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Debt Capital Markets Legal Outlook 2026



UK Regulatory Reform

UK prospectus regime

The UK Public Offer and Admission to Trading Regulations (**POATRs**) and PRM: Admission to Trading on a Regulated Market sourcebook (**PRM**) come into force on 19 January 2026.

Read Prospectus Rules Admission to Trading on a Regulated Market: Key changes for debt capital markets

Read Debt Capital Markets - Prospectus regimes in the EU and the UK

In the context of mainstream debt capital markets, these changes will primarily impact issuers choosing to have their bonds admitted to trading on London's regulated market (the **Main Market**) and whose prospectuses are subject to review by the FCA.

Impact on FCA-Approved prospectuses

Issuers with an MTN programme and base prospectus approved by the FCA will benefit from the saving provisions in the POATRs. This means that issuances and supplements produced under a base prospectus approved prior to 19 January 2026 will continue to be regulated by the existing UK Prospectus Regulation until the end of the validity of such base prospectus. Issuers will therefore be able to wait until their next ordinary course annual update before making any changes to reflect the new UK prospectus regime.

Other offerings and exceptions

Issuers that do not admit their debt securities to trading on the Main Market will need to structure their transactions to fall within one of the exceptions to avoid making what will be a prohibited public offer in the UK. As many of the key exceptions have been maintained in the same or an expanded form compared to the current UK prospectus regime, most market participants will experience minimal disruption and documentary changes as a result of the revocation and replacement of the UK Prospectus Regulation. This is good news for the ongoing smooth operation of the global wholesale debt capital markets.

Forward incorporation by reference

Forward incorporation by reference of future financial information will now be permitted in FCA-approved base prospectuses, following in the footsteps of changes made to the EU's Prospectus Regulation which have applied since 4 December 2024. The FCA has also published a Technical Note to provide guidance to issuers on how they may 'evergreen' their no significant change and no material adverse change statements.

Read UK PRM note on forward incorporation by reference

Read EU PR note on note on future incorporation by reference

FCA-approved prospectuses – what will we see in prospectuses?

For most issuers, changes will be limited and will be addressed by market standard wording agreed with the International Capital Market Association (**ICMA**) for selling restrictions and legends. Other changes will predominantly impact boilerplate legislative references. Disclosure requirements for issuers of debt will remain aligned with the existing disclosure requirements for wholesale debt under the UK Prospectus Regulation. Going forward, there will be no distinction between disclosure requirements for 'wholesale' and 'retail' denominated debt, and no summary will be required for debt securities.

Low denomination bonds for UK retail investors

The new UK prospectus regime introduces regulatory alleviations for 'plain vanilla listed bonds' issued by an 'ESCC issuer' (an issuer with a listing in the equity shares (commercial companies' category) of the London Stock Exchange), or an 'ESCC subsidiary' (a wholly-owned subsidiary of an ESCC issuer which is included in the ESCC issuer's consolidated accounts). Such issuers may choose to offer bonds in low denominations to UK retail investors relying on the new exception for offers conditional upon admission to trading on a UK regulated market (paragraph 6(a) of Schedule 1 POATRs). Documentary changes to a prospectus for such offerings are expected to be broadly limited to additional boilerplate language, risk factors, selling restrictions and legends, including ICMA's proposed product governance legend reflecting the alleviations to the UK product governance regime. Mechanics to allow for bonds to be held by retail investors via CREST will also be required. Market participants will however need to consider wider implications of including retail investors in an offering such as additional regulatory requirements, the different risk profile and the mechanics for facilitating inclusion of retail investors in a bookbuilding.

Relevant UK issuers with an MTN programme may wish to contemplate introducing optionality to issue low denomination bonds at their next annual update once market practice is established. While issuance of low denomination bonds is expected to be a limited activity relevant to only a small subset of issuers and issuances initially, this new facility has attracted market attention given the policy objective of facilitating access to sterling corporate bonds for UK retail investors.

UK PRIIPs replacement: The CCI regime

The UK Consumer Composite Investments (**CCI**) regime will apply in the UK from 6 April 2026, replacing the UK PRIIPs Regulation. The CCI regime is set out in The Consumer Composite Investments (Designated Activities) Regulations 2024, with detailed requirements contained in the FCA's Product Disclosure sourcebook (**DISC**).

A CCI is an investment where the returns are dependent on the performance of, or changes in the value of, underlying or reference assets rather than being solely determined by the creditworthiness of the issuer.

One of the stated aims of the new rules is to clarify the scope in relation to corporate bonds. The legacy UK PRIIPs regime inherited from the EU was complex and uncertain in this area.

