

RR Compliance Associates are a trading style of R&R Compliance Consultants Ltd, a limited company registered in England and Wales (company number 12070286).

Our registered office is 51 Lime Street, London, EC3M 7DQ. VAT number 326 1938 96.



REGULATORY UPDATE













REGUALTORY UPDATES

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Regulatory Updates - General.











FCA Authorisations Service Metrics: Q4 2024/25 Update

Applies to: All firms operating cross-border

The Financial Conduct Authority (FCA) has published its Q4 2024/25 authorisations operating service metrics, highlighting continued strong performance in processing regulatory applications across multiple areas.

Key Highlights:

- **High Timeliness Across Most Areas:** The FCA met or exceeded its statutory targets for processing the vast majority of applications, with most categories achieving above 98% on-time determination rates. Notably, applications for Approved Persons (SMCR-related) were processed within the deadline 99.1% of the time and Change in Control notifications were handled on time in 100% of cases.
- **New Firm Authorisations:** 96% of new firm authorisation applications were processed within the statutory timeframe, slightly below the 98% target but consistent with previous quarters.
- Money Laundering Registrations: Registrations under the 3MLD/4MLD directives maintained high timeliness at 98.2%, while 5MLD registrations, newly reported this year, reached 88.9%—indicating room for improvement.
- **Payment Services & E-Money:** Authorisations and registrations in these sectors generally hit 100% on-time processing, with only minor exceptions.
- **Cancellations:** Applications for cancellation of permissions were processed on time in 99.4% of cases.

The FCA continues to deliver robust and timely processing of regulatory applications, ensuring firms and individuals receive decisions efficiently. While performance remains strong, the FCA will likely focus on further improvements in areas such as new firm authorisations and 5MLD registrations to consistently meet or exceed all targets

Action to Take:

Review more insight <u>here</u>.













Expansion of Financial Sanctions Reporting – Implications for FCARegulated Firms

Applies to:
All relevant firms

Overview

On 22 May 2025, the Financial Conduct Authority (FCA) published Consultation Paper CP25/13, proposing significant reforms to the complaints reporting process for regulated firms. These proposals aim to streamline reporting procedures, enhance data quality, and bolster the FCA's ability to more effectively identify and address consumer harm.

Key Proposals

- **Single Standardized Return** The FCA will consolidate five existing complaints returns—DISP 1 Annex 1R, CCR-Complaints, Funeral Plan Complaints, Payment Services Complaints, and Claims Management Companies (CMC) Complaints—into one unified template. This simplifies reporting for firms with multiple permissions (e.g., payment services providers offering consumer credit). A return prototype will also be released, and firms will be emailed.
- **Elimination of Group Reporting** Firms must submit entity-level returns, ending consolidated group reports. This ensures granular data to detect subsidiary-specific risks.
- Enhanced Vulnerable Customer Reporting Firms must explicitly flag complaints from vulnerable customers, such as 'redress outcomes for vulnerable consumers.'
- Consumer Duty-Aligned Taxonomy—Complaints must be categorised under Consumer Duty outcomes (e.g., "Price and Value," "Consumer Understanding," etc.). The FCA aims to reduce reliance on ambiguous "Other" labels, introducing specific classifications like "Irresponsible Lending" for mortgages.
- **Biannual Reporting Deadlines** All firms must report by 30 June and 31 December, replacing variable cycles tied to accounting dates. Smaller entities (e.g., funeral plan providers) transition from annual to biannual submissions.

Action for firms

- Firms are encouraged to review the full consultation paper and provide feedback by 24 July 2025. Responses can be submitted via the FCA's <u>online</u> <u>response form</u>, by email to <u>cp25-</u> 13@fca.org.uk
- 24 July 2025: Consultation deadline.
- Late 2025: Final policy statement expected.
- 1 July 2026: First reporting period begins under the new regime













FCA Streamlines Insuran ce Rulebook— Implications for FCARegulated Firms

The FCA has proposed a major simplification of insurance conduct rules to remove outdated, duplicative, or overly prescriptive requirements. This is part of its wider "Smarter Regulatory Framework" programme, which aims to boost competitiveness and ease the compliance burden.

Action to Take:

Read the further publication here,

Applies to: All insurance firms

Key Proposals

- Large Commercial Customers: A new definition will exempt these customers from certain conduct rules, reducing unnecessary obligations for firms insuring them.
- **Product Value Assessments**: The current annual review requirement will be dropped. Firms will determine review frequency based on product risk and characteristics.
- **Lead Insurer Model**: Firms will be allowed to appoint a single lead insurer responsible for product governance where multiple insurers are involved.
- **Bespoke Contract Exclusions**: The use of these will be broadened and simplified to encourage more tailored solutions.
- Removal of Duplicative Rules: include annual reporting requirements to be cut.
- Minimum specified training hours for insurance & funeral plan firms to be abolished.
- **Geographical Scope**: The FCA also consults on whether some conduct rules should apply only to UK customers.











