

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](#)

[Insurance](#)

[Financial Crime](#)

[Enforcement](#)

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

- Growth of private markets in the UK - Financial Services Regulation Committee launches inquiry** 2.1
- Tackling non-financial misconduct in financial services - FCA publishes policy statement and further consultation paper** 4.3
- Financial complaints hit a six-year high - FOS publishes complaints data** 5.1

Banking and Finance

- Updates to UK policy framework for capital buffers - PRA publishes policy statement** 7.1

Securities and Markets

- Draft Markets in Financial Instruments (Miscellaneous Amendments) Regulations 2025** 8.1
- Ancillary activities exemption - Draft Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2025 published** 9.1
- Supporting consumers' pensions and investment decisions - FCA consults on proposals for targeted support** 10.1

Insurance

- Biodiversity risk management by insurers - EIOPA publishes report** 11.1

Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Insurance](#)[Financial Crime](#)[Enforcement](#)

Financial Crime

Travel rule supervision - FATF publishes report on best practices **12.1**

UK Russia regime sanctions - FCDO publishes guidance for non-UK businesses **13.1**

Enforcement

Craig Donaldson and David Arden v Financial Conduct Authority [2025] UKUT 00185 (TCC) **15.1**

Selected Headlines

[General](#)[Securities and Markets](#)[Financial Crime](#)[Banking and Finance](#)[Insurance](#)[Enforcement](#)

GENERAL //

1 EUROPEAN SUPERVISORY AUTHORITIES

- 1.1 Integration of ESG risks in financial stress tests - ESAs consult on draft joint guidelines - 27 June 2025** - The European Supervisory Authorities (comprising the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA)) (ESAs) have published a joint consultation paper on draft joint guidelines on ESG stress testing under the Capital Requirements Directive (2013/36/EU) and the Solvency II Directive (2009/138/EC). The guidelines set out how competent authorities for the banking and insurance sectors should integrate ESG risks when performing supervisory stress tests and seek to harmonise methodologies and practices among supervisors.

Feedback is welcomed by 19 September 2025. The ESAs will hold a public hearing on the draft guidelines on 26 August 2025. They will consider feedback on the proposals in Q3 and Q4 2025 and intend to finalise the guidelines by the end of 2025. The ESAs are required to publish the final joint guidelines by 10 January 2026.

[ESAs: Joint consultation paper on draft joint guidelines on integrating ESG into stress tests \(JC 2025 30\)](#)

[EBA press release](#)

2 UK PARLIAMENT

- 2.1 Growth of private markets in the UK - Financial Services Regulation Committee launches inquiry - 2 July 2025** - The House of Lords Financial Services Regulation Committee has launched an inquiry into the growth of private markets in the UK following the reforms introduced after 2008 and has published a related call for evidence. In particular, the inquiry will examine:

- whether the regulatory capital and liquidity reforms introduced after 2008 have reduced banks' ability or willingness to lend, pushing risk away from the banking sector and towards private markets; and
- how much visibility the Bank of England has on the size of these private markets, their interconnections with the banking sector and any potential spillover risks.

Comments are welcomed by 18 September 2025.

[Financial Services Regulation Committee call for evidence: Inquiry into the growth of private markets in the UK following reforms introduced after 2008](#)

3 PRUDENTIAL REGULATION AUTHORITY

- 3.1 Future banking data - PRA publishes roundtable summary - 2 July 2025** - The PRA has published a summary of the roundtable it hosted on 19 May 2025 with chief financial officers

Selected Headlines

[General](#)[Securities and Markets](#)[Financial Crime](#)[Banking and Finance](#)[Insurance](#)[Enforcement](#)

(CFOs) of the largest, most systemic firms operating in the UK to discuss future banking data. A recurring theme was the fragmentation of current reporting requirements, and there was widespread support among participants for the development of a data dictionary to help align standards and definitions. Firms also reported that aggregating and transforming data is a major driver of reporting costs, particularly where this occurs across different but similar requests.

Given this feedback, the PRA expects to focus further engagement this year on developing a clearer understanding of the desirability of, and best approach to, delivering a data dictionary across UK reporting, as well as moving towards more granular reporting. The PRA will develop a vision for a multi-year programme of change in reporting by the end of 2025 and will separately publish a discussion paper on current data use and challenges.