In the context of the proposals to encourage certain issuers to issue 'plain vanilla listed bonds' in low denominations to enable access to UK retail investors, bonds that fall within this new definition will be expressly out of scope of the CCI regime. Further details of the types of debt securities that are and are not in scope, and the impact of particular features are set out in the amendments to DISC. However, whilst there have been some minor clarifications (for example with respect to risk-free rates and IBORs) the scoping is broadly aligned with the existing understanding of the UK PRIIPs scope and DISC rules.

Where an instrument is in scope, the PRIIPs KID will be replaced by a 'product summary', which is intended to provide key information about a product whilst affording manufacturers greater flexibility in how this is achieved.

Non-Retail Product Exemption

Importantly for debt capital markets, the DISC obligations do not apply where a manufacturer takes reasonable steps to ensure:

- Offer materials clearly state that the product is for professional clients and eligible counterparties only and not for retail investors;
- Communications are directed only to professional clients and eligible counterparty investors; and
- The distribution strategy is appropriate for the non-retail target market.

This exemption replaces the previous test for when a PRIIP is not 'made available' to a retail investor, which has been included as guidance in DISC since 2022.

The new exemption removes the denomination requirements and better reflects existing market practice for excluding UK retail investors and taking products out of scope.

Transitional Arrangements

A transitional period will apply from 6 April 2026, ending on 7 June 2027. During this time, most manufacturers will have the choice to either produce a product summary or continue to produce whichever document was or would have been required in respect of the 'consumer composite investment' on 5 April 2026 under the previous regime. Importantly, in the context of the mainstream debt market where the focus is predominantly on remaining outside of the regime, the provisions in relation to scope apply from 6 April 2026.

Read See you around, KID: our take on the FCA's final rules for CCIs

EU Regulatory Reform

EU Prospectus Regulation

The EU Listing Act package of reforms amended, amongst others, the EU Prospectus Regulation (**EU PR**) from 4 December 2024. Some changes, such as the ability to incorporate by reference future financial information, already apply, with remaining changes to be phased in during this year.

Most notably, those which impact the format and content of prospectuses, and a new building block relating to securities advertised as considering ESG factors or pursuing ESG objectives, will take effect from 5 June 2026. Further to technical advice from the European Securities and Markets Authority (**ESMA**), we are awaiting publication of the final rules by the Commission.

As with the UK, transitional provisions apply such that prospectuses approved before 4 June 2026 will not have to be updated to reflect the incoming changes to the format and content requirements until the end of their validity (up to 12 months in the case of a base prospectus).

Following the amendments to the EU PR, which prohibit a supplement to a base prospectus from introducing a new type of security not already described in a base prospectus, ESMA has been mandated by the Commission to develop guidelines clarifying the circumstances in which a supplement is to be considered to introduce a new type of security. We await the final Guidelines.

Read Redline version of the Prospectus Regulation (EU)

Read Debt Capital Markets - Prospectus regimes in the EU and the UK

Read ESMA Final Report on amendments to EU Prospectus regime

EU Market Abuse Regulation

The EU Listing Act also amended the EU Market Abuse Regulation (**EU MAR**). As with the changes to the EU PR, such amendments have a phased application. Whilst some changes are already in force (such as the clarification that the market sounding regime offers a safe harbour and is not a standalone obligation), others will apply from 5 June 2026.

The Commission was empowered to adopt delegated acts in relation to certain of these phased amendments to EU MAR, including setting out a non-exhaustive list of:

- final events or final circumstances in protracted processes and the moment when they must be disclosed; and
- situations where there is a contrast between inside information to be delayed and the latest public announcement by the issuer.

Following the receipt of technical advice from ESMA in May 2025, the Commission opened a four-week consultation on its draft delegated acts on 15 December 2025, with anticipated adoption in the first quarter of 2026.

Additionally, on 21 October 2025, ESMA submitted technical advice to the Commission proposing to extend the alleviated format of insider lists (currently only available to SME issuers) to all issuers.

Read The EU Listing Act and the UK Listing, Prospectus and Market Abuse Regimes: Spot the difference

Read Shedding Light on Key Concepts: ESMA technical advice on MAR Delegated Regulation

EU Green Bond Regulation

On 25 July 2025, the pre- and post-issuance disclosure templates under the voluntary disclosure regime of the EU Green Bond Regulation (**EuGB Regulation**) were published in the Official Journal of the EU and became available for use.

The Commission also published FAQs in November 2025, intended to provide clarifications relating to the existing requirements under the EuGB Regulation.

And, from 21 June 2026, the transitional arrangements for external reviewers of European Green Bonds will cease and such reviewers will be required to comply with the EuGB Regulation in full.

