

CITY OF LONDON LAW SOCIETY

FINANCIAL LAW COMMITTEE

**Minutes for the meeting held at 12.45 pm on 15 July 2026
at the offices of Allen Overy Shearman Sterling LLP and also by Teams**

Present: Sarah Smith (Baker & McKenzie LLP) (Chairman) – in person
Edward Fife (Slaughter and May) – in person
Fiona Fitzgerald (Allen Overy Shearman Sterling LLP) – in person
Natalie Lewis (Travers Smith LLP) – in person
Alexander Shopov (Linklaters LLP) – in person
Emily Barry (Herbert Smith Freehills Kramer LLP) - as alternate for Nick May – in person
James Bresslaw (Simmons & Simmons LLP) – by Teams
Nick Swiss (Eversheds Sutherland (International) LLP) – by Teams
Matt Dunn (Clifford Chance LLP) – by Teams
Penny Angell (Hogan Lovells Cadwalader International LLP) – by Teams
Flora McLean (Freshfields LLP) – by Teams

Attending: Natalie Butchart (Slaughter and May) (Secretary) – in person

1. APOLOGIES FOR ABSENCE

The Chairman opened the meeting and reported that apologies had been received from Adam Pierce (Dentons UK and Middle East LLP), Nigel Ward (Ashurst LLP), Emma Giddings (Norton Rose Fulbright LLP) and Kevin Hart (CLLS) (Legal Policy Analyst).

2. APPROVAL OF MINUTES

The minutes of the last meeting, held on 8 April 2026, were approved.

3. DIGITAL ASSETS (S. SMITH)

3.1 International Jurisdiction Taskforce (IJT)

The Chairman reminded the Committee, that in February 2026, the IJT published its first Position Paper – [Comparative Analysis of the Private Law Treatment of Legal Nature and Attributes of Digital Assets Across the Seven Jurisdictions represented by the IJT](#).

The IJT stated that it welcomed feedback on the Position Paper, on the high-level comparative analysis in the Paper and on the proposals for the IJT's future work, however, no deadline was set for responses. The Chairman noted that she planned to contact the IJT to establish if a deadline had been set for comments.

3.2 Wholesale Digital Markets Champion – First Report

The Chairman noted that Chris Woolard, in his role as the UK's Wholesale Digital Markets Champion, had published his [inaugural report](#) to the Chancellor of the Exchequer on the future of UK wholesale financial markets.

3.3 **UK-US Joint Statement on Stablecoins**

Natalie Lewis noted the issuance of a [UK-US Joint Statement on Stablecoins](#), which sets out the UK and US governments commitment to deepening their collaboration on capital markets and digital assets to help ensure that digital financial innovation strengthens the transatlantic marketplace via the work of the Transatlantic Taskforce for Markets of the Future, which was established in September 2025.

The Chairman summarised the extensive number of projects involving digital assets that are currently live and proposed to prepare a list of those projects and circulate it to the Committee members, together with the current list of members of the Digital Assets Working Group, with a view to determining which projects the Committee and the Working Group should be focused on.

4. **DIGITALISATION TASKFORCE FINAL REPORT**

The Chairman reminded the Committee that a joint working group, composed of representatives from both this Committee and the Company Law Committee, had submitted a response to a paper setting out the DBT's indicative approach to the proposed dematerialisation statutory instrument and a paper prepared by the Chartered Governance Institute UK & Ireland Registrars Group – Digitisation Sub Group setting out a transactional processing proposal.

The Chairman reported that subsequent to its submission, the working group had the opportunity to review and comment on the DEMAT report that sets out the implementation plan for the withdrawal of paper share certificates.

The Chairman further reported that on 14 July 2026 the [DEMAT implementation plan](#) and Government's response thereto had been published and that the joint CLLS working group will continue to look at the issues relating to taking security over dematerialised shares, particularly shares which may not be held in CREST UK.

