



EU RegCORE Client Alert

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MISP after the October Council political agreement: selective European supervision and the remaining barriers to market integration

QuickTake

Financial services groups assessing the EU's Market Integration and Supervision Package (**MISP**) now face a practical structuring question: how far could a European operating model replace the national licences, supervisory relationships and service arrangements on which their business currently relies? The October Council agreement supports selective European supervision and wider cross-border operation, while leaving important choices to firms and Member States. Its benefits will therefore need to be assessed entity by entity and service by service.

On 9 October 2026, the Council of the European Union (**Council**) agreed the key elements of its negotiating position. Its public account narrows the Commission's proposed transfer of crypto-asset service providers (**CASPs**) to the European Securities and Markets Authority (**ESMA**), broadens access to the proposed pan-European market operator (**PEMO**) framework and makes the new depositary passport optional for Member States. The direction is selective centralisation accompanied by measures intended to make cross-border operation easier.

The legal position requires care. The Council's announcement, updated on 12 October 2026, expressly leaves finalisation and formal adoption of its position ahead. The European Parliament (**Parliament**) has

not adopted its negotiating position. The European Council's call of 15–16 October 2026 for negotiations to conclude by the end of 2026 is a political objective, not an application date for firms.

For boards, legal functions and business leads, the immediate task may well be to identify which decisions depend on unresolved legislation. A business case for consolidating venues, appointing a cross-border depository or scaling tokenised infrastructure would show separately the permissions needed, the supervisory allocation assumed and the national-law constraints that would remain. Existing compliance and supervisory engagement must continue while those assumptions are tested.

This Client Alert develops our earlier MISP analysis (see our [Client Alert](#) of 31 August 2026) and focuses on the implications for trading and post-trading businesses, asset managers, depositories and digital-asset firms. The proposals discussed below are not enacted reforms; references to particular draft provisions identify their source and stage.

Recent developments at a glance

The developments below differ markedly in legal effect. Commission proposals and Presidency compromise texts are drafts, a Council political agreement is a step towards a negotiating mandate, a supervisory statement shapes expectations without changing legislation, and only adopted legislation alters the rulebook itself. Firms should read each entry with that hierarchy in mind.

The table below records each development alongside its legal status and the immediate implication for firms.

Date	Development and legal status	So what for firms?
4 December 2025	Commission proposals: MISP Master Regulation, COM(2025) 943; Master Directive, COM(2025) 942; and Settlement Finality Regulation (SFR), COM(2025) 941.	The baseline design; Council and Parliament positions are now reshaping it.
2–5 October 2026	Presidency compromise texts: ST 13775/26 (SFR), ST 13778/26 (Master Directive) and ST 13779/26 (Master Regulation) of 2 October, and note ST 13777/26 of 5 October.	Useful for identifying drafting issues, but they pre-date the political agreement and are not final Council wording.
7 October 2026	Supervisory statement: ESMA statement on third-country central securities depositories (CSDs) and the expiring transitional arrangement under Article 69(4a) of the Central Securities Depositories Regulation (CSDR).	ESMA cannot suspend or disapply EU legislation; affected issuers and custodians need contingency plans.
9 October 2026 (updated 12 October)	Council political agreement: key elements of the MISP negotiating position agreed; finalisation and formal adoption remain ahead.	Plan for selective ESMA supervision, broader PEMO access and an optional depository passport, not a blanket transfer.
14 October 2026	Adopted legislation: Commission Delegated Regulation (EU) 2026/1536 on settlement discipline published; in force 3 November 2026; allocation and confirmation requirements apply from 7 December 2026.	A live implementation programme, separate from MISP and ahead of the EU move to settlement one business day after trading (T+1) on 11 October 2027.
15–16 October 2026	Political objective: European Council conclusions (EUCO 14/26) call for negotiations to conclude by the end of 2026.	Not an application date; do not schedule compliance change around it.
As at 19 October 2026	Parliament: no negotiating position adopted on procedures 2025/0381(COD), 2025/0382(COD) and 2025/0383(COD); rapporteur drafts and amendments only.	Keep a dated legislative comparison; do not treat rapporteur drafts as an adopted Parliament position.

