

# FINANCIAL REGULATION WEEKLY BULLETIN

Major UK and European regulatory developments of interest to banks insurers and reinsurers, asset managers and other market participants

## QUICK LINKS

[Selected Headlines](#)

[General](#)

[Banking and Finance](#)

[Securities and Markets](#)

[Asset Management](#)

[Financial Crime](#)

If you have any comments or questions, please contact:

[Selmin Hakki](#).

Slaughter and May also produces a periodical Insurance Newsletter. If you would like to go on the distribution list, please contact:

[Beth Dobson](#).

## SELECTED HEADLINES //

### General

**Consumer duty price and value outcome rules - FCA reviews implementation** 1.1

### Banking and Finance

**Cash savings market - FCA publishes update** 2.1

### Asset Management

**Retail disclosure reforms and forbearance on investment trust disclosures - HM Treasury and FCA publish statements** 5.1

### Financial Crime

**Effective fraud prevention - FCA publishes speech** 6.1

## Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Asset Management](#)[Financial Crime](#)

## GENERAL //

### 1 FINANCIAL CONDUCT AUTHORITY

- 1.1 Consumer duty price and value outcome rules - FCA reviews implementation - 18 September 2024** - The FCA has published its findings from a review of firms' implementation of the price and value outcome under the consumer duty. The fair value assessments review focused on three markets: cash savings accounts; guaranteed asset protection (GAP) insurance; and cash balances held by platforms. The FCA explains, however, that the findings will be relevant to all firms who need to demonstrate that their products provide fair value to retail customers.

Several lessons emerge from these findings. In short, firms are encouraged by the FCA to take a holistic approach to the consumer duty. The webpage refers to several firms' complex pricing structures as an example of poor practice. Firms should consider the types of customers who, by virtue of their circumstances or behaviours, are likely to get value from the product (inside the target market) as well as the types who are less likely to get value (outside the target market). An analysis of cross-subsidies, where relevant in a firm's business model, can be helpful in identifying where different consumer groups may be at risk of not receiving fair value. Evidence is important in fair value assessments, says the FCA, but firms should be proportionate in their approach. Prompt action should be identified and taken if fair value assessments show that consumers are at risk of not receiving fair value.

The FCA states that it will act where it sees firms not making improvements in response to feedback, or if firms' products and services are clear poor value outliers when compared to the price and value of similar products and services. The FCA is aware of the need for specific engagement with small firms given their more limited resources. It separately highlights how small firms might take a reasonable approach to the requirements of the price and value outcome.

[Webpage](#)[Press release](#)

## BANKING AND FINANCE //

### 2 FINANCIAL CONDUCT AUTHORITY

- 2.1 Cash savings market - FCA publishes update - 18 September 2024** - The FCA has published an update on the functioning of the cash savings market, including relevant data, following its previous update of December 2023. In particular, it considers progress on the issues identified in its July 2023 report on the state of competition in the cash savings market, as previously reported in this Bulletin.

## Selected Headlines

[General](#)[Securities and Markets](#)[Financial Crime](#)[Banking and Finance](#)[Asset Management](#)

The FCA refers to certain improvements in the market, including increases in average easy access rates and the movement of deposits into higher paying fixed-term and notice accounts. However, it found that many firms find fair value assessments challenging and that the largest firms generally continue to pay below the market average for standard easy access products. The FCA sets out examples of good and poor practice relating to benchmarking products against comparable products in the market and the treatment of vulnerable customers, among others.

The FCA also highlights practices that may be acceptable but tend to pose greater risk of not delivering good customer outcomes under the consumer duty. These include creating multiple tranches of a savings product that offer the same terms and conditions to pay higher interest rates to new customers and not to existing customers.

The FCA will continue to monitor firms' future savings rate changes and will expect a clear explanation if it identifies that a firm has changed its savings rates significantly more quickly and fully in response to interest rate reductions, compared to previous interest rate increases. It does not expect to publish further updates on progress in the cash savings market, unless it identifies further market-wide concerns.