[PRA: Future banking data: CFO roundtable summary](#)

4 FINANCIAL CONDUCT AUTHORITY

- 4.1 Data decommissioning - FCA publishes policy statement - 27 June 2025** - The FCA has published a policy statement (PS25/7) titled ‘Data Decommissioning: Removing reporting and notification requirements’, confirming (following a period of consultation) that it will decommission two regular data returns, a notification requirement and outdated Handbook content. The decommissioning of the returns outlined in the policy statement will come into force on 27 June 2025, and affected firms do not need to take any action. The FCA confirms that it will continue to review other regulatory returns as potential candidates for decommissioning.

[FCA policy statement: Data decommissioning: Removing reporting and notification requirements \(PS25/7\)](#)

- 4.2 Harnessing AI and technology - FCA publishes speech - 1 July 2025** - The FCA has published a speech delivered by Jessica Rusu, FCA chief data, information and intelligence officer, on harnessing AI and technology to deliver the FCA’s four priorities that form part of its strategy for 2025 to 2030 (published in March 2025).

Among other things, Rusu highlights strong support for the FCA’s new AI live testing service, where applications will go live next week. She also notes stakeholder concerns regarding potentially ambiguous governance frameworks stopping firms from innovating with AI, and reiterates that the FCA believes its existing frameworks (such as the Senior Managers Regime and the Consumer Duty) give it oversight of AI without the need for new rules.

Rusu ends by remarking that the FCA is “*tech positive and open for business*” and “*wants the UK to be a global hub for AI adoption*”. To achieve this, the FCA and industry must work together.

[Speech](#)

- 4.3 Tackling non-financial misconduct in financial services - FCA publishes policy statement and further consultation paper - 2 July 2025** - The FCA has published a policy statement and a further consultation paper (CP25/18) on tackling non-financial misconduct (NFM) in financial services. This follows its March 2025 announcement that it would not be taking its work on diversity and inclusion

Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Insurance](#)[Financial Crime](#)[Enforcement](#)

forward (which it consulted on in September 2023 (CP23/20)), save for the proposals on NFM, as reported previously in this Bulletin.

CP25/18 confirms the final rules in a policy statement (detailed in Chapter 2) that extend existing NFM rules in banks to non-banks. Specifically, the FCA is expanding the scope of the Code of Conduct (COCON) sourcebook to non-banking firms to make it clear that serious misconduct such as bullying, harassment and violence is a matter of regulatory concern. The new rule will match that in banks for these types of NFM from 1 September 2026.

The paper also sets out (in Chapter 3) the FCA's proposals for new Handbook guidance in COCON and the Fit and Proper Test for Employees and Senior Personnel (FIT) sourcebooks. The FCA explains that the proposed guidance seeks to make it easier for Senior Managers and Certification Regime firms to interpret and consistently apply the conduct rules, as well as clarify statutory and FCA requirements for fitness and propriety. Feedback on the draft guidance is welcomed by 10 September 2025. The FCA intends to set out its final regulatory approach before the end of 2025.

Finally, the FCA confirms that it is not proceeding with any amendments to the Threshold Conditions (COND) and Senior Management Arrangements, Systems and Controls (SYSC) sourcebooks, and of particular note, confirms that its existing rules and guidance on regulatory references in SYSC 22 are sufficient.

[FCA consultation paper: Tackling non-financial misconduct in financial services \(CP25/18\)](#)

5 FINANCIAL OMBUDSMAN SERVICE

- 5.1 **Financial complaints hit a six-year high - FOS publishes complaints data - 2 July 2025** - The Financial Ombudsman Service (FOS) has published its annual complaints data and insight for 2024/25, covering the period between 1 April 2024 to 31 March 2025. The FOS reports that it received 305,726 new complaints in this period - the highest level of complaints for six years and a 54% increase on complaints reported in the previous year. It has seen rises across most of the main product areas, with complaints for some issues and products at their highest ever recorded levels. This includes complaints about motor finance commission, fraud and scams, and credit cards. The FOS further highlights that this significant increase in demand, driven in large part by concerns around motor finance and unaffordable lending, is adding substantial pressure to the current redress system.