PwC Legal summary of developments as at 19 October 2026. Commission proposals, Presidency compromise texts and the Council's political agreement are not final operative legislation.

Where the legislative process stands now

Three files, different implementation mechanics

MISP supports the European Union's (EU) Savings and Investments Union (SIU) through three legislative files. The Commission's 4 December 2025 Master Regulation, COM(2025) 943, would amend a broad set of existing regulations, including the frameworks for ESMA, market infrastructures and crypto-assets. Its Master Directive, COM(2025) 942, addresses investment funds, their managers and trading-venue provisions. A separate SFR, COM(2025) 941, would replace the Settlement Finality Directive (SFD) and amend the financial-collateral framework.

These files have different implementation mechanics. A regulation may apply directly but still require secondary measures, systems changes and transitional arrangements. Directive amendments also require national implementation. Political agreement on the package would not itself complete any of those steps.

Parliamentary rapporteur drafts and amendments remain important evidence of the options under discussion but must not be described as an adopted Parliament position. Likewise, the Presidency compromise texts prepared before the Council's October agreement are useful for identifying drafting issues but do not establish the final operative wording of that agreement. The distinction matters where a numerical criterion, group test or transition period would determine a firm's regulator or the viability of a transaction.

The Council's public summary confirms a narrower supervisory approach and continued national participation, but does not resolve every question about the entities caught, the functions transferred or when transfers occur. Firms should retain a dated legislative comparison rather than converting successive drafts into a single apparently settled set of requirements.

Supervisory allocation becomes a business planning variable

The proposed transfer of supervision should be assessed at legal-entity and activity level. A group may operate a trading venue, provide custody, manage funds and supply crypto-asset services through different entities, and their supervisory outcomes need not coincide. Nor would an ESMA relationship remove separate obligations relating to banking, financial crime, resolution or other activities outside the transferred mandate. The table below compares the Commission's December 2025 design with the Council's October 2026 political position.

Issue	Commission's original proposal	Council key elements agreed 9 October 2026 (updated 12 October)	Implementation implication
CASP direct supervision	Broad ESMA authorisation and direct supervision of CASPs proposed.	Only most significant cross-border CASPs immediately under ESMA direct supervision; criteria require final legislative text.	Do not assume every CASP's existing national competent authority (NCA) licence will migrate to ESMA. Segment the population and preserve dual allocation scenarios.
Trading venues / CCPs / CSDs	Transfer of direct supervision of specified significant venues, CCPs and CSDs to ESMA.	Narrower supervisory approach with continued national participation; the precise criteria require final legislative text.	Legal-entity, volume, venue and corporate-group mapping matters for supervisory perimeter.
Pan-European market operator (PEMO)	New ESMA-authorised option for operating venues across Member States, with relevant Member State law preserved for matters outside directly applicable EU law.	Retained and eligibility broadened/clarified, on a voluntary basis for qualifying venues.	Consider the economics of a PEMO structure against existing national venues; it is not an automatic passport replacement.
ESMA governance	Strengthened central supervisory capacity, combining sectoral transfers	Full-time executive board responsible for directly supervised entities; Board of Supervisors retains regulatory	Expect an EU-wide decision process but continuing national interfaces and accountability.

	with changes to ESMA's governance, procedures and enforcement powers.	decisions, strategy and convergence; cooperation between European and national experts during transition and afterwards.	
Transition	Transfer of functions under legislation yet to be enacted.	Joint working of European and national experts envisaged; the announcement's transition summary is not a settled application schedule.	Do not backdate any transition period to 9 October; the legal trigger and schedule are not yet fixed. Budget for parallel reporting and transfer of supervisory information.
Distributed ledger technology (DLT) Pilot	Remove instrument-specific eligibility restrictions and caps, increase permitted aggregate activity and change duration and entry arrangements under Reg (EU) 2022/858.	Supports widening activity under the regime; final limits and permission conditions still to be settled.	Test any expansion together with CSDR amendments and the SFR; a trading permission does not resolve recording, settlement participation, cash asset or default handling.
Depository passport	Facilitate cross-border depository appointments under UCITS and AIFMD via the Master Directive.	Member State option for cross-border depository appointments.	Model specific fund-home and depository-home combinations; an EU-wide proposition may still depend on several national decisions.
Finality	SFR to replace the SFD and amend the financial-collateral framework.	Included in MISP's three-file package; subject to legislative process.	SFR protections concern defined systems, participants and transactions; they do not establish an EU securities-property code.