5. **EU SETTLEMENT FINALITY REGULATION (N. LEWIS)**

Natalie Lewis reported that she was a member of a working group supporting the FMLC to produce a draft response to the European Commission proposal for an [EU Regulation on settlement finality](#) that will repeal Directive 98/26/EU (i.e. converting the existing Settlement Finality Directive into a Regulation) and amend Directive 2002/47/EC on financial collateral arrangements. On 1 July 2026, the proposed final draft FMLC response paper was shared with this Committee's Digital Assets working group, with a request that confirmation of approval or comments be provided before 20 July 2026.

It was agreed that the final draft FMLC response paper would also be shared with the members of this Committee.

6. **CLLS GUIDE ON ENGLISH LAW OPINION LETTERS (S. SMITH)**

The Chairman noted that a revised draft of the Guide will be circulated to members of the Legal Opinions working group shortly for their review and comments.

7. **REPORT OF THE UK INDEPENDENT EXPERT PANEL ON CORPORATE RE-DOMICILIATION**

The Chairman reported that a response to the Government's [Consultation: Implementing a UK corporate re-domiciliation regime](#), which closed on 19 June 2025, had been prepared and submitted by a Joint Working Group comprised of the Company Law Committees of the CLLS and the Law Society of England and Wales with input from representatives from this Committee and the Insolvency Law, Regulatory Law and Tax Law CLLS specialist committees.



CLLS

Re-domiciliation Re:

8. **UPDATES/CURRENT STATUS**

8.1 **National Security and Investment Act 2021 (P. ANGELL)**

Penny Angell noted that there was nothing further to report on this matter. It was agreed that a watching brief will continue to be maintained.

Postscript: On 30 July 2026, Penny reported that the government had announced that the Investment Security Unit (ISU) and responsibility for the Act had moved from the Cabinet Office to the newly created Department for Business, Innovation, Science and Trade (BIST). Responsibility for decision-making for the Act has, therefore, passed to the Secretary of State for Business, Innovation, Science and Trade, the Rt Hon Jonathan Reynolds MP.

Penny also noted that she had been informed that the powers and requirements under the Act all remain the same, and the ISU's contact details – including the ISU's inbox of investment.screening@cabinetoffice.gov.uk – all remain the same. The ISU will provide an update as and when there is any change to the email addresses, but for now engagement with the ISU should continue as normal/via the existing email addresses.

On 29 September 2026, Penny further reported that the Government had published the ministerial responsibilities for BIST. The Trade Minister, Anas Sarwar, has responsibility for investment security, as well as export controls, economic resilience and trade remedies (although the formal decision-maker remains the Secretary of State, Johnny Reynolds).

8.2 **CLLS ESG (E. GIDDINGS)**

The Chairman noted to the Committee that Emma Giddings had reported that there was no further update on this matter.

9. **ANY OTHER BUSINESS AND CLOSE**

9.1 **Proposals for the modernisation of the UK securitisation special purpose entity framework**

Alex Shopov provided a brief overview of a proposal to disapply the legacy s755 of the Companies Act to securitisation companies (or debt issuing companies more generally). Alex and his colleagues at Linklaters LLP wrote an article on this subject that was published in the January 2026 edition of the Journal of International Banking & Financial Law.



JIBFL_Jan_UK_LL.pdf

It was agreed that a working group should be established, led by Alex, to consult further on this proposal. Alex agreed to consult with Lucy Fergusson, a member of the CLLS Company Law Committee, to see if that Committee would like to collaborate with the working group on an advocacy piece to the Department of Business and Trade on the matter.

9.2 **UK Insolvency Service Corporate Civil Enforcement Reforms Consultation**

The Chairman noted that on 25 March 2026, the UK Insolvency Service published a consultation on [Corporate Civil Enforcement Reforms](#). The consultation closed on 22 June 2026. The CLLS Insolvency Law Committee and the Company Law Committee each

submitted a response to the consultation. The two Committees collaborated in the preparation of these responses and each endorsed the other Committee's response.

- [Response of the Insolvency Law Committee](#)
- [Response of the Company Law Committee](#)

It was agreed that a watching brief should be maintained on this matter.