[FOS: Annual complaints data and insight 2024/25](#)

[Press release](#)

BANKING AND FINANCE //

6 EUROPEAN BANKING AUTHORITY

- 6.1 **CRR - EBA publishes final report and consults on draft guidelines - 1 and 2 July 2025** - The European Banking Authority (EBA) has published a final report and two consultation papers under

Selected Headlines

[General](#)[Securities and Markets](#)[Financial Crime](#)[Banking and Finance](#)[Insurance](#)[Enforcement](#)

the Capital Requirements Regulation (575/2013/EU) (CRR), as amended by the CRR III Regulation ((EU) 2024/1623), namely:

- a final report (EBA/GL/2025/03) containing final guidelines on the treatment of acquisition, development and construction exposures to residential property under Article 126a of the CRR;
- a consultation paper (EBA/CP/2025/09) on draft guidelines on the application of the definition of ‘default’ under Article 178 of the CRR; and
- a consultation paper (EBA/CP/2025/10) on draft guidelines on the credit conversion factor estimation under Article 182(5) of the CRR.

Comments on the consultation papers are welcomed by 15 October 2025. The EBA is holding a public hearing on 3 September 2025.

[EBA final report: Guidelines on ADC exposures to residential property under CRR \(EBA/GL/2025/03\)](#)

[EBA: Consultation paper on amending guidelines on the definition of default under CRR \(EBA/CP/2025/09\)](#)

[EBA: Consultation paper on draft guidelines on CCF under CRR \(EBA/CP/2025/10\)](#)

7 PRUDENTIAL REGULATION AUTHORITY

- 7.1 **Updates to UK policy framework for capital buffers - PRA publishes policy statement - 3 July 2025** - The PRA has published a policy statement (PS8/25) on its final policy in relation to amendments being made to the UK framework on capital buffers, including to streamline some policy materials to enhance their usability and clarity.

In September 2024, the PRA consulted (CP10/24) on the proposed amendments and HM Treasury published a draft statutory instrument containing further changes. These revisions would result in some regulatory material under the Capital Requirements (Capital Buffers and Macro-prudential Measures) Regulations 2014 (SI 2014/894) (CBR) being removed from the statute book and replaced by PRA policy material. This included, among others, the revocation of the UK technical standards on the methodology for the identification of global systemically important institutions (G-SIIs) and the introduction of a new statement of policy setting out the PRA’s approach to G-SII identification and buffers.

The PRA confirms that the proposals, as presented in CP10/24, remain unchanged. The updated CBR has been made by HM Treasury (The Capital Buffers and Macro-prudential Measures Regulation 2025 (SI 2025/653)) and will come into effect on 31 July 2025. The policy material set out in PS8/25 will also come into effect on the same date.

[PRA policy statement: Updates to the UK policy framework for capital buffers \(PS8/25\)](#)

Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Insurance](#)[Financial Crime](#)[Enforcement](#)

SECURITIES AND MARKETS //

8 HM TREASURY

- 8.1 Draft Markets in Financial Instruments (Miscellaneous Amendments) Regulations 2025 - 3 July 2025** - The draft Markets in Financial Instruments (Miscellaneous Amendments) Regulations 2025 (the Regulations) have been published, together with a draft explanatory memorandum. In short, the draft Regulations retain key definitions within the MiFID Organisational Regulation (or MiFID Org Regulation) (that is, UK Commission Delegated Regulation (EU) 2017/565) in domestic financial services legislation. A subsequent commencement statutory instrument will be made to revoke the MiFID Org Regulation and bring the Regulations into force.

The explanatory memorandum observes that, without having the key definitions from the MiFID Org Regulation restated in domestic legislation, firms would be uncertain about whether their activity constitutes a regulated activity and gaps would emerge in the legislative framework.

[Draft statutory instrument](#)

[Explanatory memorandum](#)

9 HM TREASURY AND FINANCIAL CONDUCT AUTHORITY

- 9.1 Ancillary activities exemption - Draft Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2025 published - 3 July 2025** - The draft Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2025 (the Order) has been published, together with a policy note.