FCA Bans Former Credit Suisse Vice President for Lack of Integrity

Update

Applies to: All firms

Summary Action for firms

Overview

The Financial Conduct Authority (FCA) has permanently banned Detelina Subeva, a former Vice President at Credit Suisse, from performing any regulated financial services activities in the UK. This action follows her 2019 guilty plea in the United States for conspiracy to commit money laundering in connection with the Mozambique "tuna bonds" scandal. Subeva admitted to receiving and retaining \$200,000 in illicit kickbacks related to \$1.3 billion in loans arranged for the Republic of Mozambique.

FCA Enforcement: The FCA determined that Subeva lacks the integrity required to work in UK financial services, citing her criminal conduct and decision to retain illicit funds. She is the third former Credit Suisse employee banned by the FCA in relation to this case, following bans of Andrew Pearse and Surjan Singh in February 2025.

Institutional Penalties: In October 2021, the FCA fined Credit Suisse over £145 million as part of a \$475 million global settlement for serious financial crime due diligence failings related to the Mozambique loans. The bank also agreed to forgive \$200 million of debt owed by Mozambique.

Expected Governance Arrangements

- Robust & ongoing Due Diligence: Implement thorough background checks during hiring
 processes to verify candidates' integrity and suitability for their roles. Establish systems
 to continuously assess employees' conduct and compliance with regulatory standards.
- **Training and Awareness**: Provide regular training on ethical standards, anti-money laundering (AML) regulations, and the importance of integrity in financial services.
- Whistleblowing Mechanisms: Encourage a culture where employees can report unethical or illegal activities without fear of retaliation.

Action to Take:

- Annual Fit and Proper Reviews: Ensure certified persons and senior managers are subject to a meaningful, documented annual review covering integrity, competence and financial soundness, as required under SYSC and the SM&CR regime.
- Review the full FCA publication <u>here</u>.













FCA Speech:

Rebalancing risk to fuel growth

Applies to: All firms In a recent speech at the Association of Corporate Treasurers Annual Conference, Dominic Holland, the FCA's Director of Market Oversight, outlined the regulator's commitment to supporting economic growth by recalibrating its approach to risk and regulation. This initiative aligns with the FCA's 2025–2030 strategy, which emphasizes the importance of thriving UK capital markets, noting their contribution of over £100 billion annually in tax revenue.

Key Themes:

- **Rebalancing Risk**: The FCA aims to shift its regulatory focus to balance risk-taking with consumer protection, acknowledging that excessive caution may hinder innovation and growth.
- Reducing Regulatory Burden: Efforts are underway to streamline reporting requirements and eliminate unnecessary regulations, making compliance more efficient for firms. Embracing Technology and Innovation: The regulator encourages the adoption of new technologies and innovative practices, provided they are implemented responsibly and with adequate safeguards.

Implications for FCA-Regulated Firms

- Governance and Culture: Firms should ensure that their governance structures promote
 a culture of responsible risk-taking, aligning with the FCA's expectations under the
 Senior Managers and Certification Regime (SM&CR).
- Consumer Duty Compliance: As the FCA emphasises growth, firms must not compromise on delivering good outcomes for consumers, maintaining high standards of conduct and transparency.
- Engagement with the Regulator: The FCA seeks active collaboration with firms to understand the practical implications of its strategic shift, encouraging feedback and dialogue.

Action to Take:

• Read the publication here.













European Accessibility Act – Implications for UK Financial Services Firms

Applies to: Firms with EEA relations

Overview

The European Accessibility Act (EAA), Directive (EU) 2019/882, mandates that certain products and services, including specific financial services, be accessible to persons with disabilities across the European Economic Area (EEA). Although the UK is no longer an EU member, UK-based firms offering in-scope services to EEA consumers, or partnering with EEA entities, must assess their compliance obligations under the EAA.