So what?: For firms potentially moving to ESMA, preparation should begin with the supervisory record. Applications, permissions, waivers, remediation commitments and material correspondence should be reconciled against the business actually conducted, and local practices that have become embedded in operations may need to be explained to a new supervisory team. That exercise has value even if the eventual perimeter leaves an entity under its NCA.

Acquisitions and expansion plans deserve particular attention. A transaction that changes a group's geographic reach or market activity may affect the significance assessment, depending on the final criteria. Due diligence should therefore consider the supervisory consequences of the proposed combined business, as well as the target's present authorisation, and transaction documents should avoid assuming that an existing authority will remain responsible throughout a lengthy signing-to-completion period. The same discipline applies to cost forecasts: potentially fewer supervisory interfaces should not be booked as an immediate saving before the final allocation of functions, fee rules and transition arrangements is known, as parallel reporting and the transfer of supervisory information may initially require additional resources.

These questions are most immediate for trading venues and post-trading infrastructure.

Trading venues and post-trading infrastructure

- **The PEMO proposal offers a route for operating venues across Member States under an ESMA authorisation.** The Commission text places the framework in the Markets in Financial Instruments Regulation (**MiFIR**), and its proposed Article 2ze expressly preserves relevant Member State law for matters outside directly applicable EU law. The Council's October announcement indicates broader eligibility, making it unsafe to assume that every restriction in the original Commission design will survive. Venue groups should compare the proposed framework against their actual operating arrangements: common technology, governance and membership processes may be commercially useful, but authorisation changes do not automatically consolidate legal entities or transfer contracts. Membership agreements, issuer relationships, collateral arrangements and employment obligations require their own analysis. The Member State in which a venue is situated remains relevant to matters not harmonised by the framework.
- **Market surveillance needs a separate allocation of responsibility.** The authority supervising an operator, the authority responsible for particular market-integrity functions and the body receiving transaction or order information should not be assumed to be identical. The 2 October Presidency text retains

specific national surveillance functions even where ESMA would supervise the entity, including national supervision of MiCAR Title VI market abuse (proposed MiCAR Article 138a). Brokers and market makers should assess changes to venue connectivity, rulebooks and escalation arrangements alongside the operator's licensing analysis.

- **Access improvements require changes through the service chain.** The Master Regulation's amendments to the European Market Infrastructure Regulation (**EMIR**) and the CSDR address supervision and the conditions under which infrastructures provide and connect their services. Central counterparties (**CCPs**) and CSDs should assess the proposed access and cooperation arrangements together with the responsibilities attached to their own authorisations. For users, the commercial analysis should follow a transaction from execution to custody: an additional clearing or settlement route may change liquidity requirements, collateral mobilisation, default procedures and service-provider responsibilities. A reduction in one access barrier can leave other costs untouched. Integration benefits need to be demonstrated for the intended products, currencies and investor base, rather than inferred from the availability of another provider. The Presidency's proposed CSDR Article 49 illustrates the boundary, as wider choice of an EU CSD for recording securities would coexist with relevant issuance and recording law and the terms of those securities. A change of infrastructure therefore requires a separate assessment of the steps needed to move the business legally and operationally.

Whatever MISP eventually provides for CSDs, one CSDR deadline already applies under current law.

Third-country CSDs: an existing deadline that MISP does not move

- **The CSDR transitional route for third-country CSDs ends on its own timetable.** ESMA's 7 October 2026 statement addresses the approaching expiry of the CSDR transitional arrangement for certain third-country CSD services concerning instruments constituted under Member State law. For the transitional route under CSDR Article 69(4a), the deadline is the relevant recognition decision or 17 January 2027, whichever is earlier; Article 69(4c) separately preserves national rules pending an ESMA decision for complete recognition applications submitted before 16 January 2024. The proposed legislative extension has not taken effect, and ESMA's supervisory-prioritisation statement expressly acknowledges that it cannot suspend or disapply EU legislation.
- **Supervisory prioritisation is not a substitute for contingency planning.** Issuers and custodians relying on those services should identify affected chains, seek clarity on the provider's recognition position and maintain a contingency plan. Supervisory prioritisation does not provide the same legal assurance as an enacted extension, particularly where contractual opinions or client disclosures depend on the provider's regulatory status.