The draft Order makes amendments to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO) which would change the scope of the ancillary activities exemption (AAE). The AAE exempts firms from seeking authorisation as an investment firm if they trade in commodity derivatives, emission allowances or derivatives of emissions allowances as an ancillary activity to their main business. In short, the revisions will allow the AAE to be defined either based on a firm's ancillary activity or an annual threshold. It would also give the FCA a rule-making power to determine a simpler and more proportionate ancillary activities test (AAT) and an annual threshold. Consequential amendments to the RAO are also made that relate to the FCA's new power to make rules.

Separately, the FCA has published a consultation paper (CP25/19) on changes to the AAT, which coincides with the draft Order to allow it to define the conditions under which firms can rely on the AAE. The FCA proposes to establish three separate and independent tests to assess whether a firm can use the AAE. These include a new annual threshold test which will exempt firms that undertake trading in commodity derivatives on a relatively small scale, and which will be based on a specific monetary threshold. The test will also include the existing trading and capital employed tests, subject to some proposed modifications. A firm can use the AAE if it meets the conditions set out in any of the three tests.

[Selected Headlines](#)[General](#)[Banking and Finance](#)[Securities and Markets](#)[Insurance](#)[Financial Crime](#)[Enforcement](#)

Technical comments on the draft Order and feedback on the proposals in CP25/19 are welcomed by 28 August 2025.

[Draft statutory instrument](#)

[Policy note](#)

[FCA consultation paper: Ancillary activities test \(CP25/19\)](#)

10 FINANCIAL CONDUCT AUTHORITY

10.1 Supporting consumers' pensions and investment decisions - FCA consults on proposals for targeted support - 30 June 2025 - The FCA has published a consultation paper (CP25/17) containing proposals for targeted support in pensions and retail investments. This builds on its December 2024 consultation paper (CP24/27) on a framework for targeted support for pensions. The FCA is now taking forward its proposals for investments and pensions with a small number of changes.

The FCA explains that targeted support would enable firms to make specific recommendations designed for groups of consumers with common characteristics (for example, consumers under-saving for retirement) to help them make informed financial decisions. As a new form of support, targeted support is intended to narrow the gap between information and existing forms of investment advice, and is designed to help consumers achieve better outcomes than if they had not received targeted support. The FCA confirms that the proposals do not change the regulatory framework for activities that can currently be delivered as guidance without FCA authorisation.

The provision of targeted support will be regulated differently to existing forms of advice, with a bespoke set of conduct standards set out in FCA rules and a dedicated authorisation gateway. To enable this, HM Treasury has published a press release announcing that the government will publish a policy note setting out proposed changes to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 to create a new specified activity of targeted support. The note and draft statutory instrument will be published alongside the Chancellor's Mansion House speech on 15 July 2025.

In addition, CP25/17 sets out the FCA's intention to consult on simplifying its advice rules and guidance in the Conduct of Business Sourcebook (COBS) 9 and COBS 9A, in order to create a clearer distinction between simplified and more holistic advice. The FCA also plans to improve its existing guidance on the boundary between the provision of information and guidance on the one hand, and different forms of advice on the other. Finally, the FCA has published consumer research and behavioural testing that helped inform its proposals in CP25/17.

Feedback on the proposals is welcomed by 29 August 2025. The FCA aims to publish a policy statement containing final rules by the end of 2025. It will also consult later in 2025 on any consequential changes relating to the proposals.

[FCA consultation paper: Supporting consumers' pensions and investment decisions: proposals for targeted support \(CP25/17\)](#)

Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Insurance](#)[Financial Crime](#)[Enforcement](#)

INSURANCE //

11 EUROPEAN INSURANCE AND OCCUPATIONAL PENSIONS AUTHORITY

11.1 Biodiversity risk management by insurers - EIOPA publishes report - 30 June 2025 - The European Insurance and Occupational Pensions Authority (EIOPA) has published a report on biodiversity risk management by insurers. The report is the first European supervisory report mapping current practices and challenges in the identification, measurement and management of biodiversity risks by (re)insurers as part of the existing Solvency II risk management framework.

