

Week commencing 26 October 2026

COVERAGE

12 – 25 October 2026

AUDIENCE

Technology and security leadership · platform and delivery leads

HANDLING

Internal use — not for onward distribution

IF YOU JUST REMEMBER ONE THING FROM THIS BRIEFING...

The largest Patch Tuesday on record included a Windows flaw that was already being exploited before the fix shipped.

Microsoft's October release fixed around 1,400 flaws, including a Windows Shell bug under active attack that lets a crafted file bypass Mark-of-the-Web protections. CISA gave federal agencies three days to patch. Ask this week: have we confirmed this update reached every endpoint, not just the ones due this cycle.

THIS FORTNIGHT

Platform change and AI regulation

PRIORITY

13 OCT

Record Patch Tuesday ships with an actively exploited Windows zero-day

Microsoft's October update covered around 1,400 vulnerabilities, its largest release to date. CVE-2026-96951, a Windows Shell flaw (CVSS 8.8), lets a crafted file bypass Mark-of-the-Web tagging and is confirmed exploited. CISA added it to KEV the same day, with a 16 October federal deadline.

So what: confirm the update has reached every endpoint, including devices outside standard ring deployment.

PRIORITY

5 OCT

Entra ID's MemberOf retirement gets a final reminder with one week left

Microsoft's final-reminder notice confirms the MemberOf rule operator in dynamic groups, admin units and entitlement-management auto-assignment stops working on 3 November. The notice newly flags Conditional Access policies built on affected groups as also exposed. Memberships freeze at their last calculated state; there is no direct replacement for nested logic.

So what: run Microsoft's suggested Graph PowerShell query now to find every MemberOf rule, including any feeding Conditional Access.

PRIORITY

EARLY OCT

Azure raises compute and storage prices, and closes the reservation exchange

Microsoft notified customers via Azure Service Health of VM and storage price rises of 8–17 per cent across seven regions, plus a roughly 25 per cent rise on legacy Dv3/Dsv3/Ev3/Esv3-era series, effective 1 February 2027. Reservations bought on or after that date also lose the right to exchange.

So what: review commitment timing and legacy VM series now — acting before 1 February preserves the lower rate and exchange flexibility.

WATCH

2 AUG–2 DEC

EU AI Act's watermarking grace period narrows, but deepfake duties did not move

The Digital Omnibus gives AI systems already on the market before 2 August 2026 until 2 December 2026 to add machine-readable content marking under Article 50(2). Deepfake and chatbot disclosure duties under Article 50(1) and (3) still applied from 2 August, unextended — a distinction some commentary has blurred.

So what: check which duty applies to which system — assuming December covers deepfake labelling too would leave you already non-compliant.

ACTION QUEUE

Changes to act on this fortnight

CHANGE	PLATFORM	WHAT IT BREAKS OR REQUIRES	ACT BY
CVE-2026-96951 Shell MOTW bypass	Microsoft Windows	Actively exploited; crafted file bypasses Mark-of-the-Web.	Overdue
MemberOf rule retirement	Microsoft Entra ID	Dynamic groups, admin units and Conditional Access freeze at last state.	3 Nov 2026
Reservation exchange ends	Microsoft Azure	New or renewed reservations lose exchange rights after cutover.	1 Feb 2027
Compute/storage price rises	Microsoft Azure	8–25% increases depending on region and VM series.	1 Feb 2027
Watermarking grace period ends	EU AI Act, Art. 50(2)	Pre-Aug-2026 systems must add machine-readable marking.	2 Dec 2026

Identifiers and dates as published by Microsoft and CISA. Confirm applicability against your own estate.

REGULATORY AND SECTOR WATCH

What changed, and what is coming

In force now

- EU AI Act deepfake and chatbot disclosure duties (Article 50(1) and (3)) have applied since 2 August 2026, unaffected by the Digital Omnibus.
- High-risk Annex III obligations remain deferred to 2 December 2027 under the Omnibus.

Approaching

- Article 50(2) watermarking grace period for pre-August systems ends 2 December 2026.
- Entra ID MemberOf retirement lands 3 November 2026 — confirm Conditional Access exposure first.

Standing watch — sovereign cloud and data residency. No new sovereign-cloud announcements this fortnight. Microsoft's EU Data Boundary programme remains complete; track supplier data-boundary commitments at contract renewal.

RECOMMENDED

Three things to do before the next edition

- Confirm October's Windows update reached every endpoint, including devices outside standard rings.
- Query every MemberOf-based dynamic group, admin unit and Conditional Access policy before 3 November.
- Decide on Azure reservation purchases or renewals before the 1 February 2027 price and exchange cutover.

OUTLOOK — NEXT FORTNIGHT

We assess it is likely further Entra ID and Windows advisories follow as the MemberOf deadline passes, and a realistic possibility AWS or Google announce a comparable platform or price change after a quiet fortnight. Expect no further AI Act movement before the December marking deadline forces disclosure.

NEXT EDITION

Monday 9 November 2026. Send additions, corrections or platform intelligence to your ClearPath engagement lead.