9.3 US Selecta litigation

The Chairman reported that Lord Neuberger and Dame Elizabeth Gloster had provided opposing expert evidence on the English minority protection principle to the US District Court of the Southern District of New York in the antitrust and restructuring litigation challenging the European liability management exercise of vending machine operator Selecta. Lord Neuberger issued a further declaration in response to Dame Elizabeth's.



SelectaLordNeubergerDeclaration.pdf



Selecta Dame Elizabeth Gloster.pdf

9.4 Report on new cases

Sanctions designation does not suspend borrower's repayment obligations or preclude lender's possession claim

[West One Loan Limited v Okroyan \[2026\] EWHC 1428 \(Ch\)](#) (11 June 2026)

It is important to note that the SC judgment in [UniCredit Bank GmbH, London Branch v Constitution Aircraft Leasing \(Ireland\) 3 Ltd and another; UniCredit Bank GmbH, London Branch v Celestial Aviation Services Ltd \[2026\] UKSC 10](#) (25 March 2026) was handed down after the hearing of this HC case but before the judgment was issued.

In this case the defendant was an individual who had secured a loan from the lender with a mortgage over a residential property and was then designated under the Sanctions Regulations, making it a criminal offence for her to make repayments on the loan. The court concluded that Section 44 of the Sanctions and Anti-Money Laundering Act 2018 (SAML), which provides a defence to civil proceedings for a person acting in the reasonable belief that they are complying with sanctions legislation, did not provide a defence in this instance. In reaching this decision the court expressly relied on the CA *obiter* analysis in *Celestial* that Section 44 SAML protects against liability arising from action or inaction aimed at sanctions compliance and not against pre-existing liabilities. The SC in *Celestial* subsequently disagreed deciding that Section 44 does protect against pre-existing debts if the person acted with the requisite reasonable belief. We wait to see if the borrower will appeal based on the SC revised analysis.

The judge, however, did grant the possession order to the lender on the separate ground that the designation has caused the borrower to breach a representation that there had been no material adverse change to her business or financial condition. The judge rejected two further grounds though: (i) it was found that no MAC event of default had occurred; and (ii) no illegality event of default had occurred. It is worth reading the sections of the judgment that cover these points and considering them in a wider lending context. It is also worth noting that the agreement documenting the loan in this case did not contain any specific sanctions provisions (e.g. a sanctions specific representation or undertaking) and, had it, it might have been easier for the lenders to prove their case.

Risk of parallel proceedings with an asymmetric jurisdiction clause

[Spec 1 Ltd v The Export-Import Bank of China \[2026\] EWHC 1162 \(Comm\)](#)

This case involved an asymmetric jurisdiction clause in a ship finance facility agreement, permitting both parties to bring proceedings in England but without restricting the right of the lender to bring proceedings in any other 'court of competent jurisdiction'. The lender commenced proceedings in Singapore (where a key asset – a ship – was located) against one borrower (of which there were three) under the finance agreement, that borrower then counterclaimed for fraudulent misrepresentation and rescission of the agreement and, together with the other two borrowers, issued proceedings in the English court seeking similar relief. The lender asked the English court to decline these proceedings and issue a stay in favour of the Singapore courts and the borrowers sought an anti-suit injunction. The construction and effect of the asymmetrical jurisdiction clause being key to the decision. Both parties failed in their endeavours. Giving commercial effect to the jurisdiction provisions, the judge concluded that the parties "had agreed to be bound by mutual promises that necessarily contemplate parallel proceedings in different jurisdictions" and in his opening comments accused them of "forensic gamesmanship" that reflected "badly on them both". The decision was made on the basis of commercial interpretation of the provision and the facts of the case but is a reminder that such provisions need careful drafting to reflect the parties' intentions.