[FCA update on cash savings - September 2024](#)[Data](#)[Figure: Illustrative example of funds transfer pricing](#)[Press release](#)

### 3 PAYMENT SYSTEMS REGULATOR

- 3.1 **Cost benefit analysis framework - PSR launches consultation - 18 September 2024** - The Payment Systems Regulator (PSR) has published a consultation paper (CP24/12) on a draft statement of policy on the PSR's cost benefit analysis (CBA) framework. This builds on and replaces the PSR's previous draft CBA framework, which was published in February 2024. Among other things, the draft framework sets out the circumstances in which the PSR will typically carry out a CBA.

The deadline for comments is 3 November 2024.

[PSR consultation paper: Draft statement of policy on our CBA framework \(CP24/12\)](#)[Webpage](#)

## Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Asset Management](#)[Financial Crime](#)

## SECURITIES AND MARKETS //

### 4 UK FINANCE

- 4.1 **Innovation in payments - Regulated Liability Network Experimentation Phase announced by UK Finance - 17 September 2024** - UK Finance has announced the successful outcome of its "regulated liability network (RLN) experimentation phase," a new type of financial market infrastructure that can deliver capabilities for payments and settlement, including tokenisation and programmability. Alongside the potential to help innovate the market and provide new functionality, UK Finance notes that *"the UK's legal and regulatory framework is sufficiently flexible to support the implementation of a 'platform for innovation'"*.

UK Finance and its members welcome further engagement with regulators and other public bodies toward innovation in payment markets.

[Press release](#)

## ASSET MANAGEMENT //

### 5 HM TREASURY AND FINANCIAL CONDUCT AUTHORITY

- 5.1 **Retail disclosure reforms and forbearance on investment trust disclosures - HM Treasury and FCA publish statements - 19 September 2024** - HM Treasury and the FCA have published statements on reforms to retail disclosure requirements and related FCA forbearance on investment trust disclosure requirements.

These statements follow the publication by HM Treasury, in November 2023, of a policy note on a new UK retail disclosure framework for consumer composite investments (CCIs) to replace the UK PRIIPs Regulation (EU) 1286/2014 (UK PRIIPs Regulation), together with a draft version of the Consumer Composite Investments (Designated Activities) Regulations 2024 (CCI Regulations). Separately, in May 2024, the FCA responded to concerns on the application of the current retail disclosure framework, particularly provisions in the UK PRIIPs Regulation and the UK Commission Delegated Regulation (EU) 2017/565 (MiFID Org Regulation) that require investment trusts to report costs in the same format as unlisted open-ended funds. The FCA had previously issued forbearance in November 2023, intending to give investment trusts greater ability to explain their costs and charges to consumers.

HM Treasury states that it will lay legislation as soon as possible to provide the FCA with appropriate powers to develop the new UK retail disclosure framework. It will also lay legislation to exempt listed investment trusts from the UK PRIIPs Regulation, as well as make other necessary amendments to other retained EU law. This will be an interim measure that will remain in effect until the start of the new framework, as HM Treasury intends for investment trusts to be within scope. The FCA statement notes that new regulatory forbearance will apply

## Selected Headlines

[General](#)[Securities and Markets](#)[Financial Crime](#)[Banking and Finance](#)[Asset Management](#)

with immediate effect in respect of investment trusts. This means that, from 19 September 2024, closed-ended investment funds whose ordinary shares (of each class if there is more than one) are admitted to trading on a UK regulated market or a UK multilateral trading facility (MTF) may choose not to follow the requirements of the UK PRIIPs Regulation and associated technical standards. They may also choose not to follow the requirements of Article 50(2)(b) and Article 51 of the MiFID Org Regulation.

HM Treasury is expected to lay legislation on the additional powers required to deliver the new framework in the second half of 2024 and at the same time lay the legislation to exempt closed-ended UK-listed investment funds from the relevant requirements. The FCA's regulatory forbearance will end on the date that the legislation relating to the exemption takes effect. The new retail disclosure framework is expected to be in place in the first half of 2025, subject to Parliamentary approval and the FCA consultation process.