Read EU Green Bonds Regulation

Read EU Green Bond Regulation - Voluntary pre- and post-issuance disclosure templates published in the Official Journal

Read EU Commission FAQs on EU Green Bond Regulation

EU ESG Ratings Regulation

The EU ESG Ratings Regulation will apply from 2 July 2026, marking an important milestone in the international supervision and regulation of ESG ratings providers. In the UK, following legislation laid down in October 2025, the FCA is consulting on its proposed rules for regulating ESG ratings, which will come into effect from June 2028.

Read EU: ESG Ratings Regulation moves another step forward, now with draft RTS

Read UK: FCA consults on proposals to make ESG ratings transparent, reliable and comparable

EU ESAP Regulation

The ESAP Regulation requires ESMA to establish an EU-wide single access point (**ESAP**) intended to centralise access to publicly available information.

Where entities make public information required by other EU legislation in-scope for the ESAP, such information must also be submitted to the relevant collection body (which may be, for example, the National Competent Authority of the relevant Member State) in a data extractable format (and, where required by Union law, in a machine-readable format). Such collection body will then provide this information to the ESAP platform.

The ESAP platform must be available to the public from July 2027 with the information in-scope being phased in gradually: from July 2026 (includes the EU PR), from January 2028 (includes EU MAR) and from January 2030 (includes the EuGB Regulation).

Importantly the ESAP Regulation, which has been in development for some time, is not intended to impose additional reporting obligations on in-scope entities; rather to provide better access to existing information for market participants including investors.

EU Savings and Investment Union strategy

On 4 December 2025, the Commission published a package of sweeping reforms: the Market Integration Package (**MIP**), which forms a central part of the EU's Savings and Investment Union strategy, aiming to reduce barriers within the EU supervisory framework and regulatory frameworks to drive growth and innovation. These proposals, which will amend several key EU regimes, must now undergo the usual EU legislative process and we expect publication in the Official Journal of the EU could take up to two years.

Read EU SIU strategy Market Integration Package

EU Benchmarks Regulation

Changes to the EU Benchmarks Regulation in force from 1 January 2026 reduce the scope of the regime to only apply to critical or significant benchmarks, EU climate transition or Paris-aligned benchmarks and certain commodity benchmarks.

As a result, minor changes to the EU Benchmarks statement in EU PR-compliant prospectuses may be necessary depending on the benchmarks referenced.

Read EU reduces scope of EU Benchmarks Regulation from 1 January 2026

Innovation in Debt Capital Markets

Primary Debt Capital Markets continue to seek ways to enhance efficiencies, through the adoption of common market standards and guidance, technology and artificial intelligence as well as the digitalisation of conventional debt products.

The Digital Bond Market in 2025: Building Momentum

The digital bond market in 2025 has demonstrated resilience, developing at a steady pace. Whilst the market remains fragmented with respect to infrastructure adoption, it is expanding into new regions. Notable developments in the second half of 2025 include three Middle Eastern issuances and continued growth in Asia, exemplified by the Hong Kong SAR Government's largest ever digital bond issuance. Innovation continues with pioneering transactions such as Akbank's recent digitally issued gender bond, whilst the UK's Digital Gilt Instrument (**DIGIT**) remains on the Government's agenda.

Read Linklaters advises IFC on investment in world's first digitally issued gender bond by Akbank

Read Linklaters advises IFC on the issuance of Digitally Native Notes by **İş**bank

Read Linklaters advises on the first digitally native notes issuance in the Middle East

Read Linklaters advises on the Hong Kong SAR Government's largest ever digital green bonds offering

Regulatory Developments

Regulators across the globe continue to develop frameworks for digital assets. For example, the ECB recently emphasised the need to build a European market for digital assets to preserve European sovereignty, advance the Savings and Investments Union and foster innovation. As discussed under "EU Savings and Investment Union strategy" above, the Commission's MIP includes several proposals aimed at supporting innovation such as the relaxation of limits on distributed ledger technology and ensuring regulatory regimes such as the Central Securities Depositories Regulation (**CSDR**) can support emerging technologies. Separately, there is emerging consideration of the use of stablecoins to settle obligations for digital bonds, with the Bank of England highlighting in its November 2025 consultation the current restrictions and its plans to explore this further through the UK's Digital Security Sandbox. In Asia, in November 2025, the Monetary Authority of Singapore published a "Guide to the Tokenisation of Capital Markets Products".