Despite the challenges in assessing biodiversity risks, owing to their complexity and their interconnectedness with other environmental risk factors, EIOPA's report notes promising market practices among (re)insurers. At the same time, it points to areas where further engagement will be essential to strengthen the industry's ability to respond to biodiversity-related risks going forward.

[EIOPA: Report on biodiversity risk management by insurers \(EIOPA-BoS-25-251\)](#)

[Press release](#)

FINANCIAL CRIME //

12 FINANCIAL ACTION TASK FORCE

12.1 Travel rule supervision - FATF publishes report on best practices - 27 June 2025 - The Financial Action Task Force (FATF) has published a report which seeks to assist with the implementation across FATF jurisdictions of the so-called 'Travel Rule', by setting out best practices in Travel Rule supervision. The Travel Rule requires virtual asset service providers and financial institutions to obtain, hold and transmit specific originator and beneficiary information immediately and securely when transferring virtual assets.

[FATF report: Best practices on travel rule supervision](#)

13 UK GOVERNMENT

13.1 UK Russia regime sanctions - FCDO publishes guidance for non-UK businesses - 30 June 2025 - The UK government's Foreign, Commonwealth and Development Office (FCDO) has published guidance on UK sanctions for non-UK businesses operating outside the UK that are seeking to avoid circumvention of sanctions. The FCDO explains that the aim of the guidance is to help businesses in third countries to be aware of the risks of losing access to services and goods provided by UK and other international banks and suppliers. It also includes practical steps for businesses to manage sanctions risks and increase compliance. The guidance is specific to sanctions targeting Russia.

[FCDO: UK sanctions guidance for non-UK businesses](#)

Selected Headlines

[General](#)[Securities and Markets](#)[Financial Crime](#)[Banking and Finance](#)[Insurance](#)[Enforcement](#)

14 BANK OF ENGLAND AND PRUDENTIAL REGULATION AUTHORITY

14.1 Whistleblowing disclosures - Bank of England and PRA publish annual report - 27 June 2025 -

The Bank of England (the Bank) and the PRA have published their annual report on whistleblowing disclosures for the period between 1 April 2024 to 31 March 2025 under the Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 (SI 2017/507). Alongside the disclosures received in 2024/25, the report contains three case studies that the Bank and the PRA describe as anonymised examples of the concerns reported and the action taken by their whistleblowing team. These relate to risk management, governance failings and financial irregularities.

[Bank and PRA: Prescribed Persons \(Reports on Disclosures of Information\) Regulations 2017: Annual report 2024/25](#)

ENFORCEMENT //

15 RECENT CASES

15.1 *Craig Donaldson and David Arden v Financial Conduct Authority* [2025] UKUT 00185 (TCC), 16 June 2025

Quarterly trading update - UKLR 1.3.3R - 'knowingly concerned' with breach

The Upper Tribunal (Tax and Chancery Chamber) has dismissed references made by Craig Donaldson and David Arden against the FCA's decision to fine them for being 'knowingly concerned' in Metro Bank's breach of UK Listing Rule (UKLR) 1.3.3R (Misleading information not to be published). However, the Tribunal determined that mitigating factors ought to reduce the level of penalty imposed on the individuals by 25%, which itself was based on the seriousness of the breach.

The breach occurred when the bank published a quarterly trading update containing incorrect information concerning its risk-weighted assets. This was a full rehearing of the issues which led to the FCA's decision, rather than an appeal of the decision.

[Craig Donaldson and David Arden v Financial Conduct Authority \[2025\] UKUT 00185 \(TCC\) \(16 June 2025\)](#)

Selected Headlines

[General](#)[Banking and Finance](#)[Securities and Markets](#)[Insurance](#)[Financial Crime](#)[Enforcement](#)

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	jan.putnis@slaughterandmay.com
Nick Bonsall	nick.bonsall@slaughterandmay.com
David Shone	david.shone@slaughterandmay.com
Kristina Locmele	kristina.locmele@slaughterandmay.com
Sabine Dittrich	sabine.dittrich@slaughterandmay.com

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, 2025.
For further information, please speak to your usual Slaughter and May contact.

www.slaughterandmay.com