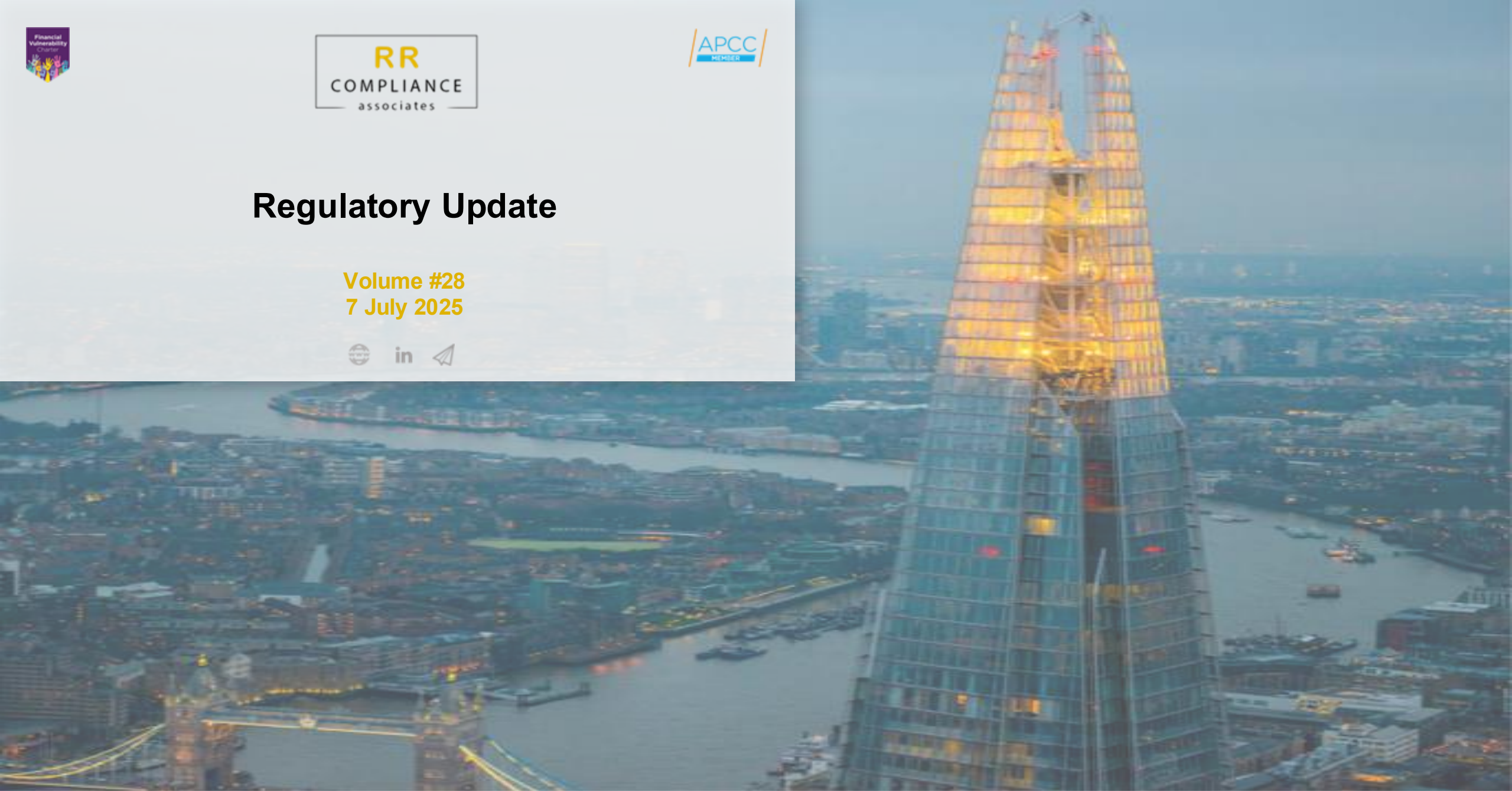




# Regulatory Update

**Volume #28**  
**7 July 2025**



## REGULATORY UPDATES

Stay ahead of regulatory changes with our regulatory updates, expert insights, and industry best practices – just read the update below and share with colleagues.