[HM Treasury press release](#)

[FCA press release: Statement on forbearance in relation to investment trust disclosure requirements](#)

[FCA press release: Reforms to financial services retail-disclosure requirements](#)

## FINANCIAL CRIME //

### 6 FINANCIAL CONDUCT AUTHORITY

**6.1 Effective fraud prevention - FCA publishes speech - 17 September 2024** - The FCA has published a speech given by Andrea Bowe, director of the specialist directorate, on frameworks for effective fraud prevention measures.

Among other things, Ms Bowe emphasises the importance of collaboration and a collective effort in tackling fraud. She refers to a three-day investment fraud tech sprint jointly hosted by the FCA and the National Crime Agency (NCA) in 2023. This saw regulatory, intelligence and law enforcement agencies get together to test tactical, cross-agency collaboration, and it led directly to the development of solutions that participants are continuing to explore. Ms Bowe also explains that firms must also adopt a collaborative approach to stopping the cash-out of the proceeds of fraud through money mule activity, prioritising not only the sharing of information on suspected mules, but also acting swiftly when such information is received, whether through internal or external channels.

The FCA is aware that technology is transforming cross-border fraud and money-laundering detection. While deepfake scams are still in their relative nascency, it is important that the FCA maintains an open dialogue with the government about the powers it needs to best protect consumers and market integrity.

[Selected Headlines](#)

[General](#)

[Banking and Finance](#)

[Securities and Markets](#)

[Asset Management](#)

[Financial Crime](#)

[FCA speech: Frameworks for effective fraud prevention measures](#)

## Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Asset Management](#)[Financial Crime](#)

This Bulletin is prepared by the Financial Regulation Group of Slaughter and May in London. The Group comprises a team of lawyers with expertise and experience across all sectors in which financial institutions operate.

We advise on regulatory issues affecting firms across the financial services sector, including banks, investment firms, insurers and reinsurers, brokers, asset managers and funds, non-bank lenders, payment service providers, e-money issuers, exchanges and clearing systems. We also advise non-regulated businesses involved in financial regulatory matters. In addition, our leading financial regulatory investigations practice is regularly instructed by financial institutions requiring specialist knowledge of financial services regulation together with experience in high profile and complex investigations and contentious regulatory matters.

Most of the projects that we advise on have an extensive international or cross-border element. We work in seamless integrated teams with leading independent law firms which offer many of the most highly regarded financial institutions lawyers in Europe, the US and Asia, as well as strong and constructive relationships with local regulators.

Our Financial Regulation Group also produces occasional briefing papers and other client publications. The five most recent issues of this Bulletin and our most recent briefing papers and client publications appear on the Slaughter and May website [here](#).

If you would like to find out more about our Financial Regulation Group or require advice on a financial regulation matter, please contact one of the following or your usual Slaughter and May contact:

Jan Putnis	<a href="mailto:jan.putnis@slaughterandmay.com">jan.putnis@slaughterandmay.com</a>
Nick Bonsall	<a href="mailto:nick.bonsall@slaughterandmay.com">nick.bonsall@slaughterandmay.com</a>
David Shone	<a href="mailto:david.shone@slaughterandmay.com">david.shone@slaughterandmay.com</a>
Kristina Locmele	<a href="mailto:kristina.locmele@slaughterandmay.com">kristina.locmele@slaughterandmay.com</a>
Sabine Dittrich	<a href="mailto:sabine.dittrich@slaughterandmay.com">sabine.dittrich@slaughterandmay.com</a>

London  
T +44 (0)20 7600 1200  
F +44 (0)20 7090 5000

Brussels  
T +32 (0)2 737 94 00  
F +32 (0)2 737 94 01

Hong Kong  
T +852 2521 0551  
F +852 2845 2125

Beijing  
T +86 10 5965 0600  
F +86 10 5965 0650

Published to provide general information and not as legal advice. © Slaughter and May, 2024.  
For further information, please speak to your usual Slaughter and May contact.

[www.slaughterandmay.com](http://www.slaughterandmay.com)