Beyond market infrastructure, MISP's cross-border ambitions extend to the fund sector.

Asset management and depositaries

- **MISP's fund-related reforms should be assessed against the distinct functions performed by a management company, an alternative investment fund manager and a depositary:** harmonising distribution or simplifying intragroup arrangements does not remove the responsibilities that attach to those functions. The Master Directive would change the Undertakings for Collective Investment in Transferable Securities (**UCITS**) Directive and the Alternative Investment Fund Managers Directive (**AIFMD**). For cross-border depositary appointments, the Council now envisages a Member State option, so firms should model particular fund-home and depositary-home combinations. An EU-wide commercial proposition may still depend on several national decisions.

- **This is not the first possibility of a cross-border depositary under AIFMD:** Directive (EU) 2024/927 already introduced a narrowly conditioned national option in AIFMD Article 21(5a). The MISP proposal is broader, but should not be described as creating cross-border access from a position of complete legal prohibition. Provider eligibility also matters. The pre-agreement Presidency text identifies credit institutions for the new UCITS cross-border route, while the AIFMD provisions retain a broader eligible-provider formulation. Those details require confirmation in the eventual text, and a group should not commit to a depositary structure merely because the public debate refers to a common “passport”.
- **The legal work would extend beyond authorisation.** Depositary agreements must identify the governing duties, information rights, custody chain and liability arrangements, and operational teams need to establish how the depositary will monitor compliance with the fund’s home-state requirements, obtain information and deal with an incident across borders. Any expected pricing benefit should be assessed against those servicing costs and the practical availability of eligible providers. Intragroup delegation calls for similar care. The Presidency’s 2 October draft offers targeted relief for arrangements within qualifying EU groups, while retaining responsibility and restrictions on managers becoming letter-box entities. Its treatment of chains that leave the group makes the downstream service map important. Managers should trace each delegated function through further delegates and identify who controls it, where it is performed and which requirements apply; a corporate ownership chart alone will not establish whether an operating model qualifies.

A similar distinction between supervisory change and underlying permissions arises for digital-asset firms.

MiCAR and tokenised markets: changes of supervisor are not changes of permission

- **Selective ESMA supervision of CASPs does not displace current MiCAR obligations.** The Commission proposed broad ESMA supervision of CASPs under the Markets in Crypto-Assets Regulation (**MiCAR**); the Council’s October approach limits the immediate transfer to the most significant cross-border providers. Firms should not import the existing MiCAR significance test into that future allocation without checking the eventual legislation. Current Article 85 MiCAR uses a 15 million active-user test and provides for supervisory information to ESMA; it does not itself transfer authorisation and supervision to ESMA. For a growing CASP, the unresolved perimeter is relevant to capital planning, acquisitions and the organisation of its EU business, but present licensing and remediation programmes should continue rather than be treated as superseded by a future transfer.
- **The MiCAR review and classification questions run on separate tracks.** The parallel MiCAR review (see our Client Alerts¹) raises additional questions about products, prudential requirements, market conduct and failure management, but consultation responses do not change permissions or become part of MISP merely because they concern the same firms. A group should maintain separate change records for enacted requirements, the MISP legislative files and the review’s policy recommendations. This avoids implementing an uncertain proposal as a current obligation, or postponing an existing obligation because reform is being discussed. Classification also remains fundamental: MiCAR excludes crypto-assets qualifying as financial instruments and specified other products, so tokenised securities require analysis under the securities framework, and a banking or investment-services authorisation may

¹ Available [here](#), [here](#) and [here](#).

engage the Article 60 MiCAR route rather than standalone CASP authorisation. Conversely, the Presidency draft's proposed route for eligible CASPs to operate DLT trading infrastructure remains subject to specified securities-market requirements, exemptions and safeguards. Neither a current CASP licence nor a future transfer to ESMA would automatically authorise tokenised-securities trading or settlement.