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## Update

## Summary

## Action for firms

### FCA Consultation Paper CP25/18 – Non-financial misconduct

Applies to:  
All firms

On 2 July 2025, the FCA published CP25/18, tackling non-financial misconduct (NFM)—such as bullying, harassment, and violence—across all Part 4A firms under SMCR. This follows CP23/20 (Sept 2023) and the FCA’s decision (March 2025) to drop wider D&I reforms, focusing only on NFM.

Key points include:

- Extending the Code of Conduct (COCON) to cover serious NFM in non-bank firms. Serious NFM (whether in or outside work) will be treated as misconduct under the FCA’s Code of Conduct rules.
- Launching a consultation on additional guidance under COCON and FIT.
- Implementation set for 1 September 2026.
- Consultation open until 10 September 2025, with a final policy statement expected by year-end.

Non-financial misconduct refers to serious inappropriate behaviour not directly tied to regulated financial activity. Examples include:

- Bullying
- Harassment (including sexual or racial)
- Discrimination
- Violence or threats of violence
- Criminal behaviour impacting trustworthiness

### Action to Take:

- SMFs (e.g. SMF1, SMF3, SMF16) must ensure conduct rules training, culture oversight, and disciplinary procedures explicitly address NFM.
- ARs must align with these expectations, particularly where oversight of appointed persons involves cultural, behavioural or HR-related risks.
- Firms’ policies, COCON training, internal disciplinary frameworks, and regulatory references will need review and possible revision.
- Senior managers will be expected to take reasonable steps to prevent and address NFM within their areas of responsibility.
- Read the full consultation [here](#).

## Update

## Summary

## Action for firms

### PS25/8 – FCA Fees & Levies 2025/26

Applies to:  
All firms

The FCA published Policy Statement PS25/8 on 1 July 2025, confirming the final regulatory fees and levies for the financial year 2025/26. This follows the consultation CP25/7 (April–May 2025). The total fees payable by firms have decreased slightly to £711.9 million, down by £8 million from the previous year.

Final fee rates confirmed for:

- FCA periodic fees (Chapter 2)
- Application, transaction and notification fees (Chapter 3)
- Financial Ombudsman Service levy (Chapter 4)
- Diverse government levies (Money Guidance, Pensions, Devolved Authority debt advice, etc.) (Chapter 5)
- FCA's online fees calculator now uses updated rates for firms to estimate their obligations

Key Changes That Impact All or Most Firms

- FCA Minimum Fee Increased - Raised from £1,500 to £1,750 per year for most firms — the first increase since 2010.
- FCA Annual Funding Requirement (AFR) Down Slightly - Total AFR for 2025/26 is £711.9 million, £8 million lower than in 2024/25. Some fee-blocks will still see increased allocation to offset under-recovery in 2024/25.
- Changes to How Consumer Credit Firms Are Charged - Greater alignment of fees to size/impact; some lower-tier credit firms may see fee reductions.
- FOS (Financial Ombudsman Service) levy has been rebalanced across firms.
- Contributions to Money and Pensions Service and illegal money lending enforcement adjusted — affecting all consumer-facing firms.
- Authorisation Application Fees Streamlined - The FCA is moving towards a standardised £2,500 application fee for most firm types to reduce complexity.

### Action for firms

- Use the FCA's online calculator (live from July) to estimate your 2025/26 liabilities.
- Ensure fees are incorporated into annual budgets and reporting cycles.
- Read the full policy statement [here](#).

## Update

## Summary

## Action for firms

### Update to MyFCA portal - Invoicing

Applies to:  
All firms

Starting 30 June 2025, the FCA has integrated Online Invoicing System (OIS) tasks—including payment of invoices and credits—into the My FCA portal. Firms registered for multi-factor authentication can now access OIS, Connect, and RegData using a single login. The change is intended to simplify administrative processes by consolidating access to key regulatory tasks.

All FCA-authorised and registered firms will now receive email notifications when invoicing or credit tasks are due and can action these directly via My FCA.

There is no change to the timing of invoices, which will continue to be issued between July and September.

SMF1 (CEO/Executive Director) and SMF16 (Compliance Oversight) holders should ensure that internal operational controls are updated to reflect the new portal workflow.

### Action for firms

- Read the full publication [here](#).
- Review and update internal handover, BCP documentation.