Read Bank of England launches consultation on regulating systemic stablecoins

Read EU SIU strategy - Market Integration Package

Industry Standards and Infrastructure

Complementing these regulatory efforts, industry bodies have been active in developing practical frameworks. IOSCO issued a report exploring financial asset tokenisation, contributing to the broader international dialogue on digital securities regulation. ICMA's DLT Bonds Working Group has continued to support the Monetary Authority of Singapore's Project Guardian in 2025, publishing two new reports in November to supplement the Guardian Fixed Income Framework from 2024, which aims to promote the development of digital bond markets. ICMA maintains a tracker of fintech applications in the digital bond markets, providing valuable market intelligence for participants.

Read ICMA DLT Bonds Working Group

Read Tracker of New FinTech Application in Bond Markets

Outlook

As with any new market infrastructure, market consolidation and wide-scale uptake will take time. However, the combination of regulatory support, industry standardisation efforts and continued geographic expansion suggests that there is increasing market momentum and that digital bonds are becoming an established, if still nascent, component of global capital markets. We anticipate that new issuers will continue to explore digital alternatives to conventional bonds as the infrastructure matures and best practices become more widely adopted.

Further resources

Explore Tech Legal Outlook 2026 for a discussion of wider applications in the finance sector

AI in Capital Markets: From Exploration to Implementation

Artificial intelligence continues to hold the potential to transform capital markets operations, with market participants increasingly moving from exploration to implementation. Across the industry, market participants are seeking to share use cases and best practices to accelerate wider adoption whilst managing associated risks.

ICMA's AI in Capital Markets Working Group has played a central role in facilitating this industry dialogue. In 2025, the working group actively engaged with regulators, responding to consultations from the FCA and IOSCO on the use of AI in financial services. Beyond regulatory engagement, the working group continues to connect market participants, share practical use cases and drive industry-wide change. Leading firms are demonstrating this commitment to AI adoption in practice, with Linklaters having rolled out Legora to all of its lawyers, exemplifying the shift from exploration to implementation across the legal sector. ICMA maintains a comprehensive tracker of global AI regulatory developments, monitoring research papers and reports from international and regulatory organisations to keep members informed of the evolving landscape.

Explore ICMA AI in Capital Markets Working Group

Explore AI in Financial Services 4.0 where we explore opportunities and challenges facing businesses deploying AI in core financial markets, and consider the complex and fast-changing regulatory landscape

Bond Data Taxonomy: Expanding Standardisation

The Bond Data Taxonomy (**BDT**) is a common machine-readable representation of key bond data information developed by ICMA's Bond Data Taxonomy Working Group. The taxonomy will receive a significant update during the first quarter of 2026, expanding its capabilities and product coverage. It is also expected to be added as an annex to the ICMA Primary Market Handbook during the first half of 2026.

First published in 2023, the BDT aims to create a common language for bond issuance, trading, settlement and distribution, promoting interoperability at all stages of the bond lifecycle. Importantly, the BDT is technology agnostic, enabling its application across both conventional and digital capital markets infrastructure.

Version 2.0 will significantly expand the taxonomy's scope, incorporating enhanced product coverage, bond pricing mechanisms and redemption features. The BDT has already been successfully deployed in the Hong Kong SAR Government's digital green bonds issued in 2024 and 2025, demonstrating its practical application in live transactions.

Whilst the BDT is primarily intended to enhance the efficiency of data sharing between bond market participants and reduce operational friction in respect of non-legal documentation and processes, wider adoption may drive convergence between the terminology used in legal documentation and the standardised BDT language, potentially streamlining the entire bond documentation process.

Explore ICMA Bond Data Taxonomy Working Group

ICSDs Dematerialisation Initiative: A New Issuance Structure

Euroclear and Clearstream have been working on a dematerialisation initiative for certain English law governed debt securities. The initiative covers securities issued by companies incorporated in England and Wales, Scotland and Northern Ireland, as well as certain supranational issuers without a jurisdiction of incorporation.

Under the Dematerialised Notes Structure, legal title to debt securities will be determined by reference to an issuance record maintained by one of the ICSDs acting as common recordkeeper, eliminating the need for a register or physical representation of the debt securities. This represents a departure from traditional bearer and registered forms that have long been the market standard.

Given the limited scope of this initiative, uptake will depend on whether eligible issuers perceive sufficient advantages to adopt the new structure over the established bearer and registered forms.

The ICSDs have indicated that the Dematerialised Notes Structure will be available as a voluntary option for in-scope issuers from the first quarter of 2026.

Read Euroclear and Clearstream to digitise Eurobond market

Navigating recent market developments

Defence bonds

2025 has seen the emergence of labelled defence bonds, with both Euronext and Nasdaq creating their own voluntary, market-based labels for use-of-proceeds bonds raising funds for eligible defence and/or security activities which meet the criteria for their respective labels.

