sets conditions for referencing companies with a strictly real-estate or land object, as well as venture capital companies.

An order dated 10 March 2026 also postpones by six months the entry into force of a change introduced by the 2024 'Green Industry' law, which required insurers to allocate a minimum proportion of payments to unlisted assets (or similar assets such as ELTIF / PEA-PME) within managed profiles. As it stands, the relevant requirements are postponed to 31 December 2026.

Finally, for completeness, mention should be made of an implementing Decree relating to legislative provisions stemming from the ordinance of 3 September 2025 on consumer credit, as amended by the ordinance of 2 December 2025, referred to in our previous newsletter. The new rules set out in the Decree enter into force on 20 November 2026 and, in principle, existing contracts as at that date remain governed by the provisions of the Consumer Code and the Monetary and Financial Code in the versions applicable prior to the entry into force of the Decree.

[20] Directive 2024/1619 of 31 May 2024. Implementation was due by 10 January 2026. The relevant institutions are the most significant ones (Class 1 or 1 bis). Entry into force is, for the most part, scheduled from 11 January 2027, although certain provisions are already applicable or the relevant institutions benefit from grandfathering clauses.

[21] This covers, again, consumer credit (notwithstanding the two recent ordinances), the scope of financing companies' involvement in credit management (texts on this activity were published in March 2026), the review of MiFID II and AIFM II, and the CSRD. The legislative vehicle will also empower the Government to implement by fast-track law (*ordonnance*) the European AML/CFT legislative package, the AI Regulation, and many other EU texts impacting the financial sector.

[22] Namely: the Directives on the resilience of critical entities (CER), measures intended to ensure a high common level of cybersecurity (NIS 2), and the Digital Operational Resilience Act (DORA) for the financial sector.