## Update

## Summary

## Action for firms

### Regulatory Update: UK Sanctions Enforcement – Key Developments and Expectations for Financial Services Firms

Applies to:  
All firms

Sanctions enforcement continues to evolve as a critical pillar of the UK’s economic crime framework. The Office of Financial Sanctions Implementation (OFSI), established in 2016, is shifting from a largely reactive posture to a more proactive enforcement model. These changes are occurring alongside enhanced international collaboration and increased scrutiny of firms’ sanctions compliance controls.

- **Offences and Liability** - Sanctions legislation criminalises unauthorised dealings with designated persons, false licence applications, failure to report, and circumvention. Both individuals and corporates (including senior managers) can be held liable.
- **Jurisdiction** - The regime has global reach. UK persons are subject to financial sanctions wherever they operate. Aiding or encouraging sanctions breaches can result in prosecution under UK law, even if the conduct occurred abroad.
- **Enforcement Bodies** - OFSI leads on financial sanctions enforcement. HMRC and the Department for Business and Trade handle trade sanctions. The NCA, CPS and SFO are involved in complex or criminal cases. The FCA assesses systems and controls at regulated firms.
- **Reporting Duties** - Firms in regulated sectors (e.g. financial, legal, crypto, real estate) must report suspected breaches to OFSI promptly. Failure to report is a criminal offence and may affect regulatory standing.
- **Ownership and Control** - Firms must assess and document whether counterparties are owned or controlled by designated persons. OFSI expects ongoing monitoring, evidence-based due diligence, and risk-based frameworks.
- **AML Intersection** - Sanctions breaches may also constitute money laundering offences. Weak due diligence, screening failures, or non-reporting of SARs may breach AML regulations and invite FCA scrutiny.
- **Civil and Criminal Enforcement** - OFSI may impose civil monetary penalties on a strict liability basis. For serious breaches, cases may be referred for prosecution. Voluntary disclosure remains a key mitigating factor.

### Action for firms

The FCA expects:

- UK-specific screening tools
- Timely reporting of breaches
- Clear MI to senior management
- Adequate sanctions resourcing

## Update

## Summary

## Action for firms

### Regulatory Update – FCA Consults on Streamlining Rules for the UK Insurance Sector

Applies to:  
Insurance Sector

The Financial Conduct Authority (FCA) has launched Consultation Paper CP25/12, proposing targeted amendments to the regulatory framework for non-investment insurance and funeral plan business. The reforms aim to enhance market competitiveness, reduce regulatory burdens, and improve product flexibility.

#### Objective of the Consultation

The FCA seeks to simplify overlapping rules and reduce compliance costs while maintaining appropriate consumer protections. This follows the earlier discussion paper (DP24/1) and aligns with broader efforts to support growth in the UK insurance market.

#### Key Proposals at a Glance

- **Expanded ICOBS/PROD Exemptions:** A new category of “contracts of commercial or other risks” would replace the current “contracts of large risk” definition, exempting certain commercial contracts from standard conduct rules. This would apply to classes like shipping, credit, and suretyship, and to clients not eligible to complain to FOS.
- **Simplified Co-Manufacturing:** Product governance duties could be delegated to a “lead manufacturer” (limited to insurers or managing agents). Brokers cannot lead and lead firms must accept full PROD liability.
- **Broader Bespoke Contract Exclusion:** This would now cover both intermediaries and insurers, with expanded FCA guidance to support application.
- **Flexible Product Reviews:** The 12-month minimum product review cycle under PROD 4 would be removed. Firms would set their own review schedules based on risk of customer harm.
- **Removal of Legacy Obligations:** Proposals include scrapping employer’s liability annual reporting, related notifications, and the 15-hour CPD requirement for certain intermediary and funeral plan staff. Firms would determine their own training needs.

### Action for firms

Consultation closes: 2 July 2025. FCA policy statement: Expected later in 2025

- Read the FCA’s publication [here](#).

## Update

## Summary

## Action for firms

### Corporate Governance Developments to Watch (2025–2026): Companies House Administrative Changes

Applies to:  
All firms

A number of targeted but important changes are underway in UK corporate governance, with further reforms expected over the coming year. While 2024 focused on implementing prior reforms, 2025 brings renewed attention to company law compliance, capital raising, audit oversight, and stewardship responsibilities.