- **A larger DLT Pilot Regime still depends on settlement design.** The proposed expansion of the DLT Pilot Regime is commercially relevant because it could support larger and more durable infrastructure models. The Commission proposed removing instrument-specific eligibility restrictions and caps, increasing permitted aggregate activity and changing the duration and entry arrangements; the Council supports widening activity under the regime, but firms should distinguish that political direction from final limits and permission conditions. Any expansion should be tested together with the CSDR amendments and the proposed SFR, because a trading permission does not answer how securities are recorded, who may participate in settlement, which cash asset is used or how a failed participant is handled. Those questions affect the feasibility of a service before its maximum permitted size becomes decisive.
- **Tokenised platforms need a clear legal and operational allocation of risk.** For a tokenised fund or securities platform, the analysis should identify the authoritative record, the legal effect of transfers and corrections, the cash claim and the relevant insolvency treatment. Technology providers and regulated operators also need to allocate responsibility for erroneous instructions, outages and recovery. A larger regulatory capacity would make weaknesses in that arrangement more consequential, not remove them.

Many of those questions turn on settlement finality, which the SFR addresses only in part.

Settlement finality and the limits of harmonisation

- **The SFR protects defined systems, not every ledger transfer.** The SFR proposal is a separate legislative file with its own importance. It would move the finality framework into a regulation and adapt its operation to technological developments and cross-border arrangements. Its protections concern defined systems, participants and transactions and should not be treated as a general validation of every asset or transfer recorded on a distributed ledger.
- **Legal irrevocability need not match technical irreversibility.** The Presidency's 2 October SFR draft distinguishes the entry of a transfer order, its irrevocability and final settlement. Proposed Article 20 does not require legal irrevocability to coincide with technical irreversibility, which matters when systems rely on validation processes, correction mechanisms or connections between ledgers. Rulebooks must identify the legally relevant event, rather than merely state how many technical confirmations a platform requires.
- **Finality protection does not settle questions of title or applicable law.** The legal distinction is important for both traditional and tokenised markets. Protection of transfer orders or netting against the effects of insolvency does not, by itself, establish that an investor acquired valid title to an underlying asset, and identifying the law governing a system does not answer every question about contractual obligations, security interests or rights against an issuer. These issues require analysis under the relevant conflict-of-laws and substantive rules. In the Presidency draft, proposed Article 24 addresses participation-related rights and obligations in insolvency through the law governing the system, while proposed Article 25 separately addresses collateral, starting from the location of the relevant register or account and providing a system-law fallback only where it is objectively impossible to determine a single Member State location. Neither provision establishes a complete EU securities-property code.

- **Transaction documents should identify the legal consequence at each stage.** For transaction counsel, the practical approach is to identify the legal consequence required at each stage: is the step intended to assign a receivable, transfer a security, create collateral, discharge a payment obligation or settle an instruction within a protected system? The applicable rule, relevant record and responsible person may differ. Legal opinions and transaction documents should make those distinctions explicit, and claims that a tokenised arrangement is legally final, bankruptcy remote or enforceable across the EU require support specific to that arrangement. Firms should preserve those distinctions in product design and investor disclosures.

Taken together, these areas explored in the sections above point to a set of practical steps firms can take now.

What firms should do now

Firms can prepare usefully without prematurely committing to a contested structure. The table below translates the analysis into immediate decisions and the scenarios to prepare, by type of organisation.