Scope of the EAA

The EAA applies to most financial services, including: Credit agreements, Investment services, such as portfolio management and investment advice, Payment services, and so on. **Key Accessibility Requirements**

In-scope firms must ensure:

- Accessible Information and Communication: All user-facing information, including contracts, terms and conditions, marketing materials, and customer support, must be accessible to individuals with visual, hearing, or cognitive impairments.
- Accessible Digital Services: Websites, mobile applications, and other online platforms must be perceivable, operable, understandable, and robust, aligning with standards such as EN 301 549 and WCAG 2.1 Level AA.
- Accessible Customer Support: Customer support services, including helplines and technical support, must be accessible to persons with disabilities.
- Accessible Banking Tools: Identification methods, electronic signatures, security, and payment services must be accessible.
- Language Accessibility: Information must not exceed a complexity level above B2 of the Council of Europe's Common European Framework of Reference for Languages.
- Ongoing Monitoring and Documentation: Firms must establish processes to monitor compliance and document measures taken, providing information to national authorities upon request. Implications for UK Firms

Action to Take:

UK firms must assess:

- Direct Engagement: Whether they provide inscope services directly to EEA-based consumers.
- Indirect Obligations: Even without direct consumer engagement, firms may face contractual obligations from EEA partners requiring compliance with the EAA.













Court of Appeal Clarifies
Whistleblowing
Protection Does Not
Extend to External Job
Applicants

Applies to: All firms

Overview

In a recent judgment, the Court of Appeal (CA) confirmed that external job applicants are not entitled to whistleblowing protection under the Employment Rights Act 1996 (ERA)—except in limited cases involving NHS roles. This decision reinforces the scope of the UK's whistleblowing framework and clarifies that only certain individuals qualify as "workers" for the purposes of protection against detriment or dismissal following a protected disclosure.

Why This Matters to FCA-Regulated Firms

Although the ruling appears narrow, it has direct implications for governance, recruitment processes, and ongoing compliance with the FCA's expectations under the Senior Managers and Certification Regime (SM&CR) and SYSC:

- **Fit and Proper Requirements**: Firms are expected to ensure that certified persons and senior managers meet the FCA's "**fit and proper**" test (FIT 2), including demonstrating integrity and competence. Mishandling whistleblowing disclosures—even from job applicants—could raise questions about a firm's culture and governance.
- Consumer Duty and Culture: The FCA has consistently linked effective whistleblowing
 frameworks with healthy corporate culture. Firms that discourage whistleblowing—
 whether intentionally or by omission—may be seen as failing to deliver good outcomes,
 contrary to PRIN 2A (Consumer Duty).
- Whistleblowing Systems: SYSC 18 requires all firms (except limited scope) to establish
 internal arrangements to handle protected disclosures. While external applicants may
 fall outside statutory protection, dismissing or retaliating against them could still
 undermine the firm's ethical standing or lead to reputational damage.

Action to Take:

- Review Whistleblowing Policies: Ensure internal policies distinguish between protected disclosures made by current workers and those made by external applicants.
- Train HR and Managers: Provide clear guidance on how to handle complaints raised during recruitment, particularly where disclosures could amount to whistleblowing if made by employees.
- Reinforce Governance: Document how concerns raised during recruitment are handled fairly and transparently, even if statutory protection does not apply.













Financial Crime – OFSI
Sector Threat
Assessments and FCA
Strategic Direction (May 2025)

Applies to:
All firms

Overview

In May 2025, the Office of Financial Sanctions Implementation (OFSI) published its first set of sector-specific threat assessments focusing on the financial services, legal, and property sectors. These reports aim to support firms in understanding their exposure to sanctions evasion risks and in strengthening compliance measures. In parallel, the Financial Conduct Authority (FCA) reaffirmed its strategic focus on disrupting financial crime in its 2025–2030 Strategy.

OFSI Threat Assessments – Key Highlights

The financial services sector is assessed as having a "high" risk of exposure to sanctions evasion, due to its complexity, international reach, and volume of transactions. OFSI identifies financial institutions as both targets for exploitation and as essential gatekeepers in preventing breaches.

2. Key Risk Factors Identified

- **Use of Layered Ownership and Intermediaries**: Sanctioned individuals often use opaque corporate structures or shell companies to obscure beneficial ownership. This can be particularly challenging for banks, investment firms, and wealth managers.
- Trade and Export Finance Channels:

The involvement of financial institutions in funding cross-border trade creates opportunities for the circumvention of export controls and trade-related sanctions.

- Cryptoassets and Digital Finance:
 - Increasing use of decentralised finance (DeFi), crypto wallets and exchanges poses surveillance and enforcement challenges.
- Correspondent Banking:

Risks are heightened in relationships involving non-UK banks, particularly where those banks have weak compliance frameworks or operate in jurisdictions subject to UK or international sanctions.

Action to Take:

- Enhanced Customer Due Diligence (CDD) and source of wealth/source of funds checks, especially for high-risk clients or complex structures;
- Sanctions screening tools calibrated to detect indirect links and ultimate beneficial ownership;
- Real-time transaction monitoring systems that flag anomalies across jurisdictions;
- Establishing a 'red flag' escalation process for sanctions indicators and ensuring front-line and compliance teams are fully trained.
- Read the publication <u>here</u>.



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