Security void following unilateral amendment – the rule in *Pigot's case*

[Boult v Together Personal Finance Ltd \[2026\] EWHC 809 \(Ch\)](#)

This case involved a personal loan secured by a residential property. The borrower executed a legal charge over a house. After execution, without the borrower's knowledge or consent, the legal charge was amended in manuscript by the lender's legal advisers to add an additional property and that version of the legal charge was registered against both titles at HM Land Registry. The borrower became aware of the legal charge being registered against both properties and, suspecting a fraudulent act, reported the matter to the police following which the lender removed the legal charge against the second property from the applicable charges register. Subsequently, the borrower failed to meet repayment obligations under the loan and the lender eventually commenced possession proceedings in the County Court. The borrower relied on the rule in *Pigot's case* as a defence contending that the legal charge was void as a result of the unauthorised amendment. The defence failed with the judge finding the alteration a non-material mistake. An appeal was allowed by the High Court, during which issues of 'deliberateness' and 'materiality' were considered. The judgment was particularly helpful in clarifying that the rule applies (i) where an alteration is intentional, even if the intention is based on a mistaken belief, as opposed to the alteration itself being a mistake; and (ii) the test of materiality should be assessed by reference to the *potential prejudice* created at the time of alteration, and not by reference to the actual prejudice or any subsequent corrective steps.

Contact payment deadline determined by place of performance despite multi-country "Banking Days" definition

[Songa Product and Chemical Tankers v Gardsea Shipping \[2026\] EWHC 1559 \(Comm\)](#)

The contract for the sale of a ship included a definition of Banking Days that referred to days when banks were open in eight different jurisdictions across global time zones. Payment for the ship was due to be released from escrow to the seller in Norway on the third Banking Day after deliver of a notice to proceed. When payment was not received by midnight in Norway on that day the sellers gave notice to cancel the sale. Arbitrators held that the buyers actually had until midnight in the most Westerly time zone on the agreed Banking Day (Hawaii). The HC disagreed holding that the definition should be used to identify the relevant calendar days that should be applicable (e.g. excluding bank holidays etc), not to define a 'day' or when it starts or ends. Once the calendar day is determined, whether payment has been made is determined by whether it is made before midnight on the place of performance.

CoA upholds HC decision that contractual term charging default interest was not a penalty

[Houssein v London Credit Ltd \[2026\] EWCA Civ830](#)

This was the second time that the Court of Appeal had heard this case. In the first, it overturned the decision of the High Court that a default interest rate of 4% per month in a 1-year bridging loan agreement constituted an unenforceable penalty and remitted the issue to the trial judge for further consideration. The remitted hearing concluded that the default rate of interest was not a penalty and this decision has now been upheld by the Court of Appeal. The provision had been freely negotiated between commercial parties and was proportionate to the lender's legitimate interests.

Interpretation – the Insolvency and Companies Court construes the meaning of ‘payment’

[Segulah Medical Acceleration AB and others v Signifier Medical Technologies Ltd \[2026\] EWHC 313 \(Ch\)](#)

In this case the High Court was asked to consider whether holders of convertible loan notes retained creditor standing for the purposes of an administration application whether the notes had purportedly converted into equity on maturity. The court found that the term ‘payment’ included payment in kind and that the requirement to issue shares was a payment in kind, consequently, a failure to issue shares constituted an event of default that meant the debt remained outstanding.

An update on Waldorf

This case was reported at the last three meetings of the Committee and the background of progress of the case can be read in the Minutes to those meetings.

The plan sanction hearing went ahead as scheduled and HMRC raised several grounds of opposition and presented options to the judge, including not sanctioning the plan at all, or amending it to remove the extinguishment of a tax liability arising under the Energy (Oil and Gas) Profits Levy Act 2022. At the heart of HMRC's objection was that the court should not permit an RP to be used to compromise tax liabilities, where HMRC has rationally decided to oppose the RP. Among HMRC's specific objections was that the court should consider the impact on the Exchequer of Waldorf's tax losses being offset against Harbour's (the purchaser) profits (this was one of the factors driving the sale). While according HMRC's views the greatest of respect and weight, the judge rejected all grounds of opposition and sanctioned the plan, commending the company's efforts to engage extensively with stakeholders, including the use of mediation (which HMRC had declined to participate in). The High Court and the Court of Appeal subsequently refused HMRC's request for permission to appeal. The Court of Session in Edinburgh also sanctioned a parallel plan for a related Scottish company.

10. NEXT MEETING

The next meeting of the Committee will be held at 12:45 pm on 14 October 2026 at the offices of Linklaters LLP.

There being no further business, the meeting closed.