Organisation / transaction	Immediate decision (2026)	Scenario to prepare (2027+)
CASP potentially in scope of direct ESMA supervision	Assemble consistent data on services, customers, cross-border activity and group relationships; test it against successive drafts; continue current licensing and remediation programmes.	Dual NCA/ESMA supervision scenarios once the final significance criteria, functions transferred and transition are known.
Trading venue group	Compare the PEMO framework against actual operating arrangements; map membership, issuer, collateral and employment arrangements that an authorisation change would not transfer.	Voluntary PEMO application, venue consolidation and continuing national surveillance interfaces under the final text.
CCP / CSD	Assess proposed EMIR/CSDR access and cooperation arrangements against the responsibilities attached to current authorisations.	New connectivity and recording choices, including proposed CSDR Article 49, and SFR system protections.
Issuer / custodian using third-country CSD services	Identify affected chains, confirm the provider's recognition position and maintain a contingency plan for 17 January 2027 .	Any enacted legislative extension; supervisory prioritisation is not a substitute.
Broker / market maker	Review venue connectivity, rulebooks and escalation arrangements; prepare for allocation and confirmation requirements applying from 7 December 2026 .	T+1 on 11 October 2027 and any PEMO-driven rulebook changes.
UCITS management company / AIFM	Trace each delegated function through further delegates; identify who controls it, where it is performed and which requirements apply.	Targeted intragroup delegation relief within qualifying EU groups, subject to final letter-box safeguards.
Depository / fund group	Model fund-home and depository-home combinations; review AIFMD Article 21(5a) as the current conditional route; scope depository agreement terms.	Member State opt-ins, provider eligibility (credit institutions for the UCITS route) and final passport conditions.
Tokenised securities / DLT platform	Identify the authoritative record, legal effect of transfers and corrections, cash claim, insolvency treatment and responsibility for errors and outages.	Expanded DLT Pilot limits, CSDR amendments and SFR rules, including proposed Articles 20, 24 and 25.

Firms should also maintain a separate list of existing deadlines. The third-country CSD transition and current MiCAR obligations should not be absorbed into a general MISP project whose legislative timetable remains uncertain. Separately adopted settlement-discipline amendments under Commission Delegated Regulation (EU) 2026/1536, published on 14 October 2026, enter into force on 3 November 2026 and apply specified allocation and confirmation requirements from 7 December 2026, ahead of the EU move to T+1 on 11 October 2027 under Regulation (EU) 2025/2075. Those implementation programmes need their own resources and delivery dates.

Legal and regulatory diary

The above developments should also be assessed in how they interact with the longer arc of scheduled publications and milestone events:

Date	Instrument / event	Legal effect or response required
9 October 2026 (updated 12 October)	Council key elements of MISP negotiating position	Political agreement; finalisation and formal adoption of the Council position still ahead.
3 November 2026	Commission Delegated Regulation (EU) 2026/1536 (settlement discipline)	Entry into force; adopted legislation.
7 December 2026	Settlement-discipline allocation and confirmation requirements	Specified requirements apply ; operational readiness required.
End-2026 (political objective)	European Council call (EUCO 14/26) to conclude MISP negotiations	Political target only; not an application date for firms.
17 January 2027, or earlier recognition decision	CSDR Article 69(4a) third-country CSD transitional arrangement	Transitional route ends; proposed extension not in force; contingency plans required.
Date not fixed	Parliament negotiating position (procedures 2025/0381–0383(COD))	Required before interinstitutional agreement; rapporteur drafts are not an adopted position.
Date not fixed	Agreed MISP texts, formal adoption and transition triggers	Determines supervisory allocation, PEMO eligibility, depositary options and SFR application.
11 October 2027	EU move to T+1 (Regulation (EU) 2025/2075)	Application date for the T+1 settlement cycle; separate implementation programme.

The above also has a number of practical and, in particular, documentation consequences for in-scope firms.

Contractual and policy documentation: where the legal lens should fall first

Supervisors, counterparties and courts will test what a firm's contracts and policies actually say about permissions, responsibilities and legal effect, not the label attached to a reform package. Regulated firms should prioritise the following points, many of which can be addressed under existing law without waiting for the final MISP texts.