- **Identity Verification under ECCTA** Mandatory identity verification (IDV) under the Economic Crime and Corporate Transparency Act 2023 is being phased in. Key dates include:
  - **Voluntary IDV:** Began 8 April 2025 via Companies House or authorised corporate service providers (ACSPs)
  - **Mandatory IDV:** For new directors and PSCs from autumn 2025; existing directors must comply within 12 months, aligned to the confirmation statement filing
  - **Spring 2026:** IDV becomes mandatory for all persons filing documents at Companies House
  - Firms should prepare now by identifying affected individuals and selecting the most appropriate verification route.
- **Streamlining of Non-Financial Reporting** From 6 April 2025 (affecting reports published from 2027 onward), large and medium-sized companies are no longer required to report on several areas in the directors' report, including Post-year-end events, Future developments, R&D, overseas branches, use of financial instruments, Employment of disabled persons, Stakeholder engagement However, listed companies must continue to comply with similar obligations under FCA rules unless changes to the DTRs are made.
- **Directors' Remuneration Report Changes** For financial years beginning on or after 11 May 2025, certain EU-derived disclosures are no longer required,
- **Increased Company Size Thresholds** Monetary thresholds for determining company size have increased by approximately 50%, effective for periods beginning on or after 6 April 2025. Employee headcount thresholds remain unchanged for now.
- **Audit Reform and ARGA** The government has revived audit reform plans via the proposed Audit Reform and Corporate Governance Bill. Key features include Replacing the Financial Reporting Council (FRC) with the Audit, Reporting and Governance Authority (ARGA), expanding ARGAs remit to large private companies. introducing powers to sanction directors for serious financial reporting failures

### Action for firms



## Update

## Summary

## Action for firms

### Latest FCA whistleblowing figures

Applies to:  
All firms

The Financial Conduct Authority (FCA) has published its Q1 2025 whistleblowing data, providing insights into how the regulator responds to concerns raised by individuals within regulated firms. In parallel, the FCA has confirmed it will not move forward with proposed reforms to its investigation disclosure policy.

#### FCA Whistleblowing Data (Q1 2025)

- Total reports closed: 468
- No direct action taken: 213 (45.5%)
- Significant action taken: 12 (2.6%) – e.g. s.166 reports, enforcement, or restrictions
- Other harm mitigation actions: 192 (41%) – e.g. supervisory letters, attestations, or firm visits
- No harm identified: 37 (7.9%)
- Other/uncategorised: 14 (3%)
- New reports received: 281 (Down from 292 in Q4 2024 and 298 in Q1 2024)

Despite a high volume of reports, the majority result in no enforcement outcome. However, nearly half prompted regulatory engagement.

#### Enforcement Delays Persist

The FCA continues to face scrutiny over enforcement timelines:

- Average time to resolve cases ending in enforcement (2023/24): 41 months
- Contested cases: 56 months average
- Delays even longer when involving criminal or cross-agency investigations
- These timelines raise concerns about regulatory effectiveness and the timeliness of redress or resolution.

### Action for firms

See next slide

## Update

## Summary

## Action for firms

### Latest FCA whistleblowing figures

Applies to:  
All firms

The Financial Conduct Authority (FCA) has launched a new beta version of its Handbook website to improve usability and support its ongoing objective of becoming a smarter regulator.

Key features of the new Handbook site include:

- Enhanced navigation to help users find relevant rules more easily
- Clearer links between connected provisions across the Handbook
- A version comparison tool that allows users to track rule changes over time
- New personalisation options such as favourites and alerts (note: users will need to create a new account to use these features)
- The beta site is running in parallel with the existing Handbook website. Both versions will continue to receive live updates during the transition period. Users are encouraged to explore the new site and submit feedback to assist the FCA in refining the platform before full rollout later in 2025.

### Action for firms

- View the new site [here](#).

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## Summary

## Action for firms

### FCA Removes Outdated Reporting Requirements

Applies to:  
All firms

The FCA has finalised its decision to decommission three data reporting obligations as part of its drive to reduce regulatory burden and streamline reporting under the TDC (Transforming Data Collection) programme. This follows Consultation Paper CP25/8.

From 11 July 2025, the following returns and associated obligations will no longer be required:

- FSA039 – Client Money and Assets Return
- Section F of RMAR (RMA-F): Threshold conditions
- Form G – Adviser-level complaint notification

### Action for firms

- View the publication [here](#).



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