Transition Bonds

On 6 November 2025, ICMA released new guidance for Climate Transition Bonds at the 11th Annual Conference of the Principles, which include Climate Transition Bond Guidelines. These Guidelines introduce the use of the Climate Transition Bond as a standalone label for use-of-proceeds bonds which follow the core components and key recommendations for such bonds.

Read ICMA publishes new guidance for Climate Transition Bonds

U.S. developments

The concept release on Foreign Private Issuer (**FPI**) eligibility issued by the SEC in June 2025 has been a closely watched development for many non-U.S. issuers this year as these rule changes could make it more difficult for such issuers to qualify as FPIs.

However, none of the changes explored in the release have yet to be adopted, or even formally proposed. The SEC is still reviewing the comment letters and considering what changes, if any, to propose.

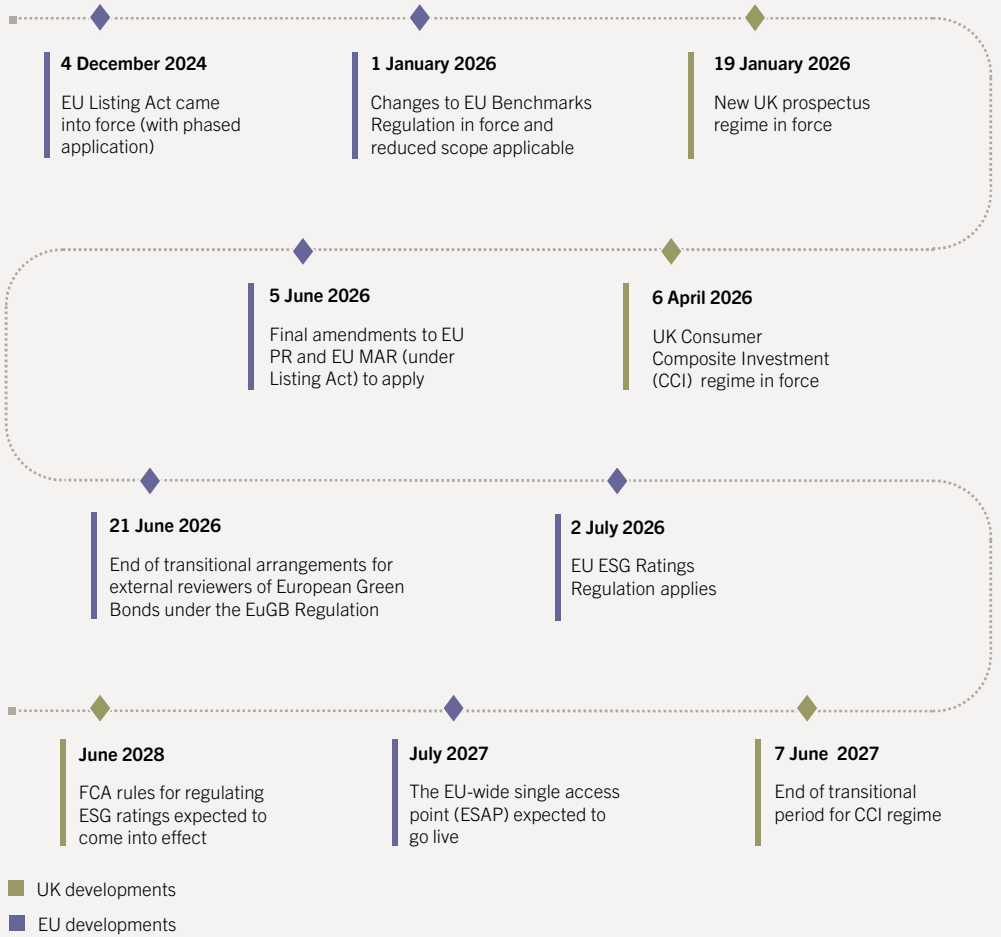
Read SEC Exploring Changes to Foreign Private Issuer Definition

Capital Requirements Directive VI Updates

The new CRD VI Article 21c restricts non-EU entities from providing cross-border core banking services into the EU and requires branches to be established in each EU jurisdiction where they provide those services (such services include deposit-taking). As this is a directive, interpretation and applicability will depend on local implementation in each EU Member State. Where any EU jurisdiction interprets bond issuance to constitute deposit-taking (and no exemptions apply) this may limit the ability of a non-EU financial institution to issue bonds into such jurisdiction. Member States must implement CRD VI into national law by 10 January 2026 and compliance is required from 11 January 2027.

Read Four options for firms to consider when approaching the EU's CRD6

Timeline



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