- **Contractual documentation.** First, acquisition and restructuring documents should avoid assuming that an existing authority will remain responsible throughout signing to completion, and should allocate the consequences of a change in supervisor. Secondly, infrastructure access, membership and custody agreements should be reviewed for changes in performance that new clearing, settlement or recording routes could trigger, including liquidity, collateral and default procedures. Thirdly, depositary agreements should identify the governing duties, information rights, custody chain and liability arrangements for any cross-border appointment. Fourthly, delegation and subcontracting chains should be traced beyond the group, with data access and exit rights documented. Finally, legal opinions, client disclosures and contracts that depend on a third-country CSD's regulatory status, or on the finality of a tokenised arrangement, should state the relevant legal event and assumptions explicitly. Amendments should follow the final requirements and the chosen operating model, with appropriate approvals.
- **Policy documentation.** Policies should first establish a source hierarchy that distinguishes Commission proposals, Presidency compromise texts, Parliament drafts, the Council's political agreement, supervisory statements and adopted legislation, supported by a dated legislative comparison. They should then require an entity and activity baseline reconciling licences, services, geographic reach and supervisory relationships, and identifying the entities that could move to ESMA and the group functions on which they depend; a supervisory record of permissions, waivers, correspondence and unresolved findings that a new team could understand; and separate change records for enacted requirements, the MISP files and the MiCAR review. Governance and budgeting policies should preserve both national and ESMA supervisory scenarios and avoid booking supervisory savings before the final allocation of functions, fees and transition is known.

In practice: firms should consider separating mandatory change from optional opportunity, since a supervisory transfer, an optional PEMO application and a cross-border depositary appointment involve different decisions, and each decision should have a legal dependency, a responsible owner and a decision point. Commercial assumptions should be tested against the full service chain by modelling operating costs, liquidity, contractual changes and transition resources, without assuming that a single authorisation removes every local process or legal requirement. Engagement with the current supervisor should be preserved throughout any eventual transfer. Board reporting should explain the decisions that can be taken now and those awaiting a particular provision, and legislative monitoring is most useful when it identifies which assumption has changed and what that change does to the business case.

Outlook

October has strengthened the political commitment to MISP and clarified several intended compromises. The remaining work is consequential: Parliament must establish its position, the Council must finalise and formally adopt its mandate, and the co-legislators must agree texts whose provisions can be implemented in practice.

MISP could materially reduce regulatory fragmentation without eliminating national private-law differences, the choices left to Member States or the continuing role of national authorities. The opportunity for firms is to prepare operating models that make cross-border activity more efficient while preserving clear responsibility for client protection and legal effectiveness.

Decisions grounded in the final supervisory perimeter, the choices left to Member States and the national-law issues that the package does not remove will remain useful even where the legislative timetable or individual provisions change.

Put simply, businesses should keep complying with their current licences and supervisors, meet the existing deadlines of 7 December 2026, 17 January 2027 and 11 October 2027, and treat ESMA supervision, PEMO, the depositary passport and the SFR as scenarios to plan for rather than rules to apply until the final texts are adopted.



About us

PwC Legal is assisting a number of financial services firms and market participants in forward planning for changes stemming from relevant related developments. We have assembled a multi-disciplinary and multi-jurisdictional team of sector experts to support clients navigate challenges and seize opportunities as well as to proactively engage with their market stakeholders and regulators.

Moreover, we have developed a number of RegTech and SupTech tools for supervised firms, including PwC Legal's Rule Scanner tool, backed by a trusted set of managed solutions from PwC Legal Business Solutions, allowing for horizon scanning and risk mapping of all legislative and regulatory developments as well as sanctions and fines from multiple thousands of legislative and regulatory policymakers and other industry voices in over 170 jurisdictions impacting financial services firms and their business.

Equally, in leveraging our Rule Scanner technology, we offer a further solution for clients to digitise financial services firms' relevant internal policies and procedures, create a comprehensive documentation inventory with an established documentation hierarchy and embedded glossary that has version control over a defined backward plus forward looking timeline to be able to ensure changes in one policy are carried through over to other policy and procedure documents, critical path dependencies are mapped and legislative and regulatory developments are flagged where these may require actions to be taken in such policies and procedures.

The PwC Legal Team behind Rule Scanner are proud recipients of ALM Law.com's coveted "2024 Disruptive Technology of the Year Award" and the "2025 Regulatory, Governance and Compliance Technology Award in 2025".

If you would like to discuss any of the developments mentioned above, or how they may affect your business more generally, please contact any of our key contacts or PwC Legal's RegCORE Team via de_regcore@pwc.com or our [website](#).



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